ACROMEC LIMITED

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ACROMEC LIMITED

ANNUAL REPORT 2021

ACROMEC LIMITED

UNITY *in* DIVERSITY

ANNUAL REPORT **2021**

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

The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

THEME RATIONALE

UNITY IN DIVERSITY

With ACROMEC making headway in its diverse businesses, the Group remains united in its mission to deliver quality engineering services with excellence in its operations. The Group continues to strengthen its core expertise in its controlled environment specialist engineering services, as well as making substantial progress in its renewable energy venture and entry into other innovative spaces.

WHO WE ARE

OUR MISSION

To consistently create and deliver market leading Engineering Services ahead of competition at competitive price through excellence in our operations.

OUR VISION

To be the leading Specialist Engineering Company in the field of controlled environment preferred by customers, employees and investors.

OUR CORE VALUES

COMMITMENT

We devote ourselves completely to meet our commitments.

INTEGRITY

We hold ourselves to the highest standards of fairness and honesty in everything we do.

EMPATHY

We understand and share the feelings of one another.

INNOVATION

We strive to create new ideas and translate them into value-added products and services to serve customers' needs.

RESPECT

We value each other and recognise that everyone has a unique set of strengths that complement each other as a team.

Specialist Engineering Service Provider for Controlled Environments

We are an established specialist engineering services provider in the field of controlled environments. Our expertise is in the design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities, and cleanrooms.

We specialise in architectural, mechanical, electrical and process ("MEP") works within controlled environments, and provide integrated services through our two main business segments:

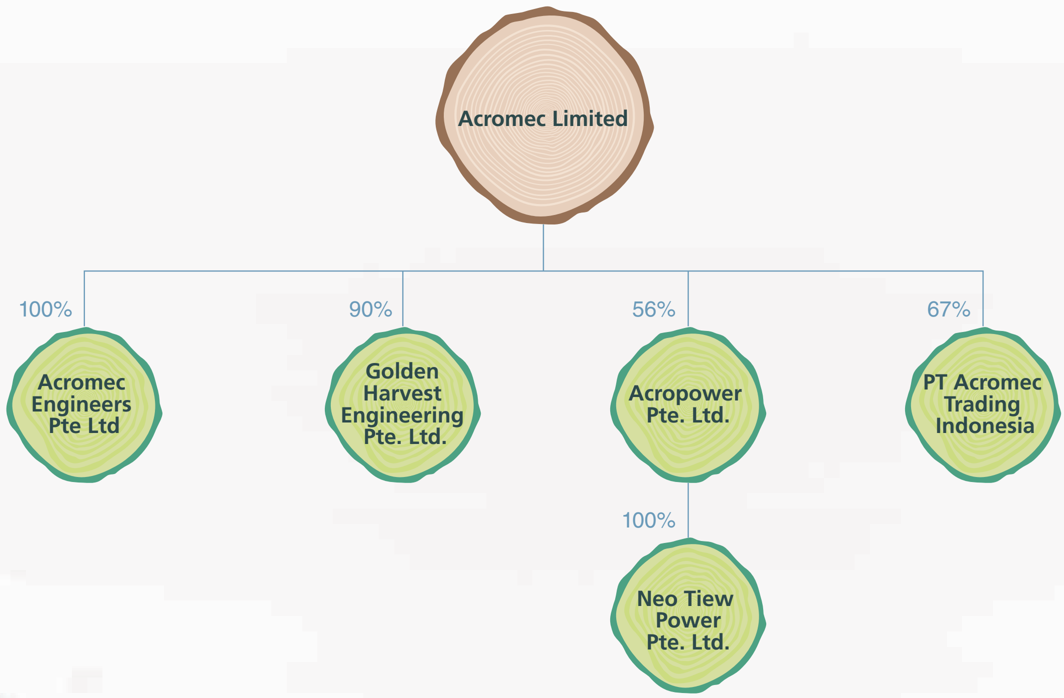
- **Engineering, procurement and construction**
- **Maintenance**

Our customers comprise mainly hospitals and medical centres, government agencies, research and development ("R&D") companies, agencies, multinational corporations, tertiary educational institutions, and companies in pharmaceutical, semiconductor manufacturing, and engineering.

Renewable Energy Specialist Service Provider

The Group has made diversification plans in FY2019 to expand its core engineering services business and embarked on a new business segment in the renewable energy industry. This business involves the generation of electricity using sustainable energy sources.

GROUP STRUCTURE



Our Subsidiaries

Name	Principal place of business	Principal business activities	Paid-up capital	Effective equity interest held by Group
Acromec Engineers Pte Ltd	Singapore	Specialist engineering services in the field of controlled environments	S$8,000,000	100%
Golden Harvest Engineering Pte. Ltd.	Singapore	Maintenance and installation services for air-conditioning and mechanical ventilation systems	S$170,000	90%
Acropower Pte. Ltd.	Singapore	Waste to energy	S$50,000	56%
PT Acromec Trading Indonesia	Indonesia	Import and distribution of laboratory furniture and accessories	IDR 2,626,000,000	67%
Neo Tiew Power Pte. Ltd.	Singapore	Waste to energy	S$2,300,000	56%

GROUP PROPERTIES

Location	Description	Land area (sq. feet)	Tenure	Expiry date
51 Bukit Batok Crescent #02-22 Unity Centre Singapore 658077	Workshop and Office (own use)	3,681	Leasehold	June 2031
1 West Coast Drive #01- K15 NEWest Singapore 128020	Property held for investment	398	Leasehold	September 2884

WHAT WE DO

SPECIALIST ENGINEERING

CLEANROOMS

A cleanroom is an enclosed space in which airborne particulates, contaminants and pollutants are kept within strict limits. Cleanrooms are typically used in manufacturing and scientific research.

Cleanrooms have various sizes and specifications which comply with Class 1 or ISO 3 to Class 100,000 or ISO 8 standards.

We build cleanrooms for customers such as STATS ChipPAC Ltd, A*Star and ASE Singapore Pte Ltd.

MEDICAL AND STERILE FACILITIES

Environmental parameters in medical and sterile facilities are controlled in order to provide clean environments that reduce the risk of infection to patients and/or contain infectious diseases.

These facilities include operating theatres, theatre sterile services units, intensive care units, isolation wards, and fertility centres.

Over the years, we have built medical and sterile facilities for hospitals and medical centres such as National University Hospital, Singapore General Hospital, Tan Tock Seng Hospital, Changi General Hospital, Virtus Fertility Centre, Aptus Surgery Centre and Novartus Surgery Centre.

WHAT WE DO

LABORATORIES

Laboratories require environmental parameters that provide controlled conditions in which scientific or technological research, experiments or measurements can be performed.

There are many types of laboratories such as forensic, diagnostic, and containment laboratories for biomedical research. The last of the three includes the more sophisticated and challenging Bio Safety Level 3 (BSL3) laboratories which are high containment laboratories that allow work to be done with indigenous or exotic agents that may cause serious or potentially lethal disease. Laboratories are also used for research in chemicals and materials, clean technology, electronics, and pharmaceutical products.

We have built laboratories for facility owners such as Procter & Gamble, Singapore General Hospital, National University of Singapore and Johnson Matthey Singapore Private Limited.

MAINTENANCE

We provide maintenance and repair services for facilities and equipment of controlled environments as well as their supporting infrastructure. We provide corrective, preventive, and routine maintenance services to ensure reliability and minimal disruptions to our customer's operations. Our corrective maintenance services are available 24 hours a day, seven days a week, whereas our preventive maintenance work is carried out in accordance with an agreed schedule.

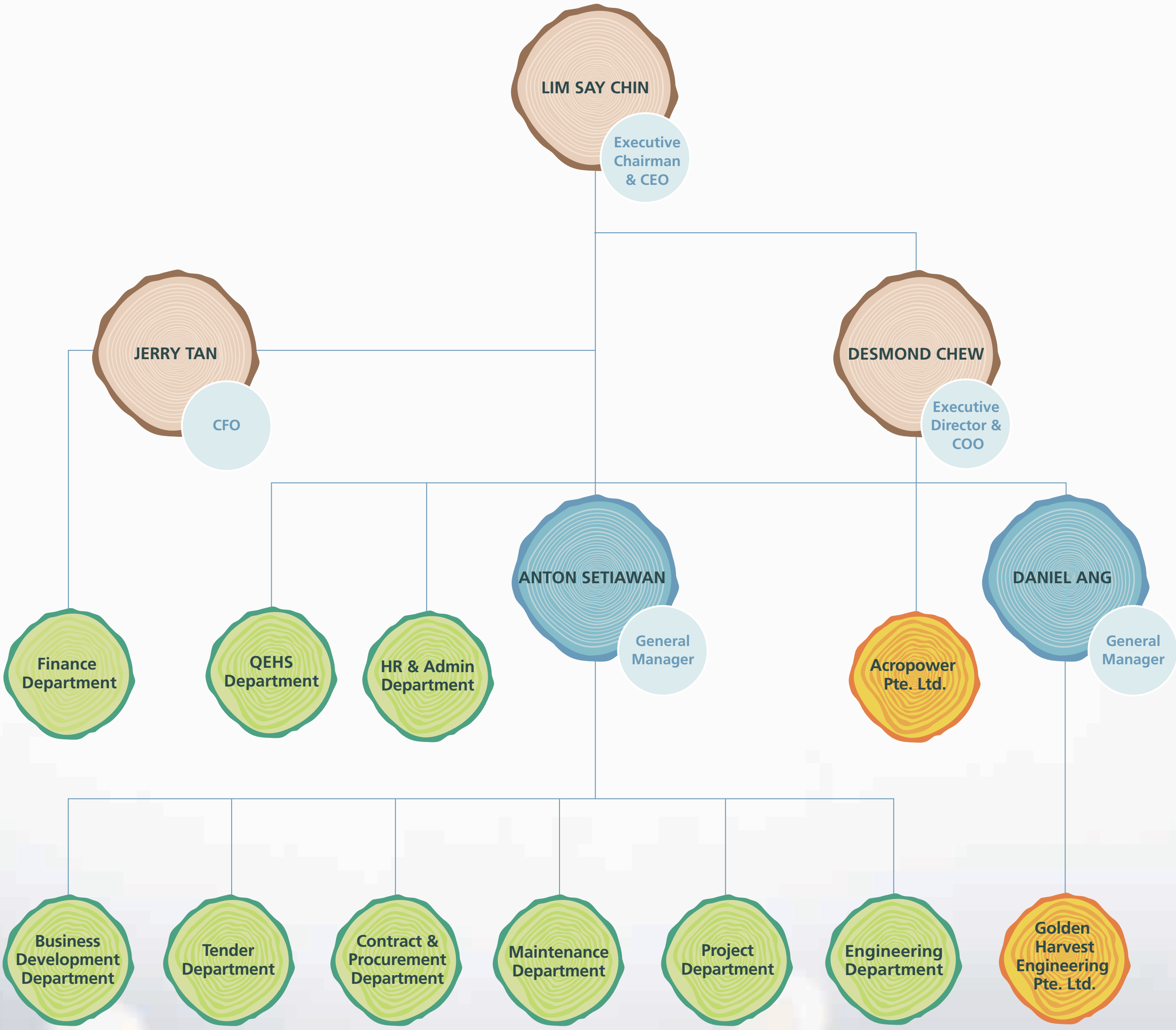
WHAT WE DO

RENEWABLE ENERGY

RENEWABLE ENERGY

We "build-own-operate", "build-own-transfer", or just simply construct waste-to-energy power plants that rely on sustainable sources for our customers. We focus our efforts on growing the business, which we commence in FY2019, initially in Singapore. Thereafter, we will consider expanding the renewable energy business to new geographical markets in the Asia Pacific region which are poised for growth.

ORGANISATION CHART



ACROMEC MILESTONES

1996-2001 THE EARLY YEARS

Our Group's business was founded in 1996 by our Executive Directors, Lim Say Chin, Chew Chee Keong and our Non-Executive Director, Goi Chew Leng who decided to venture into the engineering business, specialising in architectural and mechanical works within controlled environments.

We commenced business from a small office in Ubi Industrial Estate, where we initially took on sub-contracting works mainly for the electronics sector. By 2001, our work scope had expanded to include the full suite of engineering, procurement and construction services. We were awarded contracts from end-customers such as Chartered Silicon Partners Pte Ltd, Chartered Semiconductor Manufacturing Pte Ltd, and Hewlett Packard Singapore.

2001-2007 DIVERSIFYING OUR BUSINESS

In 2001, we decided to expand our business and explore other business opportunities to reduce our dependency on the electronics sector. In 2002, we made a breakthrough in the biomedical science and research and academia sectors by securing projects for Viacell Singapore Research Centre and Novartis Institute of Tropical Diseases, which were located in Science Park II.

In 2003, we entered into the high containment laboratory space as awareness for the need for such facilities increased with the severe acute respiratory syndrome ("**SARS**") epidemic hitting Singapore shores. We secured our maiden high containment Biosafety Level 3 ("**BSL3**") laboratory project, when we were commissioned by Novartis Institute of Tropical Diseases to set up their four-storey main research facility in Biopolis, which included a BSL3 laboratory.

Thereafter, we were subsequently commissioned to build two other BSL3 laboratories for Temasek Life Science Laboratory and the National Environment Agency at a time when there were few BSL3 laboratories in Singapore.

During this period, we continued to serve customers in the electronics sector, garnering repeat orders from existing customers and at the same time, securing orders from new customers such as ASE Singapore Pte Ltd, United Test and Assembly Centre Ltd, and ASM Technology Singapore Pte Ltd.

2007-2011 GROWING OUR BUSINESS, OPERATING ON A HIGHER PLATFORM

With our strong track record, we began to operate on a higher platform by undertaking bigger scale and more complex projects as a main contractor.

Some of the notable projects during this period include:

- Laboratory and support space over two levels at Immunos located in Biopolis for A*Star.
- Drug research facility for Lilly Singapore Centre for Drug Discovery Pte Ltd.
- NUS-GE Singapore Water Technology Centre for National University of Singapore.
- A 21,000 sqm semiconductor testing and assembly facility, which included Class 100, Class 1,000 and Class 10,000 cleanrooms, central cooling plant, process cooling system, clean compressed air system and central vacuum system for ASE Singapore Pte Ltd.
- A manufacturing facility which included Class 100 and Class 1,000 cleanrooms, waste water treatment plant, ultra clean water plant, processed air exhaust system, and bulk and specialty gas system for FormFactor Singapore Pte Ltd.
- State-of-the-art cleanroom facility at the NUS Graphene Centre, where research into graphene, a new material, is conducted.

Our business during this period also broadened to include the design, assembly and supply of laboratory furniture, so as to better manage its quality. A notable contract was the teaching and laboratory facilities for the School of Physical and Mathematical Science at Nanyang Technological University.

2011-2012 SCALING NEW HEIGHTS THROUGH ENTRY INTO THE HEALTHCARE SECTOR

In 2011, our Executive Directors saw tremendous growth potential in the healthcare sector due to the Singapore government's plans to build new hospitals and upgrade existing medical facilities.

Leveraging on our engineering expertise in controlled environments, we secured our maiden project in the healthcare sector where we were commissioned to construct ten operating theatres and a theatre sterile services unit for the ambulatory surgical centre at the NUH Medical Centre.

In 2012, we secured another contract for the construction of one of the largest BSL3 laboratories in Singapore at The Academia at the Singapore General Hospital ("**SGH**").

ACROMEC MILESTONES

2012-2018 POISED FOR FURTHER GROWTH

From 2012 to 2014, we secured and completed our largest project worth more than S$20.0 million, which involved the fitting-out of a testing and assembly plant for a customer in the electronics sector.

Other notable projects in recent years include the following:

- The fitting-out of BSL3 core facility at the NUS Yong Loo Lin School of Medicine.
- The construction of laboratories, including laboratories compliant with the Current Good Manufacturing Practice regulations and a technically challenging sniff sensory laboratory for research of fragrances used in personal products, at Procter & Gamble's Singapore Innovation Centre.
- The construction of facilities at Virtus Fertility Centre, including a fertility clinic and an embryology laboratory.
- The fitting-out of chemical processing laboratory at the Johnson Matthey Singapore Technology Centre.
- The fitting-out of fast-track state-of-the-art Class 1, Class 10 and Class 100 cleanrooms at Fusionopolis for A*Star.
- The fitting-out of state-of-the-art hybrid operating theatres at the National Heart Centre and Centre for Assisted Reproduction (Care) at Block 5 Level 1 at SGH.
- The construction and fitting-out of day surgery operation medical centre for Aptus Surgery Centre at Level 7 Paragon, Orchard.
- The supply, installation and fitting-out of laboratory furniture for the DuPont Company Analytical Lab and Food Research Lab.
- The construction and fitting-out of manufacturing cleanroom facility and office for Biotronik.
- The construction and fitting-out of Centre for Assisted Reproduction (Care) at Block 5 Level 1 of SGH.
- The supply and installation of laboratory furniture, fume hood and safety cabinet for DSO National Laboratories' new chemical research laboratory.
- The fitting-out of Galleria's chemical laboratory, office and technical test salon for Procter & Gamble.
- The refurbishment and upgrading of Ward 53 at National University Hospital ("**NUH**").
- The fitting out of the operating theatre facilities at Level 2, NUH Kent Ridge Wing.
- The fitting out of the BSL3 laboratory for National Centre for Infectious Diseases.
- The expansion of biopharmaceutical plant at Tuas for Lonza Biologics Tuas Pte Ltd.
- The conversion of general office to a Class 10,000 cleanroom, and upgrading existing Class 10,000 wafer level chip scale cleanroom to Class 1,000 cleanroom for ASE Singapore Pte Ltd.
- The construction and fitting-out of office and research laboratories for Evonik Innovation Centre.
- The construction and fitting-out of 3,800 sqm BioReliance laboratory, M lab Collaboration Centre and Media Development Services Lab for MERCK Training & Collaboration Centre.

In 2015 and 2016, we received recognition as a Singapore SME 1000 Company. We also garnered two awards in 2016: Runners-up for the Most Transparent Company Award (New Offer category) at the 17th Securities Investors Association (Singapore) Investors' Choice Award; and the 2016 Enterprise 50 (E50) award before we listed in April 2016.

2019-PRESENT CONTINUED GROWTH IN THE SPECIALIST ENGINEERING CONTROLLED ENVIRONMENT BUSINESS & DIVERSIFICATION

We are now managing projects of bigger size and complexity. This is despite facing the COVID-19 pandemic in early 2020 till present. In February 2020, we have been awarded a S$19.5 million sizeable sub-contract for the supply of labour, tools, and materials for air conditioning and mechanical ventilation works at Plot H9A at SGH. The development comprises a 12-storey health and emergency medical care building with 4 basements. We are also executing a S$11.0 million project, awarded in April 2021, at Singapore Institute of Technology's new campus at Punggol North where we are responsible for the fitting out of the air conditioning and mechanical ventilation system. Mostly recently, in December 2021, we are awarded by Neste Asia Pacific Pte Ltd ("**Neste**") a project of sizeable value. Neste has entrusted ACROMEC to design & build a R&D Laboratory and Regional Office. In line with Neste's strong position as the 4th most sustainable company globally, ACROMEC offers its expertise in sustainable laboratory solutions with strong emphasis in energy conservation, particularly in HVAC system.

We had built further inroads into the biotech and pharmaceutical sectors, especially during this pandemic season, through the award of contracts from customers in these sectors. We have secured a sub-contract work worth a cumulative amount of S$5.6 million for a customer in the biotechnology research and development sector to fit out for the customer's state-of-the-art production suites and distribution centres for gene expression solutions, including the production of test kits for distribution across Asia. The project involved fast-paced design and build of cleanrooms (Class 10,000 and 100,000) along with a controlled warehouse area. We continue as market leader in the construction of BSL3 laboratories in Singapore.

