



ANNUAL REPORT 2022

TRANSFIGURING TOWARDS AGRI-TECHNOLOGY

TRANSFIGURING TOWARDS AGRI-TECHNOLOGY | ANNUAL REPORT 2022

ADVANCED HOLDINGS LTD

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The Annual Report has been prepared by Advanced Holdings Ltd. (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



ABOUT US



OUR MISSION

Advancing innovations in engineering science and agri-technology.



OUR VISION

To be the most advanced organisation in engineering science and agri-technology.



CORPORATE VALUES

Adherence

To Advanced's Ethical Principles

Care

For Our Stakeholders, The Community, The Environment And Respect For The Rights, Differences And Dignity Of Others

Excellence

Is A Virtue We Fully Commit To All Stakeholders

OUR BUSINESS

ENGINEERING SERVICES & EQUIPMENT



Design, consultancy and turnkey engineering services



Design, fabrication and supply of process equipment, technologies, analytical and instrumentation systems for oil & gas and petrochemical industries



Field services (installation, commissioning, maintenance & training)

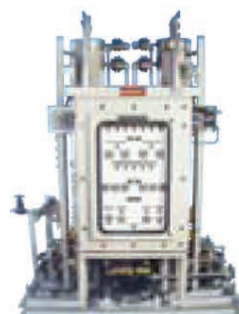
AGRI-TECHNOLOGY

SYSTEMS & PRODUCTS



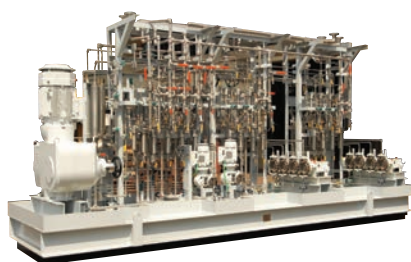
BALL VALVES

High quality standard and customised ball valves for speciality industrial use such as coal-gasification / liquefaction, LNG, PTA etc.



CATALYST METERING PACKAGE

Transfers catalyst, in paste form, in a precise quantity in a polypropylene plant.



CHEMICAL DOSING SYSTEM

Automatically injects a precise quantity of various chemicals for the treatment of products and protection of plant equipment.



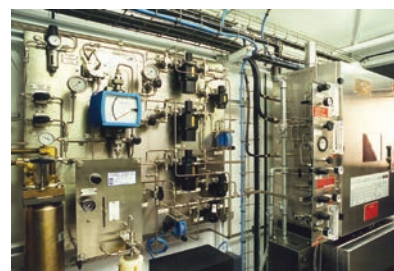
GAS ODORISATION SYSTEM

Odorises natural gas / town gas / LPG due to safety regulations. We supply de-odorisation systems as well.



PROCESS ANALYSER SYSTEM

Consisting of analysers, sample conditioning system and shelter, it is used mainly in the process and quality controls in manufacturing.



SAMPLING CONDITIONING SYSTEMS

A Sample Conditioning System delivers a representative sample to Process Analysers for measurement. It is a prerequisite for analyser reliability. Sample Conditioning Systems are inclusive of sample extraction, sample transport line, pressure regulating / boosting, sample cooling / temperature maintaining, flow regulating, filtration, calibration facilities, sample disposal, etc.

MANAGING DIRECTOR'S MESSAGE TO SHAREHOLDERS



Business Sustainability

In the financial year ended 31 December 2022 (“FY2022”) we have continued the difficult but necessary process of streamlining our engineering services and equipment business, which is primarily in the oil and gas industry. It was challenging, disposing of some of these business entities which have been an integral part of Advanced Holdings Ltd (the “Company”). However, these moves were necessary in order to stop the continual erosion of our financial position and thereby improve our cash balance.

The oil and gas industry that we are servicing is mainly related to transportation fuels, which is facing a gloomy prospect due to inherent pollution. The electrification of cars, vans, buses and trucks and eventually all vehicles is a trend we see as irreversible, at least for the foreseeable future.

In the first half of FY2022, we managed to divest our analyser businesses in the United Kingdom and the United States of America, as represented by our former UK subsidiary, Analytical Technology & Control Limited (“**ATAC**”), and our former USA subsidiary, Guided Wave Inc. (“**GWI**”). Consideration on the disposals was S\$3.9 million, with a gain of S\$1.2 million.