Diversification into Renewable Energy business

In 2018, Acromec incorporated a subsidiary, Acropower Pte. Ltd. ("**Acropower**") to explore opportunities in the renewable energy sector. Shareholders' approval for the diversification of this new business was obtained on 4 July 2019. It is now 56% owned by the Group. Our other partners include Green Energy Resources Sdn Bhd, and Nutara Investment Pte Ltd, which came on board as a shareholder of Acropower in December 2021. Together with our green energy partners, we are now executing our inaugural contract with Chew's Agriculture Pte Ltd ("**Chew's**"), to build, own, and operate a waste-to-energy plant at their farm premise. The said plant will process and convert chicken manure into energy and supply the electricity generated back to Chew's. We are also actively exploring opportunities in the renewable energy sector which is believed to be poised for growth, buoyed by governments around the world pledging to increase energy production using sustainable sources.

CHAIRMAN'S MESSAGE

LIM SAY CHIN
Executive Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

Our Group has continued to make headway in the financial year ended 30 September 2021 ("**FY2021**"). Despite the continued difficult business environment brought upon by the COVID-19 pandemic, overall we managed to turnaround and achieve profitability for FY2021. Our diversification into the renewable energy business has made progress and we have achieved a better performance in our specialist engineering core business. The Group also expanded its business offerings and through its newly acquired associated company, embarked on an innovative co-working laboratory concept business. Through our business diversity, I believe the Group will be better able to adapt and weather the vagaries of the economic landscape.

FY2021 IN REVIEW

Our Group continued to add to its strong order book and strengthen its engineering, procurement, construction ("**EPC**") business segment. This was exemplified by our recent announcement in December 2021 of about S$14 million worth of contract wins. Other notable projects secured during FY2021 include a S$11.0 million contract for Singapore Institute of Technology's new campus at Punggol North. The project includes the fitting out of two blocks, which houses the school's laboratories.

The Group managed to seize opportunities during the pandemic and has built momentum in serving its customers from the healthcare and biotechnology sector. This is pivotal as the world faces COVID-19 and future threats of unknown and possibly deadly pathogens. Our Group's expertise in controlled environment becomes exceptionally relevant and we are encouraged that we have secured more projects in this space during FY2021. In particular, we are the design and build contractor for Genscript Pte Ltd and we fitted out their new laboratory space located at Kallang Way. In addition, we have supported them in their trial and research of innovative test kits that measures the level of immunity against the COVID-19 before and after vaccination. We will continue to support them in their expansion plan in Singapore. We have also built a laboratory facility for another customer that manufactures the reagent for COVID-19 test kits.

CHAIRMAN'S MESSAGE

Though we faced operational challenges stemming from a lack of manpower resources due to measures such as border restrictions and closures and occasional supply chain disruptions caused by the pandemic, we managed to push ahead to continue delivering our projects to our valued customers.

The performance of our maintenance business segment also improved. The Group will continue in its efforts to grow the maintenance business segment, as it provides the Group with recurring income and revenue streams which augments well and adds stability to the Group's existing revenue which are largely project-based EPC business.

During the year, we also ventured into the innovative idea of running a co-working laboratory space in Singapore. I am delighted to announce that our 30% associated company, Life Science Incubator Pte Ltd, launched the co-working laboratory facility, named the Life Science Incubator ("**LSI**"), at German Centre in September 2021. The launch was graced by the Minister of State (Trade and Industry), Mr Alvin Tan. The LSI provides companies, particularly start-ups, in the MedTech, Biotech, and HealthTech sectors with access to low cost and flexible co-working laboratory spaces for research and development. This venture will also allow the Group to better support and serve companies in these emerging innovative sectors which may decide to build their own laboratory facilities in the future. The success of this facility will also spur future expansion of more LSIs, both in Singapore and overseas, which we will endeavour to also participate in.

Last but not least, we made progress in our renewable energy business. We are in the final stage of testing and commissioning our in augural waste-to-energy plant at Neo Tiew Road. Operations at our inaugural waste-to-energy plant at Chew's Agriculture Pte Ltd at Neo Tiew Road were delayed during the year, due to the pandemic-related countermeasures, causing a delay in manpower deployment and supply chain disruptions. Nevertheless, we press on and operated the plant in partial during the year. While losses were incurred in the starting up phase, we are glad that the plant is in its final stages of testing and commissioning. The success of this maiden project is expected to facilitate business development activities and enquiries on other similar projects, both locally and overseas and thereby cement the Group in the growing renewable energy business segment.

CHAIRMAN'S MESSAGE

In December 2021, we also completed a share swap agreement with Nutara Investment Pte Ltd ("**Nutara**") in Acropower Pte Ltd ("**Acropower**"), where Nutara became a shareholder in Acropower Pte Ltd ("**Acropower**"), joining the ranks of Green Energy Resources Sdn Bhd, our existing partner. Acropower is our subsidiary responsible to drive our renewable energy business growth. This share swap arrangement signifies Nutara's intention to move from being a mere investor to a fellow partner in our renewable energy business endeavour. Together, we hope that our stronger collaboration together will result in us having more capacity and capability to do more renewable energy projects, thereby powering Acropower's growth.

FINANCIAL HIGHLIGHTS – IMPROVED REVENUE AND ACHIEVED NET PROFIT

For the financial year ended 30 September 2021 ("**FY2021**"), the Group recorded a 26% increase in revenue to S$29.1 million, mainly due to higher tender and business activities during the year with new contracts secured. In line with the increase in revenue, the Group's gross profit also increased by 48% to S$4.7 million.

Due to better execution, monitoring and control of costs on our projects, our gross profit margin improved by 2.4% points to 16.1% for FY2021, up from 13.7% in the previous corresponding period. Overall, the Group recorded a net profit attributable to shareholders of approximately S$87,000 for FY2021, a reversal from a net loss of S$1.5 million in the previous year.

Net asset value attributable to shareholders as at 30 September 2021 was S$6.3 million, up from S$6.0 million as at 30 September 2020. Cash and cash equivalents stood at S$4.0 million as at year end.

MOVING FORWARD – UNITY AND STRENGTH IN DIVERSITY

Overall, the Group is cautiously optimistic on its business outlook. Singapore remains a leading biomedical sciences hub at the heart of Asia, and the Group anticipates greater demand for specialist engineering services for controlled environment facilities. The Group will continue to actively develop its core specialist engineering business through direct negotiations and bidding for projects, underpinned by its established track record and reputation in the industry.

CHAIRMAN'S MESSAGE

As vaccination and booster-vaccination efforts continue to progress and countries continue prioritising economic re-opening, the Group remains cautiously optimistic on its business outlook. However, the Group also expects competition to remain keen with continued pressures on its margins. This coupled with an expected regular COVID-19 testing regime as well as occasional supply chain disruptions may lead to higher costs. The Group will continue to take steps to mitigate its costs through streamlining its operations and closely monitoring and managing its costs.

We will also continue to develop our maintenance business, with its revenue and profit contribution expected to grow, following the increase of our effective stake in Golden Harvest Engineering Pte. Ltd. ("**Golden Harvest**") to 90% from 60% in the previous financial year. In addition to complementing our EPC suite of services, Golden Harvest will provide recurring revenue and income streams which add stability to the Group's revenue.

The Group will also continue to work closely with our partners in our renewable energy business, to further our renewable energy venture goals and develop Acropower. The Group believes the renewable energy sector is poised for growth as the world continues to shift towards reliance on sustainable sources of energy production. With Singapore similarly aiming for a Zero-Waste Circular Economy, our waste-to-energy plant at Chew's is well-placed to tap on this trend.

As the Group becomes more diverse, it remains united in our mission and vision. We have chosen to re-brand Acromec Limited to AcroMeta Group Limited. The chosen name both reflects our heritage and at the same time speaks of our Group expanding and becoming a more diverse business. The name is a combination of two greek words; "Acro" which stands for "the peak" or "the apex" and is a retention of our previous name; and "Meta" which means "going beyond". We believe the name AcroMeta is appropriate for us as we look to be a transformational force for business and industry. Our Group have grown in both strength and scale beyond our primary days as a specialist engineering service provider. Today, the Group, besides leading the field of specialist engineering services, is now breaking new ground with renewable energy focus, and engaging in circular economics. We are also pushing the goal of greater sustainability with our facility management and maintenance services. In addition, we have gone beyond current forms to co-create new business concepts like LSI in the co-working laboratory space. The AcroMeta Group brand represents our drive and ability to reach for ever-higher standards and pushing the envelope of possibilities. Diversification from a position of strength and remaining firmly united.

ACKNOWLEDGEMENTS

We would like to express our deep appreciation to our management and employees for their hard work and dedication during the year, and we would also like to extend our gratitude to our customers and business partners for their confidence. Last but not least, I would also like to thank my board members for their professional counsel, as well as our shareholders for their continued support in us. We look forward to taking our expanded and diverse businesses to new heights.

LIM SAY CHIN
Executive Chairman and Chief Executive Officer

5 January 2022

BOARD OF DIRECTORS

MR. LIM SAY CHIN

Executive Chairman and Chief Executive Officer

Lim Say Chin was appointed to our Board on 22 December 2015 and is our Executive Chairman and Chief Executive Officer. Lim Say Chin co-founded our Group with our Executive Director, Chew Chee Keong and our Non-Executive Director, Goi Chew Leng. Lim Say Chin has been instrumental in successfully leading our Group to become an established player in our industry. He started his career as an engineering assistant in Singapore Aero-Components Overhaul Pte Ltd in August 1983 before he became a technical officer in INDECO Engineers Pte Ltd in May 1985, overseeing the maintenance team at the National University Hospital. He then joined NEXUS Technology Pte Ltd in May 1987 as a design draftsmen and left as a project engineer in February 1988. Between March 1988 and April 1991, Lim Say Chin was a project engineer of SUPERSYMMETRY Services Pte Ltd and helped to set up and operate the company's office in Thailand. In May 1991, Lim Say Chin joined Kyodo-Allied Industrials Pte Ltd as a sales manager where he was responsible for the business development of the company's cleanroom business and related products. From September 1994 to August 1996, Lim Say Chin was a project manager in Hopkinson Engineering Pte Ltd where he was responsible for submission of tenders, design and management of projects. Since December 1996, Lim Say Chin has been the Managing Director of Acromec Engineers and has been responsible for formulating corporate strategies as well as ensuring the smooth operation of our Group. Lim Say Chin graduated with a Technical Diploma in Mechanical Engineering in August 1983 and an Advanced Diploma in Building Services Engineering in August 1991, both from Ngee Ann Polytechnic. He subsequently obtained a Bachelor of Engineering degree with Honours in Mechanical Engineering from University of Glasgow in July 1994. He currently oversees the project management, contract and procurement activities, human resources & admin and quality environment healthy safety department of the Group.

MR. CHEW CHEE KEONG

Executive Director and Chief Operating Officer

Chew Chee Keong was appointed to our Board on 22 December 2015 and is our Executive Director and Chief Operating Officer. Together with Lim Say Chin, our Executive Chairman and Chief Executive Officer, and Goi Chew Leng, our Non-Executive Director, Chew Chee Keong co-founded our Group. He currently oversees the business development, tender, engineering and business development functions of the Group. He started his career as a mechanical engineer and was responsible for project planning, building services system design, project coordination as well as testing and commissioning of building services for residential and commercial buildings. In July 1996, Chew Chee Keong joined ACROMEC Engineers as a director. Chew Chee Keong graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic in May 1989 and a Bachelor of Engineering degree with Honours in Mechanical Engineering from the University of Glasgow in July 1994.

MR. GOI CHEW LENG

Non-Executive Director

Goi Chew Leng was appointed to our Board on 22 December 2015 as our Executive Director and was re-designated as our Non-Executive Director on 15 May 2019. Together with Lim Say Chin, our Executive Chairman and Chief Executive Officer, and Chew Chee Keong, our Executive Director, Goi Chew Leng co-founded our Group. He started his career as a project engineer where he was responsible for project management. He joined ACROMEC Engineers in January 1997 as an executive director. Goi Chew Leng graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic in August 1990 and a Bachelor of Engineering degree with Honours in Mechanical Engineering from the University of Glasgow in July 1994.

BOARD OF DIRECTORS

MR. YEE KIT HONG

Lead Independent Director

Yee Kit Hong is our Lead Independent Director and was appointed to our Board on 16 March 2016. Prior to joining Ernst & Young in July 1982, he worked as a project accountant in Morrison Knudsen Low Keng Huat and as an accountant in Brown & Roots, as well as an audit senior in Wilson Green & Gibbs. He was an assurance and tax manager at Ernst & Young prior to his departure in September 1989. Since October 1989, Yee Kit Hong has been a partner at Kit Yee & Co, a firm providing audit, accountancy and taxation advice or related services. He is a principal partner responsible for providing assurance, advisory, consultancy and taxation services to clients. Yee Kit Hong is a fellow of The Institute of Chartered Accountants in England and Wales and a fellow of the Institute of Singapore Chartered Accountants. He is also admitted as an accredited tax practitioner by the Singapore Institute of Accredited Tax Professionals and a full member of the Singapore Institute of Directors. Yee Kit Hong graduated with a Bachelor of Accountancy degree from the University of Singapore in June 1971. He is currently an independent director of Global Palm Resources Holding Limited, Nam Cheong Limited and Koon Holdings Limited.

MS. ELAINE BEH PUR-LIN

Independent Director

Elaine Beh Pur-Lin is our Independent Director and was appointed to our Board on 16 March 2016. Elaine Beh is a partner at Virtus Law LLP, a law firm in Singapore and her principal areas of practice are in capital markets and mergers and acquisitions. She graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1989. She is an advocate and solicitor of the Supreme Court of Singapore and a member of the Law Society of Singapore and the Singapore Law Academy, and an ordinary member of the Singapore Institute of Directors. She is currently an independent director of Audience Analytics Limited and a director of SISTIC.com Pte Ltd.

MR. JOHN GENO-OEHLERS

Independent Director

John Geno-Oehlers is our Independent Director and was appointed to our Board on 2 March 2021. John Geno-Oehlers is a Mechanical Engineering graduate from the University of Malaya with over 45 years' experience in the design and project management of major Mechanical & Electrical (M&E) projects, in Singapore and overseas. He retired from full-time work at the end of June 2018, and provides consultancy on Cleanroom projects currently.

SENIOR MANAGEMENT

MR. JERRY TAN

Chief Financial Officer

Jerry Tan is our Chief Financial Officer and a key executive of our Group. He oversees the overall finance, treasury, tax and accounting functions of our Group, including internal controls and corporate governance, and ensuring compliance with regulations. He has more than 25 years of experience spanning audit, finance, accounting and compliance, having worked in companies listed in Hong Kong and Singapore. During the course of his career, he has held regional finance roles, overseeing various local and overseas finance teams, including setting up of regional subsidiaries of the group he was leading. Prior to joining the Group in September 2015, he was with Rotary Engineering Limited, a listed company in Singapore, as a senior manager (group finance) to oversee all compliance and financial reporting matters. He was also involved in corporate finance, setting up group policies and authority guidelines in Rotary Engineering Limited. Jerry graduated with a Bachelor of Accountancy with Honours degree from Nanyang Technological University in June 1995 and is a member of the Institute of Singapore Chartered Accountants.

MR. ER. ANTON SETIAWAN

General Manager,
Acromec Engineers Pte Ltd,
Country Manager (Indonesia)

Er. Anton Setiawan is our General Manager, Acromec Engineers Pte Ltd, a principal subsidiary of ACROMEC Limited, and Country Manager for Indonesia, based in Singapore. As the General Manager, he is responsible for the business and operations of Acromec Engineers. He is also in charge of overseeing the operations of our Indonesia business. He was instrumental in leading the team to spearhead and expand our presence in Indonesia. He has more than 15 years of experience in mechanical & electrical ("**M&E**"), laboratory, and mission critical building design and fit-out. Prior to joining the Group in November 2016, Anton has completed various ranges of building and fit-out projects in Singapore and Southeast Asia, including laboratories, healthcare facilities, and mixed developments. As Principal Engineer, he provides his expertise in heating, ventilation and air conditioning, compressed gases, and laboratory design which are in compliance with the Building and Construction Authority Regulation. As a certified Green Mark Professional and holding a Master of Science in Sustainable Building Design from University of Nottingham, Anton possesses know-how in holistic sustainable design which helps to reduce client's operational cost. Back in 2005, he joined Shinryo Corporation Singapore Pte Ltd as a mechanical engineer where he generally supports the engineering design, calculations and site testing and commissioning works. In 2008, he worked as an associate in the M&E Group at T.Y. Lin International Pte Ltd, supporting the delivery of multiple projects. Anton graduated with a Bachelor Degree in Mechanical Engineering from Nanyang Technological University in June 2005 and Master of Science in Sustainable Building Design from University of Nottingham in October 2012.

MR. DANIEL ANG

General Manager,
Golden Harvest Engineering Pte. Ltd.

Daniel Ang is our General Manager, Golden Harvest Engineering Pte Ltd, a principal subsidiary of ACROMEC Limited. Prior to joining Golden Harvest, he is the Senior Manager of Maintenance in Acromec Engineers. As the General Manager, he is responsible for the business and operations of Golden Harvest. He has more than 25 years of experience in the service and maintenance of HVAC, Smoke Control and Power Protection Solutions with reputable companies. During the course of his career, he has held the position of Service Business Manager with Daikin and Senior Service Manager with Mitsubishi Electric. He has also held the position of Service Manager with Colt Ventilation which is an expert in smoke control and with Critical System Services which is in Power Protection Solutions. Daniel graduated with a Bachelor Degree with Honours in Mechanical Engineering from the University of Glasgow, UK in June 1994 and a Graduate Diploma in Business Administration from Singapore Institute of Management in December 1997.

OPERATIONS REVIEW

OVERVIEW

This year, our core engineering, procurement, construction ("**EPC**") business segment secured notable projects such as a S$11.0 million project for various works at Singapore Institute of Technology's new campus at Punggol North. We also secured projects valued at S$10.8 million for three customers in the healthcare and biotechnology sector, Avance Living Pte Ltd, Singapore Breast Surgery Center Pte Ltd and Genscript Pte Ltd.

The COVID-19 pandemic has resulted in an uncertain and challenging business climate. The construction industry has been adversely affected. The Group faced manpower resource challenges brought about by border restrictions and closures and occasional supply chain and logistics disruptions during the course of the year. Despite this, the Group managed to deliver its projects, with quality, to it valued customers.

Our renewable energy business segment faced similar challenges in foreign manpower deployment to perform the testing and commissioning for our inaugural waste-to-energy plant located at Chew's Agriculture Pte Ltd's, which led to delays in the operations of the plant. The Group operated the plant in phases during the year and it is currently in the final stage of testing and commissioning. Barring further delays from pandemic-related countermeasures, we expect the plant to be operational soon.

The mix of revenue for the EPC and maintenance segments remains consistent from FY2020, accounting for 77% and 21% of Group's revenue respectively in FY2021, compared to 79% and 21% in FY2020. The Group's new renewable energy segment contributed 2% of the Group's revenue in FY2021.

Revenue from the EPC and maintenance segments rose by 24% and 22% to S$22.5 million and S$6.0 million respectively in FY2021, mainly due to an improvement in business and tender activities with the gradual easing of pandemic-related restrictions.

The EPC segment's gross profit increased by 152% to S$4.0 million in FY2021, and gross profit margin also doubled year-on-year to 18%, as a result of better cost monitoring and control on the Group's projects.

The maintenance segment's gross profit increased by 20% to S$1.9 million in FY2021 in line with the increase in revenue, and gross profit margin remained at 32%.

The renewable energy segment incurred gross losses of S$1.2 million in FY2021, mainly due to incurring costs for testing and commissioning the waste-to-energy plant.

OPERATIONS REVIEW

NOTABLE PROJECTS

COMPLETED PROJECTS

In FY2021, we completed several notable projects.

1. A-Star Research Entities

Acromec has been appointed as a main contractor by A-star Addition & Alteration (A&A) works at Defu Lane. The project involves the change of use, converting its existing warehouse building to 2 new bio-safety level 3 laboratories using prefabricated containers.

2. Chew's Agriculture Farm

Acromec has been appointed as a sub-contractor by Chew's Agriculture Pte Ltd for the construction of mechanical, electrical, plumbing, and sanitary facilities for their poultry farm at Neo Tiew Road, off Lim Chu Kang. Their new farm spans 198,930 sqm and consists of 38 single storey buildings, 26 of which are egg poultry farms, while the remaining 12 are ancillary facilities including staff quarters and disinfectant buildings.

3. Life Science Incubator

Acromec has been appointed as a main contractor by Life Science Incubator Pte Ltd for the construction of a laboratory at the Life Science Incubator, located at German Centre. The project entails 600 sqm of fully equipped co-working laboratory facilities, for which Acromec undertook the design, construction, and fitting-out works, which includes 8 suites, 51 lab benches, and 1 operating theatre.

4. TUV SUD PSB

Acromec has been appointed as a sub-contractor by Nakano Singapore (Pte) Ltd for the supply, delivery, installation, testing and commissioning, and maintenance of laboratory furniture and equipment for a development at 13 International Business Park. The building comprises 7 storeys and a basement, and will have testing, certification, and laboratory facilities with ancillary offices.

5. Wilmar International Limited Headquarters

Acromec has been appointed as a sub-contractor for the construction of an office, as well as fit-out works of a laboratory, at Level 3 of a development in New Business Park, Biopolis Road. The development comprises a 7-storey building with 2 basements and will be the headquarters of Wilmar International Limited.

OPERATIONS REVIEW

ONGOING PROJECTS

Additionally, the Group has several ongoing projects in our order book.

1. Avance Living Pte Ltd

Acromec has been appointed as a nominated sub-contractor by Avance Living Pte Ltd for the construction of a Good Manufacturing Practice (GMP) Cleanroom and the HVAC system for the cleanroom.

2. Chew's Agriculture Farm

Acromec has been continued to be appointed as a sub-contractor by Chew's Agriculture Pte Ltd for various works at Neo Tiew Road, off Lim Chu Kang. These works entail the construction of an additional 5 number of chicken houses, storage bins, a staff canteen, an extension of canopy at the egg room building as well as an extension of metal shed for egg conveyor system.

3. Genscript Pte Ltd

Acromec (partnering with World BioHaztec Pte Ltd) was appointed as a main contractor for Genscript Pte Ltd, for the design-and-build of their new office and laboratory located at Level 6, East Tower at Solaris @ Kallang 164. The whole site has an area of about 2,492 sqm including an open office, laboratory and support rooms. Acromec undertook the structural, architectural, mechanical, electrical, and security works of the project, as well as the supply of all laboratory and office furniture.

4. Singapore Breast Surgery Center Pte Ltd (SBSC)

Acromec has been appointed as a main contractor by Singapore Breast Surgery Center Pte Ltd for the design and build of new medical centre with an operating theatre for Luma Woman's Imaging Medical Centre at Level 9 of Paragon.

5. Singapore Institute of Technology (SIT)

Acromec has been appointed as a sub-contractor by Kurihara Kogyo Co., Ltd (Singapore branch) for the supply of labour, tools, and materials for air conditioning and mechanical ventilation works at SIT Plot 1. The project also involves piping works for Block W5 and JTC Space, ductworks for Blocks W3, W5, W7 carpark and JTC Space, as well as lab ductworks for Blocks W3 and W5.

OPERATIONS REVIEW

RENEWABLE ENERGY PROJECTS

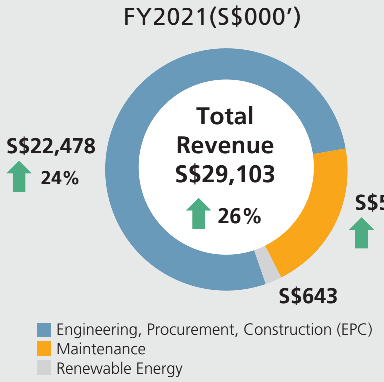
1. Chew's Agriculture Pte Ltd's Farm – Waste-To-Energy Plant

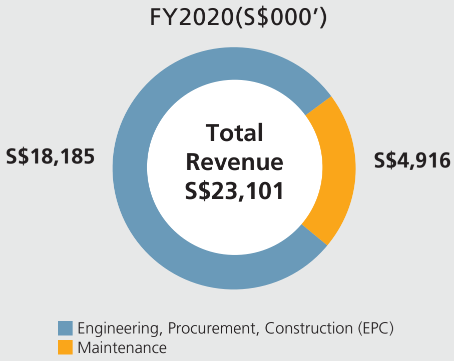
Acromec undertook the construction of a waste-to-energy plant at Chew's Agriculture poultry farm at Neo Tiew Road. The plant is currently in its final stages of testing and commissioning and is expected to commence operations soon. The plant is expected to receive about 100 tonnes of chicken manure from Chew's Agriculture's farm daily, convert this chicken manure into electricity using gasification technology, and in turn supply electricity back to Chew's Agriculture's farm.

The project site spans 6,000 sqm and consists of 3 single-storey buildings to house the drying, gasification, and power generation processes. Acromec undertook soil investigation and top- up, building structure, piling to cater for heavy equipment, mechanical and electrical services (including the use of high-tension gear and transformer). Acromec also undertook the installation of heavy-duty conveyor and drying system, gasifiers and containerized engine system for power generation, as well as a double membrane buffer gas holder for agriculture use.

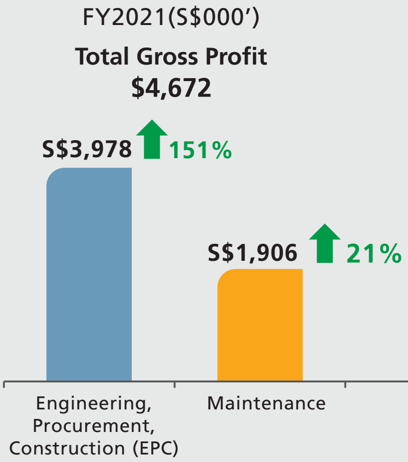
OPERATIONS REVIEW

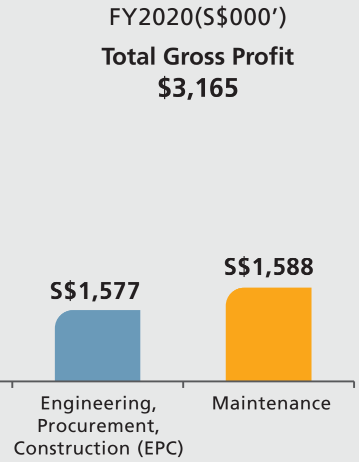
REVENUE



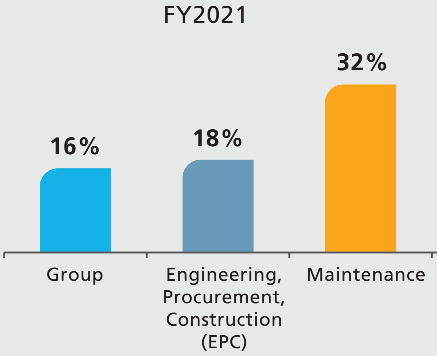


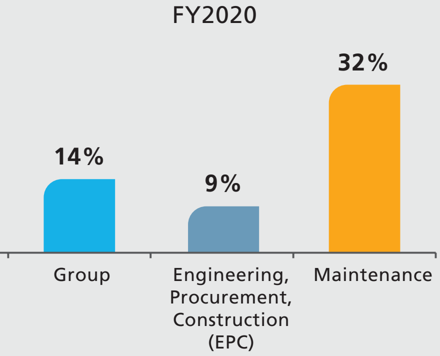
GROSS PROFIT (excluding Renewable segment)





GROSS PROFIT MARGIN (excluding Renewable Energy segment)





FINANCIAL HIGHLIGHTS

REVENUE (S$'M)

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$'M)

* Excluding one-off IPO expenses

CASH AND CASH EQUIVALENTS (S$'M)

NET ASSETS (S$'M)

CORPORATE INFORMATION

BOARD OF DIRECTORS:

LIM SAY CHIN
(Executive Chairman and Chief Executive Officer)

CHEW CHEE KEONG
(Executive Director and Chief Operating Officer)

GOI CHEW LENG
(Non-Executive Non-Independent Director)

YEE KIT HONG
(Lead Independent Director)

ELAINE BEH PUR-LIN
(Independent Director)

JOHN GENO-OEHLERS
(Independent Director)

AUDIT COMMITTEE:

YEE KIT HONG (Chairman)
ELAINE BEH PUR-LIN
GOI CHEW LENG
JOHN GENO-OEHLERS

NOMINATING COMMITTEE:

ELAINE BEH PUR-LIN (Chairman)
YEE KIT HONG
GOI CHEW LENG
JOHN GENO-OEHLERS

REMUNERATION COMMITTEE:

YEE KIT HONG (Chairman)
ELAINE BEH PUR-LIN
GOI CHEW LENG
JOHN GENO-OEHLERS

COMPANY SECRETARY:

Siau Kuei Lian

REGISTERED OFFICE:

4 Kaki Bukit Avenue 1
#04-04 Kaki Bukit Industrial Estate
Singapore 417939
Tel: 67431300
Fax: 67431159

SHARE REGISTRAR:

IN.CORP CORPORATE SERVICES PTE. LTD.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

AUDITORS:

DELOITTE & TOUCHE LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner in charge:
Chua How Kiat
(from financial year 2019)

PRINCIPAL BANKER:

DBS BANK LTD
MALAYAN BANKING BERHAD, SINGAPORE BRANCH

CONTINUING SPONSOR:

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
16 Collyer Quay
#10-00
Income at Raffles
Singapore 049318

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

ACROMEC Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the Principles and Provisions of the Code of Corporate Governance dated 6 August 2018 (the "**Code**").

The Company is pleased to report on its corporate governance processes and activities as required by the Code ("**Report**"). For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the "**Board**" or the "**Directors**") confirms that for the financial year ended 30 September 2021 ("**FY2021**"), the Company has generally adhered to the Principles and Provisions as set out in the Code, save as otherwise explained below.

BOARD MATTERS

The Board's Conduct of Affairs

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

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Lim Say Chin	Executive Chairman and CEO
Chew Chee Keong	Executive Director
Goi Chew Leng	Non-Executive Non-Independent Director
Yee Kit Hong	Lead Independent Director
Elaine Beh Pur-Lin	Independent Director
John Geno-Oehlers	Independent Director

Provision 1.1 – Principle Duties of the Board

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

- 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;
- 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;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;
- to review the Management's performance;
- to set the Group's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;
- to approve the release of the Group's half-year and full-year financial results and related party transactions of a material nature; and
- to assume the responsibilities for corporate governance.

CORPORATE GOVERNANCE REPORT

Independent Judgement

All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group. The Directors on the Board have the appropriate core competencies and diversity of experience that enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary from the Board and the Management on matters pertaining to their area of responsibilities and actively work with Management in the development of strategic proposals and oversees the effective implementation by the Management to achieve the objectives set. The Board sets the tone for the Group in respect of ethics, values and desired organisation culture and ensure proper accountability within the Group.

Conflict of Interest

Every Director of the Company is required to disclose any conflict or potential conflict of interest, whether directly or indirectly, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions. When there is an actual or potential conflict of interest, the concerned Directors shall, abstain from voting, and recuse themselves from discussion or decision making involving the issue of conflict and related matters.

Provision 1.2 – Directors' Orientation and Training

The Company will provide a comprehensive orientation programme for incoming Directors upon them joining the Board to familiarize them with the Company's businesses and governance practices, accounting control policies, procedures and the risk management framework and internal control policies and procedures as well as industry-specific knowledge so as to assimilate them into their new roles. The Company will also arrange for any new Director with no prior experience as a director of a listed company in Singapore to undergo the mandatory training as prescribed by the SGX-ST and other appropriate courses or seminar, training conducted by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties and responsibilities. They may also attend briefings on the roles and responsibilities as directors of a listed company in Singapore.

The Board as a whole is updated regularly on changes to the Catalist Rules and the Code, as well as on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed Directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge.

John Geno-Oehlers is appointed as the Independent Director during FY2021 and he has been briefed on his role and obligations as a director under listing rules as well as the relevant laws and regulation of a director of a public listed company in Singapore. He has also been briefed to familiarize with the various businesses and operations of the Group. The Company has also arranged for Mr John Geno Oehlers to attend the mandatory training in accordance with Rule 406(3)(a) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Provision 1.3 – Board Approval

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 half-year and full-year results, declaration of dividends and interested person transactions.

Provision 1.4 – Delegation by the Board to Board Committees

To assist in the execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees function within clearly defined written terms of reference (the "**TOR**") and operating procedures. The composition of the Board Committees for FY2021 is tabulated below:

Directors	**AC**	**NC**	**RC**
Lim Say Chin	–	–	–
Chew Chee Keong	–	–	–
Goi Chew Leng	Member	Member	Member
Yee Kit Hong	Chairman	Member	Chairman
Elaine Beh Pur-Lin	Member	Chairman	Member
John Geno-Oehlers	Member	Member	Member

The Board Committees have the delegated power to deliberate any issue that arises in their specific areas of responsibilities within their respective TOR and report to the Board with their decisions and/or recommendations. The ultimate responsibility and authority for the decisions and actions on all matters rest with the Board. Each Board Committee's activities and roles are elaborated further in provisions 4.1, 6.1 and 10.1.

Provision 1.5 – Board Meetings and Attendance

Provision 1.6 – Access of Information

The Board meets regularly on a half-yearly basis and ad-hoc Board Committee or Board meetings are convened when they are deemed necessary. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing. The Constitution of the Company and terms of reference for each Board Committee provides for meetings of the Board and Board Committees to be held by way of telephonic conference.

The attendance of the Directors at scheduled Board Committees and Board meetings held in FY2021 is set out below:

	Board	**Board Committees**		
		AC	**NC**	**RC**
Number of meetings held	2	2	1	1
	Number of meetings attended			
Lim Say Chin	2	2*	1*	1*
Chew Chee Keong	2	2*	1*	1*
Goi Chew Leng	2	2	1	1
Yee Kit Hong	2	2	1	1
Elaine Beh Pur-Lin	2	2	1	1
John Geno-Oehlers#	1	1	1	1

* By invitation
\# Appointed as director on 2 March 2021

CORPORATE GOVERNANCE REPORT

Directors with multiple board representations will ensure that sufficient time and attention are given to the affairs of the Group.

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board with half-yearly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary.

Provision 1.7 – Independent Access to Management and Company Secretary and Independent Professional advice at the Company's expense

The Board has separate and independent access to the Company Secretary and the Management at all times. The Board will have independent access to professional advice when required at the Company's expense. The appointment of such professional advisor is subject to approval by the Board and the Executive Chairman.

Under the direction of the Executive Chairman, the Company Secretary facilitates information flow within the Board and Board Committees and between the Management and Non-Executive Directors. The Company Secretary and/or her representative(s) attends all meetings of the Board and Board Committees and ensures that all Board and Board Committees procedures are followed and applicable rules and regulations are complied with. The minutes of all Board and Board Committees meetings are circulated to the respective Board and Board Committees. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

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.

Board Composition and Guidance

Provision 2.1 – Board Independence

Provisions 2.2 and 2.3 – Proportion of Non-Executive and Independent Directors

Provision 2.4 – Board Composition & Diversity

Provision 2.5 – Meetings of Non-Executive Directors and Independent Directors

The Board comprises six Directors, of whom three are independent, namely, Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin and Mr John Geno-Oehlers. Mr Lim Say Chin is the Executive Chairman and CEO. The Company notes that Provision 2.2 of the Code requires that independent Directors should make up a majority of the Board where the Chairman is not independent. As there is a strong independent element on the Board given the size of the Board with Independent Directors making up half of the Board, the Board is of the view that it is not necessary nor cost-effective to have independent directors make up a majority of the Board. Notwithstanding the aforementioned, Non-Executive Directors make up a majority of the Board. Mr Yee Kit Hong has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman and CEO, Executive Director or Chief Financial Officer has failed to resolve, or where such contact is inappropriate. The concerned shareholder may contact the Lead Independent Director through email as disclosed on page 30 of the Annual Report. Nevertheless, the NC will endeavor to comply with Provision 2.2 of the Code by continuing to assess the Board composition from time to time and make appropriate recommendations to the Board.

CORPORATE GOVERNANCE REPORT

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a "Confirmation of Independence" form annually to confirm his or her independence based on the guidelines as set out in Provision 2.1 of the Code and the Nominating Committee Guide issued by Singapore Institute of Directors and Rule 406(3)(d) of the Catalist Rules. The NC adopts the Code's definition of what constitutes an "independent" director in its review. The NC takes into account, among other things, whether a Director has business relationships with the Company, its related companies, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The NC and the Board are of the view that all its Independent Directors have satisfied the criteria of independence as a result of its review. There is no Director who is deemed to be independent by the Board notwithstanding the existence of a relationship set out in the Code, that would otherwise deem him or her not to be independent.

The independence of any Director who has served on the Board beyond nine years from the date of his or her first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. As at the date of this Report, none of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making.

Notwithstanding that the Company has not adopted a formal board diversity policy, the composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group provides an appropriate balance of diversity of skills, experience, gender and knowledge of the Company, with core competencies in accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

Where necessary or appropriate and at least once a year, the Non-Executive Director and Independent Directors, led by the Lead Independent Director will meet without the presence of the Management. The Non-Executive Director and Independent Directors communicate regularly to discuss matters related to the Group, including the performance of the Management. Where appropriate, the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

The profiles of the Directors are set out on pages 14 and 15 of this Annual Report.

Chairman and Chief Executive Officer ("CEO")

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

Provision 3.1 – Chairman and CEO should be separate persons

Mr Lim Say Chin, the Executive Chairman and CEO of the Company, is responsible for formulating corporate strategies, leading the Group's marketing and business development activities as well as ensuring the smooth operation of the Group.

Despite the positions of Chairman and CEO being held by one individual, the Board is of the view that as all major decisions are made in consultation with the Board and with the establishment of the three Board Committees, there are adequate safeguards in place to ensure accountability and unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

CORPORATE GOVERNANCE REPORT

Provision 3.2 – Role of Chairman and CEO

The Chairman, in consultation with the Management, ensures:

- that Board meetings are held as and when necessary to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;
- that the agenda for Board meetings are prepared, with the assistance of the Company Secretary;
- the exercise of control over the quality, quantity and timeliness of information between the Management and the Board and the facilitation of effective contribution from the Non-Executive Director and Independent Directors;
- effective communication with shareholders and compliance with corporate governance best practices; and
- compliance with the Company's guidelines on corporate governance.

Provision 3.3 – Lead Independent Director

In view that Mr Lim Say Chin is both the Executive Chairman and CEO, Mr Yee Kit Hong has been appointed as the Lead Independent Director. He is available to shareholders where they have concerns or issues which communication with the Company's Executive Chairman and CEO and/or Chief Financial Officer has failed to resolve or where such communication is inappropriate. Such concerns may be sent to Mr Yee and his contact details are included in the Company's whistle-blowing policy, which is available on the Company's website, http://acromec.listedcompany.com/whistle_blowing.html.

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.

Provisions 4.1 and 4.2 – Nominating Committee Composition and Role

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises Ms Elaine Beh Pur-Lin, Mr Yee Kit Hong, Mr Goi Chew Leng and Mr John Geno-Oehlers. The Chairman of the NC is Ms Elaine Beh Pur-Lin. A majority of the NC, including the Chairman of the NC, is independent. The Lead Independent Director, Mr Yee Kit Hong is also a member of the NC. The Chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company. The NC holds at least one meeting in each financial year.