In the second half of FY2022, there were further divestments of our business units dealing in the design and provision of process analyser systems, metering skids and related services. The disposals involved our former Singapore subsidiary, Advanced CAE Pte Ltd (including its wholly owned subsidiary, Advanced CAE Inc.) (“**CAE SG Group**”), and our former China subsidiary, Advanced CAE Ltd. (“**CAE CN**”). Consideration on the disposals was S\$13.8 million, with a loss of S\$4.7 million.

In tandem with our exit from some of our engineering services business, we took the opportunity to sell our under-utilised property at 30 Woodlands Loop, Singapore, for S\$13.2 million realising a gain of S\$2 million. The disposal proceeds were used to pay off the mortgage loan and to replenish the cash at bank.

The above divestments of subsidiaries and property have immediately converted our investments into cash and reduced our exposure to the business and financial risks in a declining market sector, in the midst of an uncertain geopolitical and global economic environment.

Through our subsidiary, Advanced Agri Pte Ltd (“**AAPL**”), we have ventured into the business of processing animal feed for the Indonesian and South East Asian markets. The investment includes the building of a corn processing facility in Sulawesi Island, Indonesia, which is scheduled to be commissioned in the latter part of 2023. The plant is

designed to process 70,000 metric tons of corn per annum, with the prospect of adding more processing capacity in the future.

We are certainly excited about the agricultural and renewable energy sectors, with sustainability as the core consideration. We hold a 12.25% equity stake in Agricore Global Pte Ltd (“**Agricore**”), which is exploring and developing new businesses in the sectors abovementioned. Agricore is in discussion with strategic partners to develop clean energy projects in North Sulawesi, Indonesia where we have a large concession of land, with the intent to provide for the growing energy requirements in North Sulawesi. In tandem, Agricore will also be developing upstream corn plantation in North Sulawesi to supplement and to further ensure raw material supply to AAPL corn processing facility.

The new corn processing facility and related business in Sulawesi will help to diversify the business of Advanced into a growing Indonesian and regional animal feed market. Our engineering background and expertise will play a role in the building and management of the facility to enable the business to be more technologically driven for better efficiency.

Yours Sincerely,
Dr Wong Kar King
Managing Director

FINANCIAL & OPERATIONAL REVIEW

On behalf of the board of the Company, it is my pleasure to present our Financial and Operational Review for FY2022.

Towards the end of FY2022, the Group disposed of CAE SG Group and CAE CN (collectively, the “**CAE subsidiaries**”). The financial information of these companies are reported under ‘Discontinued operations’.

The subsidiaries, associate and joint venture remaining within the Group at the end of FY2022 are reported under ‘Continuing operations’.

Income Statement

Continuing operations

The Group reported a 31% year-on-year increase in revenue from \$10.1 million in FY2021 to \$13.3 million in FY2022. Gross profit for FY2022 amounted to \$2.5 million, a 35% decrease from \$3.9 million in the previous year.

Gross profit margin for the year fell from the 38% reported in FY2021 to 19% in FY2022. This can largely be attributed to a lower gross margin from the trading transactions as compared to the margin that the Group obtained from the lost sales due to the disposal of ATAC and GWI.

The disposal of ATAC and GWI brought cost savings of \$3.1 million in FY2022, including distribution and marketing expenses of \$1.3 million, administrative expenses of \$1.2 million and other operating expenses of \$0.6 million.

On the other gain and losses of the Group in FY2022, the Group recognised an impairment of \$2.2 million on lands owned by Agricare and exchange loss of \$0.3 million, which was partially offset by a gain on the disposal of ATAC and GWI of \$1.2 million.

Share of results of an associate and a joint venture relates to the investment in Agricare and the joint venture pertaining to the setting up of a corn cultivation, corn accumulation and trading, and corn processing

facility in Indonesia through Advanced Agri Pte Ltd (“**APPL**”) and its Indonesian subsidiary, PT Advanced Agri Indonesia (“**AAI**”). The net share of profit of \$0.1 million in FY2022 comprised of \$0.4 million share of profits from Agricare from the sale of a land permit and offset by the share of losses of \$0.3 million from the joint venture, mainly for the share of manpower costs incurred by AAI for the planning, sourcing for contractors and suppliers for the corn facility.

Accordingly, the Group reported a loss, from continuing operations, of \$1.6 million attributable to the owners of the Company for FY2022, compared to a loss of \$4.1 million in the previous year.

Geographically, China was the top revenue contributor to the Group in FY2022 with \$10.2 million — representing 77% of the Group’s total sales for the year — as we completed several transactions in the region. Revenue in the Middle East increased to \$1.3 million for FY2022 as new projects were secured. The USA accounted for \$0.8 million in revenue for FY2022, while Other Asian Countries and Other European Countries accounted for \$0.7 million and \$0.3 million respectively.