The written terms of reference of the NC have been approved and adopted, and they include the following:–

(a) developing and maintaining a formal and transparent process for director appointments and re-nomination and making recommendations to the Board on director appointment and re-appointment (including the appointment of alternate Directors, if any), and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Company's Constitution, having regard to their competencies, commitment, contribution and performance and taking into consideration the composition and progressive renewal of the Board;

(b) making recommendations to the Board on relevant matters relating to the review of succession plans for the Directors, in particular, for the Executive Chairman and CEO;

(c) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(d) determining on an annual basis, and as and when circumstances require, whether or not a Director is independent;

CORPORATE GOVERNANCE REPORT

(e) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

(f) reviewing training and professional development programs for the Board;

(g) developing a process for evaluating the performance of the Board, Board Committees and the Directors 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; and

(h) to assess the effectiveness of the Board as a whole and its Board Committees and the contribution by the Executive Chairman and each individual Director to the effectiveness of the Board.

Provision 4.3 – Reviewing and recommending nomination for re-appointment of Directors

The Company does not have a formal criteria of selection for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC ensures that the newly appointed Directors are aware of their duties and obligations.

The appointments of Directors are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. The NC is also in charge of re-nominating the Directors, having regard to their contribution and performance. Pursuant to the Constitution of the Company and the Catalist Rules, one-third of the Directors shall retire from office at the Company's annual general meeting every year, provided that all Directors shall retire from office at least once every three years. All newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his or her own performance or re-nomination as Director.

According to Regulation 108 and 118 of the Company's Constitution, Mr Chew Chee Keong and Mr John Geno-Oehlers will retire at the Company's forthcoming annual general meeting and will be eligible for re-election and the NC has recommended the aforesaid re-election. There are no relationships, including immediate family relationships, between Mr John Geno-Oehlers and the other Directors, the Company, its related corporations, its substantial shareholders or officers, which may affect his independence. In recommending the re-election of Mr Chew Chee Keong and Mr John Geno-Oehlers, the NC has considered the Directors' overall contributions and performance. The Board has accepted the NC's recommendations.

Provision 4.4 – Continuous review of Director's Independence

The NC determines annually, and as and when circumstances require, whether a director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and a "Confirmation of Independence" form completed by each Independent Director to confirm his or her independence. The "Confirmation of Independence" form was drawn up based on Provision 2.1 of the Code and the Nominating Committee Guide issued by Singapore Institute of Directors and Rule 406(3)(d) of the Catalist Rules. Having made its review, the NC is of the view that Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin and Mr John Geno-Oehlers are independent in accordance with the Provision 2.1 of the Code and Rule 406(3)(d) of the Catalist Rules.

There is currently no alternate Director on the Board.

CORPORATE GOVERNANCE REPORT

Provision 4.5 – Directors' Commitments

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his or her duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. As such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold. None of the Directors hold more than four directorships in listed companies concurrently.

The dates of initial appointment and last re-election of the Directors, together with their other principal commitment and directorships in other listed companies, are set out below:–

Director	Position	Date of Initial Appointment	Date of Last Re-election	Other Principal Commitment and Current directorships in listed companies	Past directorships in listed companies (in last three years)
Lim Say Chin	Executive Chairman and CEO	22 December 2015	27 January 2021	–	–
Chew Chee Keong	Executive Director	22 December 2015	30 January 2019	–	–
Goi Chew Leng	Non-Executive Non-Independent Director	22 December 2015	23 January 2020	–	–
Yee Kit Hong	Lead Independent Director	16 March 2016	27 January 2021	**Principal Commitment:** Partner of Kit Yee & Co Partner of JH Tan & Associates **Present Directorship:** Global Palm Resources Holdings Limited Nam Cheong Limited Koon Holdings Limited	–
Elaine Beh Pur-Lin	Independent Director	16 March 2016	23 January 2020	**Principal Commitment:** Partner of Virtus Law LLP **Present Directorship:** Audience Analytics Limited	Sanli Environmental Limited
John Geno-Oehlers	Independent Director	2 March 2021	N.A.	–	–

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 14, 15 and 48 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

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Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F relating to the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM are set out below.

Name of Director	**Chew Chee Keong**	**John Geno-Oehlers**
Date of Appointment	22 December 2015	2 March 2021
Date of last re-election	30 January 2019	N.A.
Age	53	72
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has accepted the NC's recommendation, who has reviewed and considered that Mr Chew is suitable for re-election as the Executive Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered that Mr John is suitable for re-election as the Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Chew oversees the business development, tender, and engineering activities, of the Group	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	A member of Audit, Remuneration and Nominating Committees
Professional Qualifications	Bachelor of Engineering degree with honours, University of Glasgow	Bachelor of Engineering degree, University of Malaya, Malaysia
Working experience and occupation(s) during the past 10 years	Executive Director of the Company since 22 December 2015 to current Executive Director of Acromec Engineers Pte Ltd since December 2015	D.P. Engineers Pte Ltd – Associate Director (From 2017 to 2018) T.Y. Lin International Pte Ltd – Principal/Head of M&E Department (From 2007 to 2017)
Shareholding interest in the listed issuer and its subsidiaries	Mr Chew holds 6,526,000 shares of the Company and is deemed to be interested in the 66,130,645 shares of the Company held by Ingenieur Holdings Pte. Ltd.	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Chew is a shareholder of Ingenieur Holdings Pte. Ltd., a substantial shareholder of the Company.	None
Conflict of interest (including any competing business)	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7H (Listing Rule 720(1))	Yes	Yes
Other Principal Commitments Including Directorships	**Other Principal Commitment:** None **Present Directorship:** Nil **Past Directorship (for the past 5 years):** Nil	**Other Principal Commitment:** None **Present Directorship:** Nil **Past Directorship (for the past 5 years):** Nil

CORPORATE GOVERNANCE REPORT

The general statutory disclosures of the Directors are as follows:–

Name of Director		Chew Chee Keong	John Geno-Oehlers
Questions:			
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(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
(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
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director			Chew Chee Keong	John Geno-Oehlers
Questions:				
(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
(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
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(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
	Any prior experience as a director of an issuer listed on the Exchange?		Yes	No
	If yes, please provide details of prior experience.		Mr Chew has been the Director of the Company since 22 December 2015	N.A.
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange.		N.A.	Mr John Geno-Oehlers will be attending the mandatory training in accordance with Rule 406(3)(a) of the Catalist Rules.
	Please provide details of relevant experience and the NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.	N.A.

CORPORATE GOVERNANCE REPORT

Board Performance

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

Provision 5.1 – Performance Criteria and Evaluation

Provision 5.2 – Assessment of the Board, Board Committees and Individual Directors

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of the Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole, each Board Committee and individual Directors.

The Board has implemented a formal annual process for assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director. For FY2021, each Director has completed the evaluation forms of the Board as a whole, each Board Committee (where relevant) and individual Director, as adopted by the NC, to assess the overall effectiveness of the Board as a whole, each Board Committee and individual Director. The results have been collated by the NC Chairman for review and discussion. The assessment of the Board's performance focused on a set of performance criteria for the Board evaluation which includes the Board structure, strategy and performance, governance on Board risk management & internal controls, information to the Board, Board procedures, the CEO and top management and the Directors' standards of conduct.

The assessment criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the AC, NC and RC.

The annual assessment of individual Directors considers, among others, each Director's attendance as well as generation of constructive debate/participation for meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment.

The results of the assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director exercise were considered by the NC which would then make recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. Following the review of FY2021, the Board is of the view that the Board and its Board Committees operate effectively, and each Director has met the performance evaluation criteria and objectives for FY2021 and is contributing to the overall effectiveness of the Board. In addition, each the NC members have abstained from the voting or review process on matters in connection with his or her own performance and re-appointment as a Director of the Company.

No external facilitator was engaged in FY2021 as the NC currently does not view this as necessary. However, the NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process at the Company's expense, if the need arises.

CORPORATE GOVERNANCE REPORT

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.

Provisions 6.1 and 6.2 – Remuneration Committee Composition and Role

Provision 6.3 – Reviewing of Remuneration Terms

Provision 6.4 – Remuneration Consultants

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

The RC comprises Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin, Mr Goi Chew Leng and Mr John Geno-Oehlers. The Chairman of the RC is Mr Yee Kit Hong. All members of the RC are Non-Executive and majority of the RC, including the Chairman of the RC, is independent. The RC holds at least one meeting in each financial year.

The written terms of reference of the RC have been approved and adopted, and they include the following:–

(a) reviewing and recommending to the Board a framework of remuneration for the Directors and executive officers and determining specific remuneration packages of each Director and executive officer. The RC shall cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, awards to be granted under the Company's performance share scheme, and benefits in kind;

(b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(c) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or executive officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;

(d) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(e) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and executive officers and to align the interests of the Directors and executive officers with the long-term interests of the Company.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2021.

The RC's recommendations will be submitted for endorsement by the Board. No Director is involved in deciding his or her own remuneration.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

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

Provision 7.1 – Remuneration of Executive Directors and Key Management Personnel

Provision 7.2 – Remuneration of Non-Executive Directors

Provision 7.3 – Appropriateness of Remuneration

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance. The Company also ensures that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Independent and Non-Executive Directors receive Directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The Independent and Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. Remuneration for the Executive Directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company has entered into fixed-term service agreements with the Executive Chairman and CEO, Mr Lim Say Chin and the Executive Director, Mr Chew Chee Keong. The service agreements are automatically renewed on a year-to-year basis on the same terms or otherwise on such terms and conditions as the parties may agree in writing. The Executive Directors are entitled to receive an annual incentive bonus based on the audited profit before tax ("**PBT**") of the Group. The amount of the incentive bonus is subject to the Group achieving certain predetermined PBT targets.

The Company recognises the importance of motivating each employee and in this regard, the Acromec Performance Share Scheme (the "**Scheme**") was approved at the extraordinary general meeting on 16 March 2016. Details on the Scheme are set out in the Company's offer document dated 6 April 2016 (the "**Offer Document**"). The Scheme is administered by the RC and one Executive Director. No award was granted under the Scheme in FY2021.

Disclosure on Remuneration

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

Provision 8.1 – Remuneration of Directors and Top 5 Key Management Personnel

The Board is of the view that full disclosure of the specific remuneration of each individual Director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

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The level and mix of remuneration paid or payable to the Directors and executive officers for FY2021 are set out as follows:–

Remuneration bands	Salary & CPF %	Bonus %	Director's Fee %	Other Benefits %	Total %
Directors					
$250,001 to $500,000					
Lim Say Chin	89	–	–	11	100
Chew Chee Keong	89	–	–	11	100
Less than $250,000					
Goi Chew Leng	–	–	100(1)	–	100
Yee Kit Hong	–	–	100(1)	–	100
Elaine Beh Pur-Lin	–	–	100(1)	–	100
John Geno-Oehlers					
Key Management Personnel					
Less than $250,000					
Jerry Tan	93	1	–	6	100
Anton Setiawan	89	1	–	10	100
Daniel Ang	71	1	–	28	100

Notes:–

(1) Directors' fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

The Company has only 3 key management personnel (who are not Directors or CEO) for FY2021. The aggregate total remuneration paid to the top three key management personnel of the Group (who are not Directors or CEO) in FY2021 amounted to S$520,153.

There were no termination, post-employment and retirement benefits granted to the Directors and key management personnel in FY2021.

Provision 8.2 – Employees who are substantial shareholders of the company, or are immediate family member of Directors, CEO or Substantial Shareholder of the company whose remuneration amounts exceed S$100,000 per annum

There were no employees of the Company or its subsidiaries who were substantial shareholders, or immediate family members of any Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2021.

Provision 8.3 – All forms of remuneration, and other payments and benefits paid by the Company and its subsidiaries to Directors and Key Management Personnel

The Company has adopted the Acromec Performance Share Scheme (the "**Scheme**"). The Group's selected employees, Executive Directors and Non-Executive Directors (including Independent Directors) are eligible to participate in the Scheme in accordance with the Rules of the Scheme. The Scheme is administered by the RC which consists of Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin, Mr Goi Chew Leng and Mr John Geno-Oehlers. There have been no performance share granted under the Scheme to Director and Key Management Personnel in FY2021.

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The Company is of the view that the current disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters. Annual variable bonuses, if any, would be linked to achievement of financial and non-financial KPIs key performance indicators such as core values, competencies, key result areas, performance rating, and potential of the employees (including key management personnel). Long-term incentive plans, if any, are conditional upon pre-determined performance targets being met and the long-term incentive plans serve to motivate and reward employees and align their interests to maximise long term shareholders' value. The RC will continue to review the performance share scheme when appropriate.

The RC ensures that there is a strong correlation between remuneration, and the achievement and performance of the Group and individual staff. The RC also ensures that there is a good balance of short-term and long-term incentive schemes to motivate continuous and sustainable performance.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 – Nature and Extent of Significant Risks

The Company does not have a separate risk management committee. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board with the support of the AC, oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The external and internal auditors conduct annual reviews of the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

Provision 9.2 – Assurance from the Executive Chairman and CEO and Chief Financial Officer

The Board has received assurance from the Executive Chairman and CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for the financial year ended 30 September 2021 give a true and fair view of the Company's operations and finances. In addition, the Executive Chairman and CEO, Executive Director and Chief Financial Officer have also given assurance to the Board that the Company's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

Based on the assurance from the Executive Chairman and CEO, Executive Director and the Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) as at 30 September 2021.

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Audit Committee

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

Provisions 10.1 and 10.2 – Audit Committee Composition and Role

Provision 10.3 – Former Partners or Directors of the Company's existing Audit Firm in AC

Provision 10.4 – Internal Audit Function

The AC comprises Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin, Mr Goi Chew Leng and Mr John Geno-Oehlers. The Chairman of the AC is Mr Yee Kit Hong. All of the members are Non-Executive and the majority of the AC, including the Chairman of the AC, is independent. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions. The AC holds at least two meetings in each financial year.

The written terms of reference of the AC have been approved and adopted, and they include the following:–

(a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response, and monitoring the implementation of the internal control recommendations made by the external and internal auditors;

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, prior to the incorporation of such results in the Company's annual report;

(c) reviewing the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;

(d) reviewing and discussing with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;

(f) reviewing the audit plan of the external auditor and the result of the external auditor's review and evaluation of the Group's system of internal accounting controls that are relevant to the statutory audit;

(g) making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(h) reviewing the audit plan of the internal auditor, including the results of the internal auditor's review and evaluation of the Group's system of internal controls;

CORPORATE GOVERNANCE REPORT

(i) reviewing any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approving interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of the Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;

(j) reviewing potential conflicts of interests (if any);

(k) reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;

(l) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(m) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(n) reviewing the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditor, and where the external auditor also provides a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to maintain objectivity;

(o) reviewing the assurance from the Executive Chairman and CEO and the Chief Financial Officer on the financial records and financial statements; and

(p) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, internal auditors and external auditors, and full discretion to invite any Director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

Fraud and Whistle-Blowing Policy

The Group has implemented a whistle-blowing policy which aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimization for whistle-blowing in good faith. Cases that are significant will be reviewed by the AC for adequacy or investigation actions and resolutions. The Group has designated an independent function to investigate whistle-blowing reports made in good faith and ensures that the identity of the whistleblower is kept confidential and the Group is committed to ensure protection of the whistleblower against detrimental or unfair treatment. A copy of this policy, including the contact details of the AC, is available on the Company's website.

As at the date of this Report, there were no reports received through the whistle-blowing mechanism.

CORPORATE GOVERNANCE REPORT

Provision 10.5 – Meeting Auditors without the Management

The AC meets with the external and internal auditors without the presence of the Management, at least once annually to discuss audit findings and recommendations.

Independent Audit

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences. Significant matters that were discussed with the Management and the external auditors have been included as key audit matters in the Auditors' Report for FY2021 on pages 51 to 54 of this Annual Report. The AC has reviewed the key audit matters and is of the view that there is no material inconsistency between the audit procedures adopted by the external auditors and Management's assessment and is satisfied that the key audit matters have been appropriately dealt with.

The AC had evaluated and was satisfied with the performance of the external auditors based on the Audit Quality Indicators Disclosure Framework introduced by the Accountants and Corporate Regulatory Authority ("ACRA") in October 2015, for the financial year ended 30 September 2021.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2021. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 103 of this Annual Report.

Having undertaken a review of the non-audit services provided during FY2021, the AC is of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group. As such, the AC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as external auditor at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Internal Audit

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes and provide independent assurance to the AC that the Group maintains adequate and effective risk management and internal control systems.

The AC approves the appointment of the internal auditors. The internal auditors, BDO LLP, report directly to the Chairman of the AC and administratively to the Executive Chairman and CEO. The AC is of the view that the internal audit function is adequately qualified (given, among others, its adherence to standards set by international recognised professional bodies), has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group including its unfettered access to the Company's documents, records, properties and personnel including access to the AC.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The internal auditors carry out their work in accordance with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1 – Participating and Voting at General Meetings

Provision 11.2 – Tabling of Resolutions

Conduct of General Meetings

In view of the circuit breaker measures applicable and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the forthcoming AGM will be held by electronic means and members of the Company are encouraged to attend the AGM via live webcast. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company.

Notwithstanding the proceedings and/or regulations of the conduct of general meetings disclosed below, pursuant to the Constitution of the Company, shareholders shall refer to the eAGM Proceedings of the Company for FY2021 as prescribed in the Notice of AGM and the announcement mentioned above.

Notices for general meetings are announced via SGXNet within the prescribed timeframe prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable). The notices, together with relevant documents (such as annual report, letter to shareholders or circular) will be published on SGXNet and the Company's corporate website at http://www.acromec.com.

In order to provide ample time for the shareholders to review, the notice of general meeting, together with the relevant documents, is distributed to all shareholders at least 14 days before the scheduled general meeting date for ordinary resolutions, 21 days for special resolutions (or as otherwise disseminated in accordance with such laws and regulations as may be applicable). Shareholders are invited to attend the general meetings, to put forth any questions they may have on the motions to be debated and decided upon.

All shareholders are entitled to vote in accordance with the established voting rules and procedures at the general meeting. Each share is entitled to one vote.

An external firm is appointed as scrutineers for the general meeting voting process, which is independent of the firm appointed to undertake the poll voting process.

The Chairman of the meeting will read out the total number of votes cast for, against and/or abstained and the respective percentages on each resolution are tallied after each poll conducted during the general meeting.

The resolutions tabled at the general meetings are on each substantially separate issue, including treating the election or re-election of each director as a separate subject matter.

Detailed information on each item in the general meeting agenda is provided in the explanatory notes to the notice of general meeting in the annual report.

CORPORATE GOVERNANCE REPORT

Provision 11.3 – Interaction with Shareholders

The Board of Directors of the Company, including the Chairpersons of AC, NC and RC will be present at general meetings to address any questions or concerns of shareholders at general meetings. The external auditor will also be present at the general meetings to address queries from shareholders relating to the conduct of audit and the preparation and content of the auditor's report. All directors were present at the last AGM held on 27 January 2021.

Provision 11.4 – Shareholders' Participation

The Company supports active shareholder participation at general meetings. All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions.

In the usual circumstances, if shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not relevant intermediaries to appoint not more than two (2) proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two (2) proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Provision 11.5 – Minutes of General Meetings

The Company prepares minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management. These minutes will not be published on the Company's website but will be made available to shareholders upon their request in accordance with the Companies Act. Notwithstanding that, the Company will publish the minutes of the forthcoming AGM within one month from the AGM in accordance with the Guidance on the Conduct of General Meetings Amid Evolving COVID-19 situation issued by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation.

Provision 11.6 – Dividend Policy

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. There was no dividend declared for FY2021 in view of the financial loss for the year as a result of the COVID-19 pandemic.

Engagement with Shareholders

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

Provision 12.1 – Communication between the Board and Shareholders

Provision 12.2 and 12.3 – Investor Relations Policy

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

CORPORATE GOVERNANCE REPORT

The Company's half year and full year results announcements, corporate presentations, announcements and press releases are issued via SGXNet. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly.

To enhance and encourage communication with shareholders and investors, the Company provides the contact information of its investor relations consultants in its press releases. Shareholders and investors can send their enquiries through email or telephone.

When the opportunities arise, the Company will consider holding analyst briefings or investor roadshows to meet institutional and retail investors as well as to solicit and understand the view of shareholders and stakeholders.

In view of the above, the Company did not implement a formal investor relation policy because there are existing channels to actively engage and promote regular, effective and fair communication with shareholder.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

Provision 13.1 – Arrangements to Identify and Engage with Stakeholders

Provision 13.2 – Management of Stakeholder Relationships

Provision 13.3 – Corporate Website

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains a corporate website at http://www.acromec.com to communicate and engage with stakeholders.

SUSTAINABILITY MANAGEMENT

The Company's sustainability report for FY2021 will be prepared in accordance with the Global Reporting Initiative Standards, Core Option and in line with the requirements of the Catalist Rules on sustainability reporting. The report will highlight the key economic, environmental, social and governance factors such as economic performance, environmental compliance and occupational health and safety. More details and information will be available in the full report that will be published before the end of February 2022.

RISK MANAGEMENT

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

CORPORATE GOVERNANCE REPORT

In response to the increasing scale and complexity of operations, the Group has also adopted the enterprise risk management framework ("**ERM Framework**") which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The ERM Framework will be reviewed regularly, taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of the Group over a short-medium term are summarised in the Group's risks register, and are ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated by counter measures.

The ERM Framework is not intended to and does not replace the internal control framework that the Group has in place, but rather incorporates the internal control framework within it. The Group is able to leverage on the ERM Framework to satisfy internal control needs and to move towards a fuller risk management process.

DEALING IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the results.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During FY2021, the Group did not enter into any interested person transactions of S$100,000 and more. The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Group involving the interests of the Executive Chairman and CEO, each Director or controlling shareholder, either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2021.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended September 30, 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 57 to 106 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 September 30, 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the 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:

Lim Say Chin
Chew Chee Keong
Goi Chew Leng
Yee Kit Hong
Elaine Beh Pur-Lin
John Geno-Oehlers (Appointed on March 2, 2021)

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.

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 Singapore Companies Act except as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and Company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
	Ordinary shares		**Ordinary shares**	
Lim Say Chin[(1)]	6,000,000	6,000,000	66,130,645[(2)]	66,130,645[(2)]
Chew Chee Keong[(1)]	6,526,000	6,526,000	66,130,645[(2)]	66,130,645[(2)]
Goi Chew Leng[(1)]	6,000,000	6,000,000	66,130,645[(2)]	66,130,645[(2)]
Yee Kit Hong	100,000	100,000	–	–
Elaine Beh Pur-Lin	50,000	50,000	–	–

(1) By virtue of Section 7 of the Singapore Companies Act, these directors are deemed to have an interest in all the related corporations of the Company.

(2) These directors are deemed interested in the shares held by Ingenieur Holdings Pte. Ltd. by virtue of their controlling interest in Ingenieur Holdings Pte. Ltd.

The directors' interests in the shares and options of the Company at October 21, 2021 were the same at September 30, 2021.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT COMMITTEE

The Audit Committee of the Company, comprising all non-executive directors, is chaired by Mr Yee Kit Hong, the Lead Independent Director, and include Non-Executive Non-Independent Director Mr Goi Chew Leng and Independent Directors Ms Elaine Beh Pur-Lin and Mr John Geno-Oehlers. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and scope of work of the external and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls, management letters on the internal controls and management's response, and monitor the implementation of the internal control recommendations made by the external and internal auditors;

(b) The interim financial results and annual consolidated financial statements and the external auditor's report on the annual consolidated financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore Financial Reporting Standards (International) ("SFRS(I)") as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management to ensure the integrity of the financial statements of the Group and any announcements relating to the financial performance before submission to our Board of Directors for approval;

(c) The adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, prior to the incorporation of such results in the annual report;

(d) Any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and the management's response;

(e) The independence and objectivity of the external auditors, taking into account the non-audit services provided by the external auditors, if any;

(f) The co-ordination among the internal auditors, the external auditors and the management, including assistance given by our management to the auditors;

(g) Interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approve interested person transactions where necessary;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

(h) Any potential conflicts of interests and set out a framework to resolve or mitigate such potential conflicts of interests;

(i) The policy and procedures by which employees of the Group or any other persons may, in confidence, report to the Chairman of the Audit Committee, concerns about possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for such concerns to be safely raised and for independent investigation and appropriate follow-up actions in relation thereto; and

(j) The proposals to the shareholders with regard to the appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditors.

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

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 AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

Lim Say Chin
Director

....

Chew Chee Keong
Director

Date: January 5, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Acromec Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 106.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at September 30, 2021 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 Statements* 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Accounting for construction contracts Revenue from engineering, procurement and construction projects is recognised via the output method under SFRS(I) 15. Under the output method, revenue is recognised over time on the basis of direct measurement of the value to the customer for the goods or services transferred to date relative to the remaining goods or services promised under the contract. This measurement of progress towards the complete satisfaction of the Group's performance obligations under a contract is measured by external independent quantity surveyors' or the Group's internal project engineers' estimates. This revenue accounted for approximately 77% of the Group's total revenue and its associated areas of estimates and judgements are as follow: • the estimation of total contract costs to completion; • profit margin forecast after consideration of variation orders, claims and liquidated damages; and • ascertain whether circumstances exist where total contract costs exceed total contract revenues which would result in the expected loss being recognised as an expense immediately. The Group's disclosure of the above significant estimates is provided in Note 3(b)(ii) to the financial statements, and further information related to the revenue is provided in Note 25.	Our audit procedures on the contract revenue and costs included, among others: • evaluated management's process on the accounting for contract revenues and tested the design and implementation of the relevant key controls over the recognition of contract revenue; • selected sample of significant contracts and performed amongst others, the following audit procedures: (a) examination of contract documentation and discussions on the status of contracts where construction is in progress with senior management of the Group; (b) reviewed components of budgets (including retrospective review), cost committed to date and discussed with project management personnel regarding their assessment of probable actual costs, potential foreseeable losses and status of the selected projects; (c) checked that contract revenue is recognised using the output method under SFRS(I) 15 and is based on the measurement of progress towards the complete satisfaction of performance obligations to the customer as determined by external independent quantity surveyors' or the Group's internal project engineers' estimates; (d) evaluated the competency, capabilities and objectivity of the quantity surveyors and project engineers engaged by management; and (e) recomputed the revenue recognised for the current financial year based on the respective contracts with customers and verified that the associated cost is recognised as incurred under SFRS(I) 15. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>Going concern

As disclosed in Note 1 to the financial statements, the Group is exposed to heightened liquidity risk as a result of the factors disclosed therein, including the matters described below.

The Group has faced certain delays in its construction projects as a result of the COVID-19 pandemic. However, the Group has gradually resumed its construction activities with its customers. For the year ended September 30, 2021, the Group is in a net current liability position of S$503,280 and a net loss position of S$511,126.

As disclosed in Notes 12 and 31 to the financial statements, the Group has certain capital commitment for the construction of a waste-to-energy plant ("Plant") to be completed in the next financial year. The remaining capital commitment would be financed through a shareholder loan from minority shareholder. As at the date of authorisation of the financial statements, the Plant is undergoing final testing and commissioning and the shareholder loan has been partially received.

The Group has also breached a financial covenant relating to a subsidiary's leverage ratio on a bank loan during the year. The Group has since obtained a waiver from the bank before the financial year for this breach. Accordingly, the loan has been classified as non-current at the end of the reporting period. Notwithstanding this, the Group is in compliance with the debt covenants for the other bank loans and facilities utilised by the Group.

Based on the Group's cash flow forecast up to January 2023, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of the accompanying financial statements, taking into account the internally generated funds, external funds from minority shareholder and available banking and other credit facilities.</td><td>Our audit procedures focused on evaluating the significant judgements used by management and Board of Directors in their going concern assessment.

In particular, we performed the following:

• We discussed with management and the Board of Directors on their assessment of the Group's liquidity risks, including the availability of banking and other facilities to the Group;

• We obtained the Group's cash flow forecast prepared by management up to January 2023, discussed with management, and obtained relevant documentary evidence to support the basis of the underlying key assumptions applied in the cash flow forecast;

• We challenged the key assumptions, including performing sensitivity analysis on the certain key assumptions applied in the cash flow forecast;

• We discussed with management and obtained documentary evidence regarding the status of the Plant and the receipt of the related shareholder loan;

• We obtained documentary evidence to support the temporary waiver granted by the bank; and

• We read the banking facilities agreements and evaluated management's assessment of the Group's compliance with its debt covenants as at September 30, 2021.

Based on our procedures, we noted that the significant judgements and estimates applied by management and the Board of Directors, after including further sensitivity analysis by us where appropriate, supported the Group's cash flow forecast.

We have also evaluated the adequacy and appropriateness of the related disclosures made in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>
Diversification strategy into renewable energy industry

The Group has made diversification plans in 2019 to expand its core engineering services business and embarked on a new business segment in the renewable energy industry.

The Group would build-own-operate a waste-to-energy power plant. The plant will process and convert waste into biogas for use in generating electricity.

Due to the COVID-19 pandemic, both the Group and counterparty to the agreement faced manpower shortages. This resulted in a delay in the completion of the waste-to-energy power plant. The plant is slated to be completed in the next financial year.

Management has assessed that the delay has not resulted in a breach of contract terms and the project remains viable. Accordingly, no provision for foreseeable losses and liquidated damages have been recorded.

The associated areas of estimates and judgements in relation to the plant are as follow:

• ascertain whether circumstances exist where counterparty to the agreement has the right to claim liquidated damages; and

• ascertain whether circumstances exist where total contract costs exceed total contract revenues which would result in the expected loss being recognised as an expense immediately.

The Group's disclosure of the above significant estimates is provided in Note 3(b)(iii) to the financial statements, and further information related to the plant is disclosed in Notes 12 and 31.
</td><td>
Our audit procedures on the waste-to-energy power plant included, among others:

• reviewed the terms and conditions of signed agreement and evaluated the appropriateness of the accounting treatment pertaining to the transactions entered into by the Group;

• discussed with management and obtained an understanding of the business model on the diversification into renewable energy, including the business rationale on the inclusion of non controlling interest into the Group's business;

• reviewed management's business model for the waste-to-energy plant in line with the initial agreement signed, including any subsequent addendums to the terms to the agreement (if applicable), evaluated related accounting implications to the Group;

• reviewed management's assessment on the provision for foreseeable losses and liquidated damages;

• obtained confirmation from the counterparty on the amount of transactions during the year and balances as at September 30, 2021;

• obtained initial drawing and contract budget to understand the specifications required;

• obtained confirmation from external legal counsel on ongoing legal suit (if any);

• performed inquiry with project manager and external consultant to obtain an understanding of the construction status of the plant as at September 30, 2021;

• performed fixed asset sighting on the plant to verify existence of the plant as at September 30, 2021;

• on a sample basis, performed test of details on the cost capitalisation of the plant under property, plant and equipment; and

• evaluated the capitalisation policy on the cost to build the plant and reviewed management's assessment on the classification of these costs under SFRS(I) 1-16 Property, plant and equipment.

We have also evaluated the adequacy and appropriateness of the related disclosures made in the financial statements.
</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

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), 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

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.

Public Accountants and
Chartered Accountants
Singapore

Date: January 5, 2022

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021

	Note	Group 2021 S$	Group 2020 S$	Company 2021 S$	Company 2020 S$
ASSETS					
Current assets					
Cash and bank balances	6	**6,006,388**	7,323,639	**63,830**	41,671
Trade receivables	7	**5,681,170**	4,751,948	**–**	–
Inventories	8	**883,686**	–	**–**	–
Contract assets	9	**4,437,348**	4,057,573	**–**	–
Other receivables, deposits and prepayments	10	**1,340,730**	746,713	**97,842**	34,708
Loan to a subsidiary	11	**–**	–	**115,056**	415,056
Total current assets		**18,349,322**	16,879,873	**276,728**	491,435
Non-current assets					
Property, plant and equipment	12	**12,002,942**	5,805,578	**–**	–
Right-of-use assets	13	**2,400,846**	1,334,194	**–**	–
Investment property	14	**1,600,302**	1,636,719	**–**	–
Goodwill	15	**183,430**	183,430	**–**	–
Investment in subsidiaries	16	**–**	–	**14,830,612**	15,033,681
Investment in associate	17	**20,000**	–	**–**	–
Total non-current assets		**16,207,520**	8,959,921	**14,830,612**	15,033,681
Total assets		**34,556,842**	25,839,794	**15,107,340**	15,525,116
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	**15,013,738**	9,320,274	**377,308**	369,172
Bill payables	19	**984,414**	299,991	**–**	–
Contract liabilities	9	**290,101**	1,890,413	**–**	–
Lease liabilities	20	**598,734**	226,402	**–**	–
Bank loans	22	**1,921,323**	2,915,141	**–**	–
Tax payable		**44,292**	54,421	**–**	30,000
Total current liabilities		**18,852,602**	14,706,642	**377,308**	399,172
Non-current liabilities					
Lease liabilities	20	**806,094**	170,613	**–**	–
Loan from non-controlling interest	21	**2,207,000**	–	**–**	–
Bank loans	22	**5,727,091**	4,948,040	**–**	–
Deferred tax liabilities		**21,694**	21,694	**–**	–
Total non-current liabilities		**8,761,879**	5,140,347	**–**	–
Total liabilities		**27,614,481**	19,846,989	**377,308**	399,172
Capital and reserves					
Share capital	23	**16,225,036**	16,225,036	**16,225,036**	16,225,036
Other reserves	24	**(4,296,747)**	(4,522,264)	**–**	–
Foreign translation reserve		**15,078**	(1,813)	**–**	–
Accumulated losses		**(5,627,866)**	(5,714,418)	**(1,495,004)**	(1,099,092)
Equity attributable to owners of the Company		**6,315,501**	5,986,541	**14,730,032**	15,125,944
Non-controlling interests		**626,860**	6,264	**–**	–
Net equity		**6,942,361**	5,992,805	**14,730,032**	15,125,944
Total liabilities and equity		**34,556,842**	25,839,794	**15,107,340**	15,525,116

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED SEPTEMBER 30, 2021

	Note	Group	
		2021	2020
		S$	S$
Revenue	25	**29,103,448**	23,100,532
Cost of sales		**(24,431,899)**	(19,936,052)
Gross profit		**4,671,549**	3,164,480
Other operating income	26	**530,322**	473,838
Administrative expenses		**(4,567,683)**	(3,880,278)
Other operating expenses		**(863,088)**	(1,063,416)
Finance costs	27	**(283,284)**	(235,756)
Share of profit of associate		**5,000**	–
Loss before income tax	28	**(507,184)**	(1,541,132)
Income tax (expense)/credit	29	**(3,942)**	23,865
Loss for the year		**(511,126)**	(1,517,267)
Other comprehensive profit/(loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**23,182**	(682)
Total comprehensive loss for the year		**(487,944)**	(1,517,949)
Profit/(Loss) for the year attributable to:			
– Owners of the Company		**86,552**	(1,514,268)
– Non-controlling interests		**(597,678)**	(2,999)
		(511,126)	(1,517,267)
Total comprehensive profit/(loss) attributable to:			
– Owners of the Company		**103,443**	(1,514,725)
– Non-controlling interests		**(591,387)**	(3,224)
		(487,944)	(1,517,949)
Earnings/(Loss) per share (“EPS”):			
– Basic and diluted (cents)	30	**0.06**	(1.09)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2021

	Note	Share capital S$	Other reserves S$	Foreign currency translation reserves S$	Accumulated losses S$	Equity Attributable to owners of the Company S$	Non-controlling interests S$	Total S$
Group								
Balance as at October 1, 2019		16,225,036	(4,718,040)	(1,356)	(4,200,150)	7,305,490	755,264	8,060,754
Total comprehensive income for the year:								
Loss for the year		–	–	–	(1,514,268)	(1,514,268)	(2,999)	(1,517,267)
Other comprehensive loss for the year		–	–	(457)	–	(457)	(225)	(682)
Total		–	–	(457)	(1,514,268)	(1,514,725)	(3,224)	(1,517,949)
Transaction with owners, recognised directly in equity								
Effects of acquiring non-controlling interest in a subsidiary	16, 24	–	195,776	–	–	195,776	(745,776)	(550,000)
Balance as at September 30, 2020		**16,225,036**	**(4,522,264)**	**(1,813)**	**(5,714,418)**	**5,986,541**	**6,264**	**5,992,805**
Total comprehensive income for the year:								
Profit/(Loss) for the year		**–**	**–**	**–**	**86,552**	**86,552**	**(597,678)**	**(511,126)**
Other comprehensive profit for the year		**–**	**–**	**16,891**	**–**	**16,891**	**6,291**	**23,182**
Total		**–**	**–**	**16,891**	**86,552**	**103,443**	**(591,387)**	**(487,944)**
Transaction with owners, recognised directly in equity								
Effects of disposing part of non-controlling interest in a subsidiary	16, 24	**–**	**(62,483)**	**–**	**–**	**(62,483)**	**199,983**	**137,500**
Effects of shares issuance of a subsidiary to non-controlling interest		**–**	**288,000**	**–**	**–**	**288,000**	**1,012,000**	**1,300,000**
Total		**–**	**225,517**	**–**	**–**	**225,517**	**1,211,983**	**1,437,500**
Balance as at September 30, 2021		**16,225,036**	**(4,296,747)**	**15,078**	**(5,627,866)**	**6,315,501**	**626,860**	**6,942,361**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2021

	Note	Share capital S$	Accumulated losses S$	Total S$
Company				
Balance as at October 1, 2019		16,225,036	(811,285)	15,413,751
Loss for the year, representing total comprehensive loss for the year		–	(287,807)	(287,807)
Balance as at September 30, 2020		**16,225,036**	**(1,099,092)**	**15,125,944**
Loss for the year, representing total comprehensive loss for the year		**–**	**(395,912)**	**(395,912)**
Balance as at September 30, 2021		**16,225,036**	**(1,495,004)**	**14,730,032**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2021

	Group	
	2021	2020
	S$	S$
Operating activities		
Loss before income tax	**(507,184)**	(1,541,132)
Adjustments for:		
Depreciation of property, plant and equipment	**233,845**	353,263
Depreciation of investment property	**36,417**	36,417
Depreciation of right-of-use assets	**522,517**	417,449
Impairment on goodwill	**–**	94,088
Interest income	**(16,904)**	(42,989)
Interest expense	**283,284**	235,756
(Gain)/Loss on disposal of property, plant and equipment	**(8,890)**	10,487
Gain on disposal of right-of-use assets	**(98,819)**	–
Share of profit of associate	**(5,000)**	–
Operating cash flows before movements in working capital	**439,266**	(436,661)
Trade receivables	**(929,222)**	2,850,710
Other receivables, deposits and prepayments (Note C)	**(467,933)**	(507,969)
Inventories	**(883,686)**	–
Contract assets/liabilities	**(1,980,087)**	(1,096,145)
Trade and other payables (Note A)	**6,475,101**	700,456
Bill payables (Note B)	**684,423**	(3,114,628)
Cash from/(used in) operations	**3,337,862**	(1,604,237)
Income taxes paid	**(14,071)**	(6,874)
Interest received	**28,366**	42,989
Net cash from/(used in) operating activities	**3,352,157**	(1,568,122)
Investing activities		
Purchase of property, plant and equipment (Note A)	**(7,224,504)**	(4,727,710)
Proceeds from disposal of property, plant and equipment	**20,548**	300
Acquisition of non-controlling interest in a subsidiary	**–**	(550,000)
Acquisition of an associate	**(15,000)**	–
Net cash used in investing activities	**(7,218,956)**	(5,277,410)
Financing activities		
Decrease/(increase) in fixed deposits pledged	**1,270,708**	(7,362)
Proceeds from drawdown of bank loans	**300,000**	6,300,000
Repayment of lease liabilities	**(620,084)**	(394,041)
Repayment of bank loans	**(514,767)**	(379,283)
Interest paid	**(283,284)**	(235,756)
Proceeds from disposal of part of non-controlling interest in a subsidiary	**137,500**	–
Proceeds from shareholder loan	**2,207,000**	–
Proceeds from shares issuance of a subsidiary to non-controlling interest	**1,300,000**	–
Net cash from financing activities	**3,797,073**	5,283,558
Net decrease in cash and cash equivalents	**(69,726)**	(1,561,974)
Cash and cash equivalents at beginning of year	**4,067,504**	5,630,160
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**23,183**	(682)
Cash and cash equivalents at end of year (Note 6)	**4,020,961**	4,067,504

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2021

Notes to Consolidated statement of cash flows:

Note A

In 2020, total purchase of property, plant and equipment amounted to S$5,509,347 of which S$781,637 is unpaid at the end of the reporting period and is presented in "Trade and other payables" (Note 18).

Cash payments made for property, plant and equipment amounted to S$7,224,504 (2020: S$4,727,710).

Note B

During the year, total gross cash flows arising from the Group's trade financing facilities that was settled by the banks amounted to S$6,128,713 (2020: S$9,803,542).

Total amounts repaid by the Group to the banks under the terms of the credit financing arrangements amounted to S$5,444,290 (2020: S$12,918,170).

The net cash inflow (2020: outflow) arising from the Group's trade financing facilities amounted to S$684,423 (2020: S$3,114,628) (Note 19) and is presented under "operating activities" as management is of the view that the payment terms with the bank approximates the average payment cycle within the Group's industry.

Note C

During the year, right-of-use assets with carrying amount of S$38,728 was sold for S$137,547. This amount is unpaid by the buyer and is receivable as at the end of the reporting period and is presented in "Other receivables, deposits and prepayments" (Note 10).

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1 GENERAL

The Company (Registration No. 201544003M) is incorporated in the Republic of Singapore with its registered office and principal place of business at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939. The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on April 18, 2016. The financial statements are expressed in Singapore dollars.

The principal activities of the Company is that of investment holding, engineering design, consultancy activities and renewable energy.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

As at the date of this financial statements, the Group is exposed to heightened liquidity risk as a result of the following factors described below.

The Group has faced certain delays in its construction projects as a result of the COVID-19 pandemic. However, the Group has gradually resumed its construction activities with its customers. For the year ended September 30, 2021, the Group is in a net current liability position of S$503,280 and a net loss position of S$511,126.

As disclosed in Notes 12 and 31 to the financial statements, the Group has certain capital commitment for the construction of a waste-to-energy plant ("Plant") to be completed in the next financial year. The remaining capital commitment would be financed through a shareholder loan from minority shareholder. As at the date of authorisation of the financial statements, the Plant is undergoing final testing and commissioning and the shareholder loan has been partially received.

The Group has also breached a financial covenant relating to a subsidiary's leverage ratio on a bank loan during the year. The Group has since obtained a waiver from the bank before the financial year for this breach. Accordingly, the loan has been classified as non-current at the end of the reporting period. Notwithstanding this, the Group is in compliance with the debt covenants for the other bank loans and facilities utilised by the Group.

In response of the heightened liquidity risk, management has drawn up the Group's cash flow forecast up to January 2023. Based on the Group's cash flow forecast as drawn up by management, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of these financial statements, having assessed the following sources of funding available to the Group:

- Internally generated funds from the Group's core business and the expected cash flows from the operation of the Plant;
- Shareholder loan from the minority shareholder to finance the remaining capital commitment of the Plant to completion; and
- Available banking and other credit facilities to finance the Group's operations.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2021 were authorised for issue in accordance with a resolution of the Board of Directors on January 5, 2022.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – 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 Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 leasing transactions that are within the scope of SFRS(I) 1-17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, 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:

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

(b) 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

(c) Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised SFRS(I)s and Interpretations of SFRS(I) ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning on or after October 1, 2020. 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.

SFRS(I) ISSUED BUT NOT YET EFFECTIVE – At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 — *Interest Rate benchmark Reform Phase 2* [1]
- Amendments to SFRS(I) 3 — *Reference to the Conceptual Framework* [2]
- Amendments to SFRS(I) 1-37 — *Onerous Contracts – Cost of Fulfilling a Contract* [2]
- SFRS(I)s 2018-2020 — Annual Improvements [2]
- Amendments to SFRS(I) 1 — *Classification of Liabilities as Current or Non-current* [3]
- Amendments to SFRS(I) 10 and SFRS(I) 1-28 — *Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture* [4]

1 Effective for annual periods beginning on or after January 1, 2021.

2 Effective for annual periods beginning on or after January 1, 2022.

3 Effective for annual periods beginning on or after January 1, 2023.

4 Effective date is deferred indefinitely.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to the above new and amendments to SFRS(I)s, a revised Conceptual Framework for Financial Reporting was issued in 2019. Its consequential amendments, the Amendments to References to the Conceptual Framework in SFRS(I)s, will be effective for annual periods beginning on or after January 1, 2021.

Based on management's preliminary assessment, the adoption of the above SFRS(I) and Amendments to SFRS(I) in future periods is not expected to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION – The Group resulted from the Restructuring Exercise on March 15, 2016 which involves an entity under common control. Accordingly, the consolidated financial statements had been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs were included in the consolidated financial statements of the Group as if the consolidation had occurred from the date when the merged entities first came under the control of the same shareholders.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

For all other entities that are to be consolidated within the Group after 2016, control is achieved where 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investment in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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

Classification of financial assets

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
- 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").

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

For financial instruments other than purchased or originated credit-impaired financial assets, 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, transactions 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest 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. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

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 spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income/expense" line item.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investment in equity instruments (if any). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the risk profile of debtors, general economic conditions and an assessment of both the current and forward-looking information at the reporting date, including time value of money where appropriate.

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 12m 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, 12m 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.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate and consideration of various external sources of actual and forecasted economic information that relate to the Group's core operations and industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event; and
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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.

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. Loan to a subsidiary 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. 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.

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 12m ECL at the current reporting date.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

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 profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see 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 as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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.

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 profit or loss.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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 specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

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:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- 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 the modification.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the 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 statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss, where applicable.

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 not used this practical expedient.

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

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Such cost includes professional fees and, for qualifying assets (where applicable), borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

Renovation	–	3 years
Furniture and fittings and office equipment	–	3 years
Computer equipment and software	–	3 years
Motor vehicles	–	5 to 6 years
Factory machinery	–	3 to 5 years
Power Plant	–	15 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on the cost of the investment property in equal annual installments over 60 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). 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 (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

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

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivables 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 profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Construction contracts (i.e. project revenue from contracts with customers)
- Rendering of maintenance services
- Renewable energy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Construction contracts

The Group derives its revenue from the provision of engineering, procurement and construction services under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contract, the Group is restricted from redirecting the engineering, procurement and construction services to another customer and has an enforceable right to payment for work performed.

Project revenue from construction contracts with customers is recognised when the Group transfers control of a product or service to a customer. Control is transferred over time and revenue is recognised over time via the output method by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- the Company's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Under the output method, revenue is recognised over time on the basis of direct measurement of the value to the customer for the goods or services transferred to date relative to the remaining goods or services promised under the contract. This measurement of progress towards the complete satisfaction of the Group's performance obligations under a contract is measured by external independent quantity surveyors' or the Group's internal project engineers' estimates. The associated cost relating to the construction contracts are recognised in the period in which they are incurred.

The Group becomes entitled to invoice customers for work performed under the project based on achieving a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed but has not been billed to customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. A contract liability is recognised if the milestone payment or billings exceeds the revenue recognised to date under the output method. There is not considered to be a significant financing component in the contracts with customers as the period between the recognition of revenue under the output method and the milestone payment is usually less than one year.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade receivables. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Provision for liquidated damages, which represents the estimated costs of compensation required for not completing certain construction contracts in accordance with the stipulated schedule, constitutes a consideration payable to the customer and is accounted for as a reduction of the consideration specified in the contract with customers.

Rendering of maintenance services

Revenue from maintenance services are provided as a fixed-price contract, with contract terms generally within one year. Revenue from fixed price contracts are non-project related and include maintenance and installation services which are recognised over time when the customers simultaneously receive and consume the benefits from the Group's performance. Such services are recognised using a straight-line basis over the term of the contract.

Management has assessed that the stage of completion is determined as the proportion of the total time expected to complete the service that has elapsed at the end of the reporting period as an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for revenue from support services is not due from the customer until the services are complete and therefore a contract asset (when applicable) is recognised over the period in which these services are performed representing the entity's right to consideration for the services performed to date.

Renewable energy

Revenue from renewable energy are from manure handling services. Such revenue is recognised at a point in time upon completion of the manure handling.

Interest income

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

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS – 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.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entities are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign translation reserve.

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 profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise fixed deposits, cash at bank and on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 Group's accounting policies

Management is of the opinion that there are no critical judgments that have a significant effect on the amounts recognised in the financial statements, except for those related to going concern assessment as disclosed in Note 1 and the key sources of estimation uncertainty as disclosed below.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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) Assessment of recoverability of trade and other receivables

The assessment of recoverability of trade and other receivables of the Group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor. A loss allowance is made for estimated losses resulting from the subsequent inability of the customer to make required payments.

If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future period. The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Notes 7 and 10 to the financial statements respectively.

(ii) Project revenue and costs

As described in Note 2 to the financial statements, revenue associated with a project is recognised by reference to the measurement of progress of each project's activity at the end of the reporting period, using quantity surveyors' or project engineers' estimates. Project cost are recognised as expenses in the period in which they are incurred. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed the cost studies, taking into account the costs to date and costs to complete for each project. Management has also reviewed the status and the physical proportion of the contract work completed of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. In addition, management has assessed each project individually according to its technical requirements and circumstances in order to estimate project cost accrual.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(ii) Project revenue and costs (Continued)

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and where the amount of such claims and variation orders can be measured reliably.

The assessment for provisions for foreseeable losses are based on management's estimate of the total budgeted cost for project completion.

(iii) Project implementation timelines towards contract completion

The Group has resumed its construction activities and negotiated revised completion schedules with its customers for certain projects that was delayed as a result of COVID-19. Management is of the view that no provision for liquidated damages will be recognised at the end of the reporting period as these revised completion schedules are mutually agreed with customers.

In relation to the waste to energy plant, management is of the view that no provision for liquidated damages will be recognised at the end of the reporting period as the delay in completion has not resulted in a breach of contract terms.

In deriving at their assessment for liquidated damages, management has been closely monitoring the status of contract work and maintains frequent communication with its customers to estimate the extension of time required to complete the relevant projects. Subject to the evolving COVID-19 situation and government related regulations, the project completion timelines and assessment of provision of liquidated damages may change and be accounted for prospectively by management.

(iv) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was S$183,430 (2020: S$183,430). Details of the goodwill is provided in Note 15 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
Financial assets				
Amortised cost	**12,426,540**	12,755,322	**253,917**	474,634
Financial liabilities				
Amortised cost	**25,853,566**	17,196,129	**377,308**	369,172
Lease liabilities	**1,404,828**	397,015	**–**	–

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

Management monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

(i) Interest rate risk management

The Group's exposure to interest rate risk are restricted to its interest-bearing fixed deposits, bills payables, lease liabilities, loan from non-controlling interest and bank loans as disclosed in Notes 6, 19, 20, 21 and 22 respectively.

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirement.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss before income tax would increase (decrease) by S$15,299 (2020: S$10,816). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(ii) Foreign exchange risk management

Foreign exchange risk arising from changes in foreign currency exchange rates has a financial effect on the Group in the current reporting period and in future years. The Group's balances and transactions are predominantly in Singapore dollars, which is its functional currency.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currency are as follows:

	Assets		**Liabilities**	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
United States dollars	**40,029**	57,947	**–**	–
Euro	**9,714**	22,432	**–**	–

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(c) **Financial risk management policies and objectives** (Continued)

(ii) Foreign exchange risk management (Continued)

Foreign exchange risk sensitivity analysis

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, the Group's loss before income tax will decrease by:

	2021	2020
	S$	S$
United States dollars	**4,003**	5,795
Euro	**971**	2,243

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the Group's (loss) profit before income tax will (increase) decrease by the same amount above.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. As at September 30, 2021, the Group'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 and financial guarantees provided by the Company arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Other receivables: 12-month ECL Trade receivables and contract assets: Lifetime ECL – not credit-impaired
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days 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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(iii) Credit risk management (Continued)

The table below details the credit quality of the Group and Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
Group						
September 30, 2021						
Trade receivables	7	**(i)**	**Lifetime ECL – simplified approach**	**5,681,170**	**–**	**5,681,170**
Contract assets	9	**(i)**	**Lifetime ECL – simplified approach**	**4,437,348**	**–**	**4,437,348**
Other receivables	10	**Performing**	**12-month ECL**	**738,982**	**–**	**738,982**
					–	
September 30, 2020						
Trade receivables	7	(i)	Lifetime ECL – simplified approach	5,553,955	(802,007)	4,751,948
Contract assets	9	(i)	Lifetime ECL – simplified approach	4,057,573	–	4,057,573
Other receivables	10	Performing	12-month ECL	679,735	–	679,735
					(802,007)	

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
Company						
September 30, 2021						
Amounts due from subsidiaries	10	**Performing**	**12-month ECL**	**19,812**	**–**	**19,812**
Loan to a subsidiary	11	**Performing**	**12-month ECL**	**115,056**	**–**	**115,056**
					–	
September 30, 2020						
Amounts due from subsidiaries	10	Performing	12-month ECL	15,287	–	15,287
Loan to a subsidiary	11	Performing	12-month ECL	415,056	–	415,056
					–	

(i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the reporting date. Notes 7 and 9 includes further details on the loss allowance for these assets respectively.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(c) **Financial risk management policies and objectives** (Continued)

(iii) Credit risk management (Continued)

Trade receivables consist of amounts due from various customers which are spread across several industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Of the Group's total trade receivables balance at the end of the reporting period, there is a concentration of credit of 46.8% (2020: 50.3%) which relates to three customers (2020: three customers).

Apart from the above, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, and considers reasonable and supportable information, as described in Note 2.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

Relevant information with regard to the exposure of credit risk and expected credit losses for trade receivables and contract assets are set out in Notes 7 and 9 respectively.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its obligations as and when they fall due. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuation in cash flows.

At the end of the reporting period, the Group's current assets below (2020: exceed) its current liabilities by S$503,280 (2020: S$2,173,231). The net current liability position is mainly attributable to trade payables to outside parties for its construction in progress. The Group has undrawn credit line and trading facilities with various financial institutions. Management has also prepared a set of the Group's cash flow forecast up to January 2023. Management and the Board of Directors have assessed that the Group will have sufficient financial resources to enable the Group to continue as a going concern for at least the next 12 months from the date of authorisation of these financial statements, having assessed the sources of funding available to the Group as disclosed in Note 1.

Liquidity and interest risk analyses

Non-derivative financial assets

All non-derivative financial assets of the Group are non-interest bearing and due within 1 year except for fixed deposits (Note 6) of which the interest income is immaterial.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year S$	Within 2 to 5 years S$	After 5 years S$	Adjustments S$	Total S$
2021						
Non-interest bearing	**–**	**15,013,738**	**–**	**–**	**–**	**15,013,738**
Fixed interest rate instruments	**2.48**	**1,577,196**	**4,260,213**	**–**	**(264,349)**	**5,573,060**
Lease liabilities (fixed rate)	**4.44**	**631,056**	**826,280**	**–**	**(52,508)**	**1,404,828**
Variable interest rate instruments	**3.13**	**1,504,091**	**798,276**	**942,779**	**(185,378)**	**3,059,768**
Loan from non-controlling interest	**5.00**	**–**	**2,703,420**	**–**	**(496,420)**	**2,207,000**
		18,726,081	**8,588,189**	**942,779**	**(998,655)**	**27,258,394**
2020						
Non-interest bearing	–	9,032,957	–	–	–	9,032,957
Fixed interest rate instruments	2.48	3,005,600	3,561,984	–	(567,584)	6,000,000
Lease liabilities (fixed rate)	4.02	239,785	181,451	–	(24,221)	397,015
Variable interest rate instruments	2.73	457,788	999,865	1,489,368	(783,849)	2,163,172
		12,736,130	4,743,300	1,489,368	(1,375,654)	17,593,144

(v) Fair value of financial assets and financial liabilities

The carrying value of the cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(d) Capital management policies and objectives

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

The capital structure of the Group consists of debt, which includes bill payables (Note 19), lease liabilities (Note 20), loan from non-controlling interest (Note 21), bank loans (Note 22), and equity attributable to owners of the Group, comprising issued capital, net of reserves and accumulated losses.

The Group's overall strategy remains unchanged from prior year. The Group is in compliance with externally imposed capital requirements for the financial years ended September 30, 2021 and 2020, except for the breach of certain debt covenant as disclosed in Note 1.

5 RELATED PARTY AND SUBSIDIARY TRANSACTIONS

(a) Related party transactions:

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transaction with related parties:

	2021 **S$**	2020 S$
Purchase of property, plant and equipment paid on behalf by a related party	**1,359,535**	–
Provision of maintenance services to non-controlling interest	**115,000**	–
Revenue from projects from associate	**1,485,826**	–
Interest on loans from non-controlling interest	**55,329**	–

Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	2021 **S$**	2020 S$
Short-term benefits	**1,272,397**	1,010,816
Central Provident Funds	**63,156**	50,041
	1,335,553	1,060,857

(b) Transaction with subsidiary:

	2021 **S$**	2020 S$
Management fee income from a subsidiary	**(838,404)**	(760,644)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

6 CASH AND BANK BALANCES

	Group		Company	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
Cash at bank	**4,003,755**	4,055,338	**63,830**	41,671
Cash on hand	**17,206**	12,166	**–**	–
Fixed deposits	**1,985,427**	3,256,135	**–**	–
Total	**6,006,388**	7,323,639	**63,830**	41,671
Less: Fixed deposits pledged	**(1,985,427)**	(3,256,135)	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**4,020,961**	4,067,504	**63,830**	41,671

Certain fixed deposits are pledged as collaterals in respect of trade loan facilities granted by the banks. The fixed deposits earned interest at 0.00% to 0.55% (2020: 0.50% to 1.40%) per annum and have tenures ranging from 6 to 12 months (2020: 6 to 12 months).

7 TRADE RECEIVABLES

	Group	
	2021	2020
	S$	S$
Trade receivables – Outside parties	**5,681,170**	5,553,955
Less: Loss allowance for trade receivables	**–**	(802,007)
Net	**5,681,170**	4,751,948

The average credit period is 30 days (2020: 30 days). No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL).

The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The ECL is adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor 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 current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

7 TRADE RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default S$	Lifetime ECL S$	Total S$
September 30, 2021				
Current (not past due)	*	**3,558,202**	**–**	**3,558,202**
1 to 30 days past due	*	**1,280,777**	**–**	**1,280,777**
31 to 60 days past due	*	**93,020**	**–**	**93,020**
61 to 90 days past due	*	**295,607**	**–**	**295,607**
91 to 120 days past due	*	**78,564**	**–**	**78,564**
More than 120 days past due	*	**375,000**	**–**	**375,000**
		5,681,170	**–**	**5,681,170**
September 30, 2020				
Current (not past due)	*	4,041,708	–	4,041,708
1 to 30 days past due	*	359,540	–	359,540
31 to 60 days past due	*	53,795	–	53,795
61 to 90 days past due	*	45,891	–	45,891
91 to 120 days past due	*	4,590	–	4,590
More than 120 days past due	76.4	1,048,431	(802,007)	246,424
		5,553,955	(802,007)	4,751,948

* The weighted credit loss rate is assessed as negligible.

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:

	Group	
	2021 S$	2020 S$
At beginning of the year	**802,007**	802,007
Amounts written off	**(802,007)**	–
Balance at end of the year	**–**	802,007

8 INVENTORIES

	Group	
	2021 S$	2020 S$
Finished goods	**883,686**	–

NOTES TO FINANCIAL STATEMENTS

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9 CONTRACT ASSETS/LIABILITIES

	Group	
	2021	2020
Contract assets	**S$**	S$
Amount due from customers for contract work	**2,845,755**	3,019,582
Retention receivables	**1,591,593**	1,037,991
Total	**4,437,348**	4,057,573

Amount due from customers for contract work are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance-related milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

Payment for contract work is not due from the customer until the work is completed and therefore a contract asset is recognised over the period in which the contract work is performed to represent the Group's right to consideration for the services transferred to date.

Retention monies on construction contracts have been classified as current because they are expected to be realised in the normal operating cycle of the Group.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the respective reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

	Group	
	2021	2020
Contract liabilities	**S$**	S$
Amounts related to construction contracts	**290,101**	1,890,413

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone billing or payment exceeds the revenue recognised to date under the output method.

The Group's revenue recognised that was included in the contract liability balance at the beginning of the period relating to construction contracts amounted to S$1,890,413 (2020: S$1,714,850).

There were no significant changes in the contract liability balances during the reporting period.

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10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
Deposits	**280,027**	167,059	**–**	–
Prepayments	**601,748**	66,978	**22,811**	16,801
Amounts due from subsidiaries	**–**	–	**19,812**	15,287
Other receivables	**458,955**	20,319	**55,219**	2,620
Job Support Scheme grant receivables	**–**	492,357	**–**	–
	1,340,730	746,713	**97,842**	34,708

Amounts due from subsidiaries is interest-free, unsecured and repayable on demand.

The Job Support Scheme ("JSS") relates to government wage support provided to employers due to the COVID-19 situation. Deferred grant income (Note 18) and a corresponding JSS grant receivable was recognised when the grant conditions are satisfied and is released over the periods in which the related costs of the JSS grant is intended to compensate. Grant income arising from JSS grant scheme is recognised in the current reporting period on a systematic basis and amounted to S$912,621 (2020: S$852,411) (Note 28).

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

11 LOAN TO A SUBSIDIARY

	Company	
	2021	2020
	S$	S$
Loans receivable from a subsidiary	**115,056**	415,056

The loan to a subsidiary is interest-free, unsecured and repayable on demand.

For purpose of impairment assessment, loan to a subsidiary is considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for loan to a subsidiary.

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12 PROPERTY, PLANT AND EQUIPMENT

Group	Renovation S$	Furniture and fittings and office equipment S$	Computer equipment and software S$	Motor vehicle S$	Factory machinery S$	Power plant S$	Construction in progress S$	Total S$
Cost:								
At October 1, 2019	420,258	699,776	594,873	392,750	74,600	–	205,393	2,387,650
Additions	–	19,101	29,438	46,399	28,000	–	5,386,409	5,509,347
Disposals	(29,605)	(204,132)	(829)	(247,408)	–	–	–	(481,974)
Transfers	–	4,680	–	–	–	–	(4,680)	–
At September 30, 2020	390,653	519,425	623,482	191,741	102,600	–	5,587,122	7,415,023
Additions	87,212	92,814	106,162	39,180	651,216	–	5,466,283	6,442,867
Disposals	–	(7,904)	(63,584)	(20,743)	–	–	–	(92,231)
Transfers	–	–	–	–	–	2,717,200	(2,717,200)	–
At September 30, 2021	**477,865**	**604,335**	**666,060**	**210,178**	**753,816**	**2,717,200**	**8,336,205**	**13,765,659**
Accumulated depreciation:								
At October 1, 2019	255,772	520,115	570,602	306,747	74,133	–	–	1,727,369
Depreciation for the year	130,001	115,404	39,915	66,698	1,245	–	–	353,263
Disposals	(29,605)	(204,132)	(829)	(236,621)	–	–	–	(471,187)
At September 30, 2020	356,168	431,387	609,688	136,824	75,378	–	–	1,609,445
Depreciation for the year	43,673	35,072	55,377	16,700	25,023	58,000	–	233,845
Disposals	–	(7,679)	(63,584)	(9,310)	–	–	–	(80,573)
At September 30, 2021	**399,841**	**458,780**	**601,481**	**144,214**	**100,401**	**58,000**	**–**	**1,762,717**
Carrying amount:								
At September 30, 2021	**78,024**	**145,555**	**64,579**	**65,964**	**653,415**	**2,659,200**	**8,336,205**	**12,002,942**
At September 30, 2020	34,485	88,038	13,794	54,917	27,222	–	5,587,122	5,805,578

In 2020, the Group has advanced into sustainable energy business and is constructing a waste-to-energy plant ("Plant") at 150 Neo Tiew Road. As at September 30, 2021, the Group has capitalised cost amounting to S$8,336,205 under "construction in progress". The remaining committed cost to complete the Plant is disclosed in Note 31.

13 RIGHT-OF-USE ASSETS

The Group leases certain office premise, leasehold property, staff accommodations and motor vehicles. The average lease term of each respective class of right-of-use assets are 3 years, 60 years, 2 years and 5 years respectively. The Group's obligations are secured by the lessor's title to the leased assets for such leases.

	Office premise S$	Leasehold property S$	Staff accommodation S$	Motor vehicles S$	Total S$
Cost:					
At October 1, 2019	322,282	1,000,000	–	720,209	2,042,491
Additions	–	–	109,937	104,931	214,868
At September 30, 2020	322,282	1,000,000	109,937	825,140	2,257,359
Additions	1,424,633	–	–	203,264	1,627,897
Disposals	(264,941)	–	–	(429,876)	(694,817)
At September 30, 2021	**1,481,974**	**1,000,000**	**109,937**	**598,528**	**3,190,439**
Accumulated depreciation:					
At October 1, 2019	–	50,381	–	455,335	505,716
Depreciation for the year	253,692	17,548	11,249	134,960	417,449
At September 30, 2020	253,692	67,929	11,249	590,295	923,165
Depreciation for the year	387,134	17,547	54,570	63,266	522,517
Disposals	(264,941)	–	–	(391,148)	(656,089)
At September 30, 2021	**375,885**	**85,476**	**65,819**	**262,413**	**789,593**
Carrying amount:					
At September 30, 2021	**1,106,089**	**914,524**	**44,118**	**336,115**	**2,400,846**
At September 30, 2020	68,590	932,071	98,688	234,845	1,334,194

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14 INVESTMENT PROPERTY

	Group S$
At cost:	
At October 1, 2019, September 30, 2020 and 2021	1,750,000
Accumulated depreciation:	
At October 1, 2019	76,864
Depreciation for the year	36,417
At September 30, 2020	113,281
Depreciation for the year	36,417
At September 30, 2021	**149,698**
Carrying amount:	
September 30, 2021	**1,600,302**
September 30, 2020	1,636,719

Fair value measurement of the Group's investment property

The fair values of the Group's investment property at the end of the reporting period amounted to S$1,700,000 (2020: S$1,780,000) and have been determined on the basis of valuations carried out by independent qualified professional valuers having an appropriate recognised professional qualification and recent experience in the valuation of similar properties in similar locations, and not related to the Group.

The valuation of the investment property is determined by market comparison and the fair value of the investment property is categorised as Level 3 of the fair value hierarchy. The significant unobservable input used in the valuation model is the recent sales transaction prices for similar properties, adjusted for size, location, time and other relevant factors. Any significant isolated increase (decrease) in market rate per square foot would result in significantly higher (lower) fair value measurement.

The investment property is mortgaged to the bank to secure a bank loan (Note 22) taken up by the Group.

The Group's investment property is not leased out during the year and there is no rental income derived from the investment property. There is no direct operating expenses (including repairs and maintenance) arising from the investment property.

15 GOODWILL

	Group S$
Cost:	
At October 1, 2019, September 30, 2020 and 2021	277,518
Impairment:	
At October 1, 2019	–
Impairment loss recognised during the year	94,088
At September 30, 2020 and 2021	**94,088**
Carrying amount:	
At September 30, 2021	**183,430**
At September 30, 2020	183,430

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to maintenance services of the Group (Golden Harvest Engineering Pte. Ltd.).

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15 GOODWILL (CONTINUED)

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and returns on earnings before interest, tax, depreciation and amortisation ("EBITDA") during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Returns on EBITDA is based on past results and expectations of future changes in the market.

The growth rate used to extrapolate the cash flows of the CGUs beyond the forecast period of 5 years is 1% (2020: 1%), which does not exceed the long-term growth rate for the relevant markets. The discount rate of 11.07% (2020: 11.07%) applied to the cash flows projections is derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts.

In 2020, due to the acquisition of the non-controlling interest and the resignation of certain key management personnel in the CGU, the Group has revised its cash flow forecasts for this CGU. The maintenance service CGU has therefore been reduced to its recoverable amount of S$183,430. Accordingly, an impairment loss of S$94,088 was recognised in 2020.

In 2020, if the discount rate was to increase by 0.5%, an additional impairment loss of S$62,571 may have to be recognised for goodwill allocated to the CGU.

In 2020, if the growth rate on terminal value was to decrease by 0.5%, an additional impairment loss of S$59,239 may have to be recognised for goodwill allocated to the CGU.

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	S$	S$
Unquoted equity shares, at cost	**14,924,700**	15,127,769
Allowance for impairment loss	**(94,088)**	(94,088)
Net	**14,830,612**	15,033,681
Movement in the allowance for impairment:		
Balance at beginning of year	**94,088**	–
Charged to profit or loss	**–**	94,088
Balance at end of year	**94,088**	94,088

The Company assesses annually whether there is any indication of impairment for its investments in subsidiaries. If an indication of impairment is identified, management will perform a value in use calculation to estimate the recoverable amount of the investment by computing the expected future cash flows using a suitable discount rate. Accordingly, an impairment loss of S$94,088 (2020: S$94,088) was recognised in a subsidiary at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest of the Group		Principal activity
		2021 %	2020 %	
Acromec Engineers Pte Ltd[(1)]	Singapore	**100**	100	Specialist engineering services in the field of controlled environments.
Golden Harvest Engineering Pte. Ltd.[(1)(3)]	Singapore	**90**	100	Maintenance and installation services for air-conditioning and mechanical ventilation systems.
Acropower Pte. Ltd.[(1)]	Singapore	**80**	80	Waste to energy
PT Acromec Trading Indonesia[(2)]	Indonesia	**67**	67	Import and distribution of laboratory furniture and accessories.
Subsidiary of Acropower Pte. Ltd.				
Neo Tiew Power Pte. Ltd.[(1)(4)]	Singapore	**56**	80	Waste to energy

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) The subsidiary is audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

(3) On October 12, 2020, the Company disposed 10% of its equity interest of the subsidiary for a consideration of S$137,500.

(4) On November 26, 2020, Neo Tiew Power Pte. Ltd. issued 2,299,999 shares, of which 690,000 shares were issued to a non-controlling interest for a consideration of S$1,300,000. Accordingly, the Group's effective interest in Neo Tiew Power Pte. Ltd was reduced to 56%.

The following schedule shows the effects of changes in the Group's ownership interest in subsidiaries that did not result in change of control, on the equity attributable to owners of the parent:

	2021 S$	2020 S$
Proceeds from/(Amount paid) on changes in ownership interest in subsidiary	**137,500**	(550,000)
Non-controlling interest (acquired)/disposed	**(199,983)**	745,776
Difference recognised in capital reserves (Note 24)	**(62,483)**	195,776
Proceeds from changes in ownership interest in subsidiary	**1,300,000**	–
Non-controlling interest acquired	**(1,012,000)**	–
Difference recognised in capital reserves (Note 24)	**288,000**	–

NOTES TO FINANCIAL STATEMENTS

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16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest of the non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	**2021**	2020	**2021**	2020
		%	%	**S$**	S$	**S$**	S$
Neo Tiew Power Pte. Ltd.	Singapore	**56**	80	**(578,060)**	(9,959)	**432,439**	–
Other individually immaterial subsidiaries				**(19,618)**	6,960	**194,421**	6,264
				(597,678)	(2,999)	**626,860**	6,264

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Neo Tiew Power Pte. Ltd. 2021 S$
Current assets	**605,771**
Non-current assets	**8,857,552**
Current liabilities	**2,188,601**
Non-current liabilities	**6,296,000**
Deficit attributable to owners of the Company	**546,283**
Non-controlling interests	**432,439**
Revenue	**642,600**
Loss for the financial year representing total comprehensive loss for the year, net of tax	**(1,313,773)**
Loss attributable to owners of the Company	**(735,713)**
Loss attributable to non-controlling interests	**(578,060)**
Total loss for the year	**(1,313,773)**
Net cash inflow from operating activities	**496,355**
Net cash outflow from investing activities	**(8,915,552)**
Net cash inflow from financing activities	**8,596,000**
Net cash inflow	**176,803**

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17 INVESTMENT IN ASSOCIATES

	Group	
	2021	2020
	S$	S$
Unquoted equity shares, at cost	**15,000**	–
Share of post-acquisition profits and other comprehensive income, net dividend received	**5,000**	–
	20,000	–

Details of the Group's associates are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest of the Group		Principal activity
		2021	2020	
		%	%	
Life Science Incubator Pte. Ltd.(1)	Singapore	**30**	–	Rental of fitted laboratory space for research and technology.

(1) On August 13, 2021, the Company's wholly-owned subsidiary has entered into a joint venture agreement with Tako Ventures LLP, which seeks to formalise a collaboration for co-working laboratories. Accordingly, its wholly-owned subsidiary has acquired 30% shareholdings in Life Science Incubator Pte. Ltd. at cash consideration of S$15,000.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	**2021**	2020
	S$	S$	**S$**	S$
Current:				
Trade payables:				
– Outside parties	**8,991,413**	5,145,301	**75,474**	27,665
Other payables:				
– Outside parties	**292,064**	21,156	**–**	–
– Subsidiary	**–**	–	**152,393**	211,907
– Related party	**55,329**	42,400	**–**	–
Accruals	**861,102**	311,453	**149,441**	129,600
Accrued project costs	**4,813,830**	3,512,647	**–**	–
Deferred grant income (Note 10)	**–**	287,317	**–**	–
	15,013,738	9,320,274	**377,308**	369,172

The average credit period for trade payable is 60 days (2020: 60 days). The amount due from a related party is unsecured, interest free and repayable on demand.

19 BILL PAYABLES

Bill payables and other credit facilities from banks are secured on the fixed deposits pledged (Note 6) and corporate guarantees from the Company. The bill payables bears an weighted average interest rate of 5.10% (2020: 5.25%) per annum and is repayable within next 12 months.

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20 LEASE LIABILITIES

	2021 S$	2020 S$
Maturity analysis:		
Year 1	**631,056**	239,785
Year 2	**600,270**	113,934
Year 3	**226,010**	61,917
Year 4	**–**	5,600
	1,457,336	421,236
Less: Future interest	**(52,508)**	(24,221)
	1,404,828	397,015
Analysed as:		
Current	**598,734**	226,402
Non-current	**806,094**	170,613
	1,404,828	397,015

The Group does not face a significant risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

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 statement of cash flows as cash flows from financing activities.

			Non-cash changes	
	October 1, 2020 S$	Financing cash flows(i) S$	New lease liabilities S$	September 30, 2021 S$
Lease liabilities	397,015	(620,084)	1,627,897	**1,404,828**
Loan from non-controlling interest (Note 21)	–	2,207,000	–	**2,207,000**
Bank loans (Note 22)	7,863,181	(214,767)	–	**7,648,414**
	8,260,196	1,372,149	1,627,897	**11,260,242**

					Non-cash changes	
	September 30, 2019 S$	Adoption of SFRS(I) 16 S$	October 1, 2019 S$	Financing cash flows(i) S$	New lease liabilities S$	September 30, 2020 S$
Lease liabilities	–	576,188	576,188	(394,041)	214,868	397,015
Finance leases	129,854	(129,854)	–	–	–	–
Bank loans (Note 22)	1,942,464	–	1,942,464	5,920,717	–	7,863,181
	2,072,318	446,334	2,518,652	5,526,676	214,868	8,260,196

(i) The cash flows make up net proceeds of bank loans and repayment of lease liabilities in the statement of cash flows.

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21 LOAN FROM NON-CONTROLLING INTEREST

	Group	
	2021	2020
	S$	S$
Loan from non-controlling interest	**2,207,000**	–

Loan from non-controlling interest is unsecured and matures in 5 years from the date of draw down. The loan carries a fixed interest of 5.00% per annum and payable on a half-yearly basis.

22 BANK LOANS

	Group	
	2021	2020
	S$	S$
Loan A	**1,355,448**	1,417,370
Loan B	**201,879**	214,345
Loan C	**218,026**	231,466
Loan D	**2,349,633**	2,500,000
Loan E	**2,302,236**	2,500,000
Loan F	**921,192**	1,000,000
Loan G	**300,000**	–
	7,648,414	7,863,181
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,921,323)**	(2,915,141)
Amount due for settlement after 12 months	**5,727,091**	4,948,040

Loan A is secured on the Group's investment property (Note 14) and a joint personal guarantee from former minority shareholders. The loan was raised on November 4, 2013. Monthly repayments commenced on September 5, 2014 and will continue until September 5, 2034. The loan carries interest at the prevailing enterprise financing rate (EFR) which is currently at 1.88% (2020: 2.78%) per annum.

Loan B is secured on the Group's leasehold property (Notes 12 and 13) and a joint personal guarantee from former minority shareholders. The loan was raised on February 3, 2016. Monthly repayments commenced on July 1, 2016 and will continue until June 1, 2031. The loan carries interest at 2.75%, 2.45%, 1.50% and 0.50% per annum below the bank's Non-Residential Mortgage Board Rate (NMBR) for the 1st, 2nd, 3rd and following years respectively. The loan currently carries interest at 2.58% (2020: 2.58%) per annum.

Loan C is secured on the Group's leasehold property (Notes 12 and 13) and a joint personal guarantee from former minority shareholders. The loan was raised on February 3, 2016. Monthly repayments commenced on July 1, 2016 and will continue until June 1, 2031. The loan carries interest at 3.25%, 2.95%, 2.00% and 1.00% per annum below the bank's Non-Residential Mortgage Board Rate (NMBR) for the 1st, 2nd, 3rd and following years respectively. The loan currently carries interest at 2.58% (2020: 3.50%) per annum.

Loan D is unsecured and was drawn under the Enterprise Financing Scheme. The loan matures 5 years from the date of draw down. The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor. The loan carries a fixed interest rate of 2.00% per annum. During the year, a financial covenant of the loan relating to the leverage ratio was breached but a waiver was obtained from the bank.

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22 BANK LOANS (CONTINUED)

Loans E and F are unsecured and were drawn under the Enterprise Financing Scheme. Both loans mature 5 years from the date of draw down. The loans have an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor. Loans E and F have a fixed interest rate of 2.75% and 3.00% per annum respectively.

Loan G is unsecured and is on revolving 6 months duration. The loan carries interest at 2.25% per annum above the bank's cost of funds. The loan currently carries interest at 3.10% per annum.

23 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	**S$**
Issued and paid up:		
At October 1, 2019, September 30, 2020 and 2021	138,563,978	16,225,036

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

24 OTHER RESERVES

	Group	
	2021	2020
	S$	S$
Merger reserves	**(4,718,040)**	(4,718,040)
Capital reserves	**421,293**	195,776
	(4,296,747)	(4,522,264)

Merger reserve represents the difference between the amount of the share capital of the subsidiary at the date on which they are acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to business combination under common control.

Capital reserves represents effects of changes in ownership interests in a subsidiary when there is no change in control (see Note 16).

25 REVENUE

The Group derives its revenue from the transfer of services over time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 33).

	Group	
	2021	2020
	S$	S$
Revenue from projects	**22,478,672**	18,184,607
Revenue from maintenance services rendered	**5,982,176**	4,915,925
Revenue from renewable energy	**642,600**	–
	29,103,448	23,100,532

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

25 REVENUE (CONTINUED)

	Group	
	2021	2020
	S$	S$
Timing of revenue recognition		
Over time	**28,460,848**	23,100,532
Point in time	**642,600**	–
	29,103,448	23,100,532

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Group	
	2021	2020
	S$	S$
Construction contracts	**41,670,905**	27,714,644

Management expects that 74% (2020: 63%) of the transaction price allocated to the unsatisfied contracts as of September 30, 2021 will be recognised as revenue during the next reporting period amounting to S$30,690,905 (2020: S$17,586,344). Of the remaining 26% (2020: 37%), S$10,980,000 (2020: S$8,981,700) will be recognised in the 2022 financial year and S$Nil (2020: S$1,146,600) in the 2023 financial year.

26 OTHER OPERATING INCOME

	Group	
	2021	2020
	S$	S$
Bank interest	**8,449**	11,813
Fixed deposit interest	**8,455**	31,176
Other grants received	**394,456**	409,233
Sundry income	**11,253**	21,616
Gain on disposal of property, plant and equipment	**8,890**	–
Gain on disposal of right-of-use assets	**98,819**	–
	530,322	473,838

27 FINANCE COSTS

	Group	
	2021	2020
	S$	S$
Interest expense on:		
– Lease liabilities	**39,714**	23,323
– Bill payables	**38,582**	158,993
– Bank loans	**204,988**	53,440
	283,284	235,756

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

28 (LOSS) PROFIT BEFORE INCOME TAX

(Loss) Profit before income tax has been arrived at after charging (crediting):

	Group	
	2021	2020
	S$	S$
Depreciation of property, plant and equipment	**233,845**	353,263
Depreciation of investment property	**36,417**	36,417
Depreciation of right-of-use assets	**522,517**	417,449
(Gain)/Loss on disposal of property, plant and equipment	**(8,890)**	10,487
Gain on disposal of right-of-use assets	**(98,819)**	–
Goodwill impairment loss	**–**	94,088
Expenses relating to low value assets and short term leases	**111,790**	159,737
Directors' remuneration	**698,670**	633,870
Directors' fees	**130,000**	105,000
Audit fee – paid to auditors of the Company	**102,000**	99,000
Non-audit fee – paid to auditors of the Company	**31,000**	28,000
Net foreign exchange loss/(gain)	**12,635**	(21,972)
Job Support Scheme grants	**(912,621)**	(852,411)
Cost of defined contribution plans	**524,628**	508,463
Employee benefits expenses (including costs of defined contribution plans)	**7,031,127**	5,964,488

29 INCOME TAX EXPENSE (CREDIT)

	Group	
	2021	2020
	S$	S$
Current tax	**35,000**	–
Overprovision of income tax in prior years	**(31,058)**	(14,987)
Deferred tax	**–**	(8,878)
	3,942	(23,865)

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable (loss) profit for the year.

The total income tax for the year can be reconciled to the accounting loss before income tax as follows:

	Group	
	2021	2020
	S$	S$
Loss before income tax	**(507,184)**	(1,541,132)
Tax at Singapore statutory tax rate of 17%	**(86,221)**	(261,992)
Effect of tax rate of subsidiary operating in other jurisdiction	**(13,536)**	(513)
Effect of expenses that are not deductible in determining taxable profit	**119,352**	153,544
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**232,884**	104,428
Effect of previously unrecognised and unused tax offsets utilised during the year	**(61,484)**	–
Overprovision of income tax in current tax for prior years	**(31,058)**	(14,987)
Effect of non-taxable income	**(155,995)**	(1,661)
Others	**–**	(2,684)
Income tax expense (credit)	**3,942**	(23,865)

At the end of the reporting period, the Group has unabsorbed tax losses of approximately S$7,475,657 (2020: S$6,913,914) and unutilised capital allowances of S$41,064 (2020: S$22,363) available for carry forward for offsetting against future taxable income subject to the conditions imposed by law including the retention of majority shareholders as defined. The related tax benefits have not been recognised because of uncertainty of its utilisation.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

30 EARNINGS (LOSS) PER SHARE

The calculation of the earnings (loss) per share attributable to the ordinary owners of the Company is based on the following data.

Earnings (Loss) figures are calculated as follows:

	Company	
	2021	2020
	S$	S$
Earnings (Loss) attributable to owners of the Company	**86,552**	(1,514,268)

	2021	2020
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	**138,564**	138,564
Earnings (Loss) per share – Basic (cents)	**0.06**	(1.09)

The basic earnings (loss) per share is calculated by dividing the earnings (loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings (loss) per share computation.

There are no dilutive potential ordinary shares for 2021 and 2020.

31 COMMITMENTS

Capital commitment

Future capital expenditure on committed purchase orders not provided for in the financial statements are as follows:

	Group	
	2021	2020
	S$	S$
Commitment for construction of a waste-to-energy plant (Note 12)	**631,227**	3,519,000

32 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At September, 2021, the Group is committed to S$85,034 (2020: S$68,744) for short-term leases.

33 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group's under SFRS(I) 8 *Operating Segments*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

33 SEGMENT INFORMATION (CONTINUED)

For management purposes, the Group is currently organised into three main operating segments:

(1) Engineering, Procurement and Construction segment;

(2) Maintenance segment; and

(3) Renewable energy segment.

The Engineering, Procurement and Construction segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment.

The Maintenance segment provides installation and maintenance services for controlled environments and supporting infrastructure.

The Renewable energy segment includes the building, owning and operating of power plants involving the generation of electricity using sustainable sources.

Segment revenues and results

	Engineering, Procurement and Construction S$	Maintenance S$	Renewable Energy S$	Total S$
September 30, 2021				
Revenue	**22,478,672**	**5,982,176**	**642,600**	**29,103,448**
Cost of sales	**(18,500,960)**	**(4,076,681)**	**(1,854,258)**	**(24,431,899)**
Gross profit	**3,977,712**	**1,905,495**	**(1,211,658)**	**4,671,549**
Segment result	**1,376,574**	**366,343**	**(1,195,942)**	**546,975**
Depreciation expense				**(792,779)**
Interest income				**16,904**
Finance costs				**(283,284)**
Share of profit of associate				**5,000**
Loss before income tax				**(507,184)**
Income tax expense				**(3,942)**
Loss for the year				**(511,126)**
September 30, 2020				
Revenue	18,184,607	4,915,925	–	23,100,532
Cost of sales	(16,607,944)	(3,328,108)	–	(19,936,052)
Gross profit	1,576,663	1,587,817	–	3,164,480
Segment result	(426,058)	(115,178)	–	(541,236)
Depreciation expense				(807,129)
Interest income				42,989
Finance costs				(235,756)
Loss before income tax				(1,541,132)
Income tax credit				23,865
Loss for the year				(1,517,267)

Revenue reported above represented revenue generated from external customers. There are inter-segment sales in the year amounting to S$445,717 (2020: S$187,691).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

33 SEGMENT INFORMATION (CONTINUED)

Segment assets

There is no segment assets disclosed as the assets are jointly used by the reportable segments and it is not a Group's practice to report segment assets to the chief operating decision maker.

Geographical segments

The Group's activities and customers are primarily located in Singapore. The geographical locations of the Group's non-current assets are in Singapore.

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2021 S$	2020 S$
Engineering, Procurement and Construction		
Top 1st customer	**3,106,000**	5,593,000
Top 2nd customer	**2,842,000**	2,786,000
Top 3rd customer	**2,826,000**	2,049,000

34 EVENTS AFTER REPORTING PERIOD

Share swap arrangement in relation to a joint venture

On November 12, 2021, the Group has announced that various conditional transactional documents have been executed for the purpose of implementing an internal reorganisation within the Group, by the way of a share swap. The non-controlling shareholder would exchange its 30% direct shareholdings in Neo Tiew Power Pte. Ltd. for 30% direct shareholdings in Acropower Pte. Ltd., the immediate holding company of Neo Tiew Power Pte. Ltd. The share swap was implemented to facilitate further joint developments of biomass-to-value projects between the Group and the non-controlling shareholder through its subsidiary. The effective interest of the Group in Neo Tiew Power Pte. Ltd. remained unchanged after the share swap. There is no consideration payable or received by the Group given that the share swap is an internal reorganisation involving the respective parties.

SHAREHOLDING STATISTICS

AS AT 21 DECEMBER 2021

Number of shares	:	138,563,978
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 21 December 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
100 – 1,000	53	6.24	35,500	0.03
1,001 – 10,000	296	34.82	1,900,800	1.37
10,001 – 1,000,000	491	57.76	38,988,667	28.14
1,000,001 and above	10	1.18	97,639,011	70.46
Grand Total	**850**	**100.00**	**138,563,978**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 21 December 2021

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%[2]	NO. OF SHARES	%[2]
Lim Say Chin[1]	6,000,000	4.33	66,130,645	47.73
Chew Chee Keong[1]	6,526,000	4.71	66,130,645	47.73
Goi Chew Leng[1]	6,000,000	4.33	66,130,645	47.73
Ingenieur Holdings Pte. Ltd.	66,130,645	47.73	–	–

Notes:

(1) Lim Say Chin, Chew Chee Keong and Goi Chew Leng are deemed to have an interest in 66,130,645 shares held by Ingenieur Holdings Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act (Chapter 289).

(2) The percentages of issued share capital are calculated based on 138,563,978 issued shares in the capital of the Company as at 21 December 2021.

SHAREHOLDING STATISTICS

AS AT 21 DECEMBER 2021

TWENTY LARGEST SHAREHOLDERS

As at 21 December 2021

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	INGENIEUR HOLDINGS PTE LTD	66,130,645	47.73
2	CHEW CHEE KEONG	6,526,000	4.71
3	GOI CHEW LENG	6,000,000	4.33
4	LIM SAY CHIN	6,000,000	4.33
5	TAN PENG YAOW	4,020,000	2.90
6	PHILLIP SECURITIES PTE LTD	3,027,300	2.18
7	DBS NOMINEES (PRIVATE) LIMITED	1,952,200	1.41
8	LIANG KUM KEONG	1,450,266	1.05
9	WONG CHOO WAI (HUANG ZUWEI)	1,370,000	0.99
10	CHOAH LEONG YEW	1,162,600	0.84
11	QUEK GHEE LEONG	802,667	0.58
12	NG PEI ENG (HUANG PEIYING)	800,000	0.58
13	RAFFLES NOMINEES (PTE.) LIMITED	725,100	0.52
14	KGI SECURITIES (SINGAPORE) PTE. LTD.	710,000	0.51
15	ROMIEN CHANDRASEGARAN	700,000	0.51
16	LEONG BENG KONG	653,900	0.47
17	OCBC SECURITIES PRIVATE LIMITED	639,000	0.46
18	LIM CHIN HOCK	561,000	0.40
19	NG SENG LEE	543,300	0.39
20	FOO CHEE MING	500,000	0.36
	TOTAL	**104,273,978**	**75.25**

FREE FLOAT

Based on the information provided to the Company as at 21 December 2021, approximately 38.80% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ACROMEC LIMITED (the "**Company**") will be held by way of electronic means on Thursday, 20 January 2022 at 2.00 p.m. for the following purposes:–

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 30 September 2021, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

2. To re-elect Mr Chew Chee Keong who is retiring pursuant to Regulation 108 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director of the Company.

   *Mr Chew Chee Keong will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. Please refer to Corporate Governance Report on pages 33 to 35 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").*

Resolution 3

3. To re-elect Mr John Geno-Oehlers who is retiring pursuant to Regulation 118 of the Constitution and who, being eligible, offers himself for re-election as a Director of the Company.

   Mr John Geno-Oehlers will, upon re-election as a Director of the Company, remain as Independent Director, a member of the Audit, Remuneration and Nominating Committees. Mr John Geno-Oehlers will be considered independent pursuant to Rule 704(7) of the Catalist Rules. Please refer to Corporate Governance Report on pages 33 to 35 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

Resolution 4

4. To approve the payment of Directors' fees of S$137,091 for the financial year ended 30 September 2021.

Resolution 5

5. To re-appoint Deloitte & Touche LLP as the Company's Independent Auditors and to authorise the Directors of the Company to fix their remuneration.

6. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 6

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:–

   "<u>Authority to allot and issue shares</u>

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:–

   (A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

(B) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:–

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for:–

    (i) new Shares arising from the conversion or exercise of any convertible securities;

    (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

    (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

    Adjustments in accordance with (2)(i) and (2)(ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore, and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (i)]

NOTICE OF ANNUAL GENERAL MEETING

Resolution 7

8. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:–

"Authority to allot and issue shares pursuant to the Acromec Performance Share Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company (the "**Directors**") be authorised and empowered to grant awards in accordance with the provisions of the Acromec Performance Share Scheme (the "**Share Scheme**") and to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of the awards under the Share Scheme, provided that the aggregate number of new Shares which may be issued pursuant to the vesting of awards under the Share Scheme, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Scheme and any other share-based incentive scheme of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) preceding that date of grant of award and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[see Explanatory Note (ii)]

Resolution 8

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:–

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this Resolution; and "**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[see Explanatory Note (iii)]

BY ORDER OF THE BOARD

Siau Kuei Lian
Company Secretary
Singapore
5 January 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Under the Catalist Rules, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings).

Ordinary Resolution 6, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(ii) Ordinary Resolution 7, if passed, will empower the Directors to grant awards under the Share Scheme and to allot and issue Shares pursuant to the vesting of the awards under the Share Scheme, provided that the aggregate number of new Shares which may be issued under the Share Scheme, when added to the number of Shares issued and issuable in respect of all awards granted under the Share Scheme and any other share-based incentive scheme of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) preceding that date of grant of award.

(iii) Ordinary Resolution 8, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of this Resolution. Further details are set out in the Addendum which is enclosed with the Company's Annual Report.

Notes:

(1) Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Annual General Meeting of the Company will be held by way of electronic means.

(2) The Notice of Annual General Meeting and Proxy Form will be sent to members solely by electronic means via publication on the Company's website at the URL http://acromec.listedcompany.com/newsroom.html and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies of these documents will **NOT** be despatched to members.

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(3) Members (including a Relevant Intermediary*) will not be able to attend the Annual General Meeting in person. Members who pre-register may participate at the Annual General Meeting by:–

(a) observing and/or listening to the proceedings via a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**");

(b) submitting questions related to the resolutions to be tabled for approval in advance of the Annual General Meeting at the following URL: https://conveneagm.sg/acromec (the "**Acromec AGM Website**"); and/or

(c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the Annual General Meeting.

(4) A member of the Company (including a Relevant Intermediary*) entitled to vote at the Annual General Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Annual General Meeting.

(5) An investor who holds shares the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(6) The instrument appointing the Chairman of the Meeting as proxy 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 the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

(7) The instrument appointing the Chairman of the Meeting as proxy must: (i) if sent personally or by post, be deposited at the office of Company at (i) 4 Kaki Bukit Avenue 1 #04-04 Kaki Bukit Industrial Estate Singapore 417939; (ii) if submitted electronically at the Acromec AGM Website or (iii) by email to shareregistry@incorp.asia and in either case, by no later than seventy-two (72) hours before the time appointed for holding the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms personally or by post, members are strongly encouraged to submit completed proxy forms electronically via the Acromec AGM Website.

(8) The Annual Report for FY2021 may be accessed on the Company's website at the URL http://acromec.listedcompany.com/newsroom.html and are also available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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.

Important notes to members:

A. The key dates which members should take note of are set out in the table below:–

Key dates	Actions
5 January 2022	Members may begin to pre-register at the following URL: https://conveneagm.sg/acromec (the "**Acromec AGM Website**"), to create an account. Corporate members must also submit the Corporate Representative Certificate to the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at shareregistry@incorp.asia.
By 5.00 p.m. on 12 January 2022	Deadlines for members to submit questions related to the resolutions to be tabled for approval in advance.
By 5.00 p.m. on 10 January 2022	Deadline for SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective SRS Operators to submit their votes.
After trading hours on 13 January 2022	The Company to address and publish its responses to those substantial and relevant questions received from members via the Company's website and SGXNet, if any.
By 2.00 p.m. on 17 January 2022	Deadlines for members to: • pre-register for Live Webcast; • submit the Corporate Representative Certificate (for Corporate members only); and • proxy forms.

NOTICE OF ANNUAL GENERAL MEETING

Key dates	Actions
By 12 noon on 19 January 2022	Authenticated members will receive an email on their authentication status and will be able to access the Live Webcast using the account created (the "**Confirmation Email**"). Members who do not receive the Confirmation Email by 12 noon on 19 January 2022, but have registered by the 17 January 2022 deadline should contact Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. for assistance at shareregistry@incorp.asia, with the Full Name of the shareholder and his/her Identification Number (between 9.00 a.m. to 5.00 p.m. on 19 January 2022).
2.00 p.m. on 20 January 2022	To access the Live Webcast of the proceedings of the Annual General Meeting using the account created.

B. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. Members should check at the URL http://acromec.listedcompany.com/newsroom.html and SGXNet at the URL https://www.sgx.com/securities/company-announcements for the latest updates on the status of the Annual General Meeting, if any.

PERSONAL DATA PRIVACY:

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

ACROMEC LIMITED
(Company Registration No. 201544003M)
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Annual General Meeting of the Company will be held by way of electronic means.
2. A member will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the Meeting. A member (whether individual or corporate) who wishes to exercise his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. In appointing the Chairman of the Meeting as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
3. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to appoint the Chairman of the Meeting as proxy should inform their respective SRS Operators to submit their votes at least 7 working days before the Meeting.
4. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________________ (Name) ______________ NRIC/Passport No.*

of ____

being a member/members* of Acromec Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our* proxy to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**AGM**") of the Company to be held by way of electronic means on Thursday, 20 January 2022 at 2.00 p.m., and at any adjournment thereof. I/We* direct my/our* proxy to vote for or against or abstain the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the Chairman of the Meeting will vote or abstain from voting at his discretion.

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

No.	Resolutions relating to:–	For	Against	Abstain
	Ordinary Business			
1.	Audited financial statements for financial year ended 30 September 2021			
2.	Re-election of Mr Chew Chee Keong as a Director			
3.	Re-election of Mr John Geno-Oehlers as a Director			
4.	Approval of Directors' fees of S$137,091 for financial year ended 30 September 2021			
5.	Re-appointment of Deloitte & Touche LLP as auditors of the Company			
	Special Business			
6.	General authority to allot and issue shares			
7.	Authority to allot and issue shares pursuant to the Acromec Performance Share Scheme			
8.	Share purchase mandate renewal			

Dated this __________ day of ____________________ 2022

Total number of Shares held

____
Signature(s) of Shareholder(s)
and/or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

The Proxy Form will be sent to members solely by electronic means via publication on the Company's website at the URL http://acromec.listedcompany.com/newsroom.html and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies of the proxy form will NOT be despatched to members.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as a proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company (including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

3. The instrument appointing the Chairman of the Meeting as proxy must (i) if sent personally or by post, be deposited at the office of the Company at (i) 4 Kaki Bukit Avenue 1 #04-04 Kaki Bukit Industrial Estate Singapore 417939; (ii) if submitted electronically at the Acromec AGM Website at https://conveneagm.sg/acromec, or (iii) by email to shareregistry@incorp.asia and in either case, by not less than 72 hours before the time appointed for the AGM, and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically at the Acromec AGM Website.

4. The instrument appointing the Chairman of the Meeting as the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman 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, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 January 2022.