Discontinuing operations

The Group incurred a loss of \$4.6 million from the discontinued operations, net of tax of the CAE subsidiaries disposed during FY2022. The loss included a \$4.7 million loss on the disposal of the CAE subsidiaries and a gain of \$2.0 million on the disposal of property owned by one of the CAE subsidiaries.

Excluding the loss on disposal of the CAE subsidiaries and the gain on property sale, the Group would have recorded a loss of about \$1.9 million from the discontinued operations compared to a profit of \$1.8 million in FY2021, due mainly to a lower revenue by \$3.9 million which resulted in lower gross profit by \$2.6 million.

Statement of Financial Position

The Group’s financial position as at 31 December 2022 remains healthy with a strong net working capital of \$33 million as at 31 December 2022, representing an increase of about \$6.4 million from \$26.6 million as at 31 December 2021.

The Group’s total assets decreased by \$36.9 million, from \$78.5 million as at 31 December 2021 to \$41.6 million as at 31 December 2022; current assets accounted for 86% of the Group’s assets or \$35.9

million. The decrease in assets was mainly due to the disposal of ATAC, GWI and the CAE subsidiaries and the disposal of the property owned by one of the CAE subsidiaries and partially offset by an increase in loan to the joint venture during FY2022 and the considerations from the disposal of the four subsidiaries and the property.

The Group's total liabilities decreased by \$29.8 million and stood at \$4.7 million as at 31 December 2022; current liabilities accounted for 60% of the Group's liabilities or \$2.9 million. The decrease in liabilities is mainly resulted from the disposal of ATAC, GWI and the CAE subsidiaries. The non-current liabilities as at 31 December 2022 are mainly outstanding loans with OCBC bank of \$1.9 million.

Statement of Cash Flows

The Group's cash reserves remain healthy, standing at \$23.1 million as at 31 December 2022, an increase of \$3.5 million from the \$19.6 million reported for FY2021.

The Group recorded net cash generated from operating activities of \$2.6 million in FY2022 as compared to cash used in operating activities of \$0.2 million in FY2021 primarily driven by the disposal of ATAC, GWI and CAE subsidiaries that resulted in the positive working capital movement.

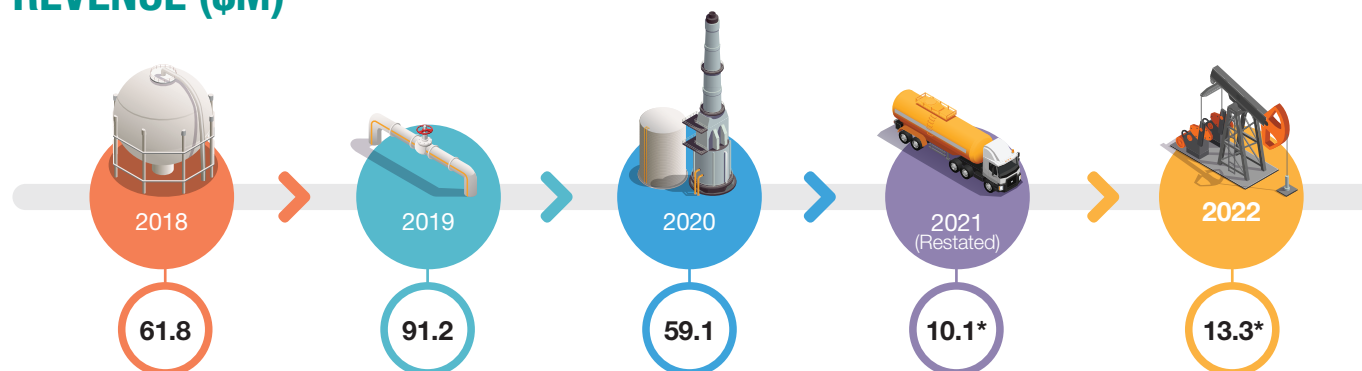
Net cash generated from investing activities amounted to \$6 million in FY2022. Proceeds from the disposal of the property of \$13.2 million was partially offset by the net cash outflow from the disposals of ATAC, GWI and CAE subsidiaries of \$2.6 million, addition of property, plant and equipment of \$1.6 million, investment in and loan to the joint venture of \$3.1 million.

Net cash used in financing activities amounted to \$4.8 million in FY2022, as the Group repaid the loan that was secured by the property in full and the scheduled repayment of the Group's other loan.

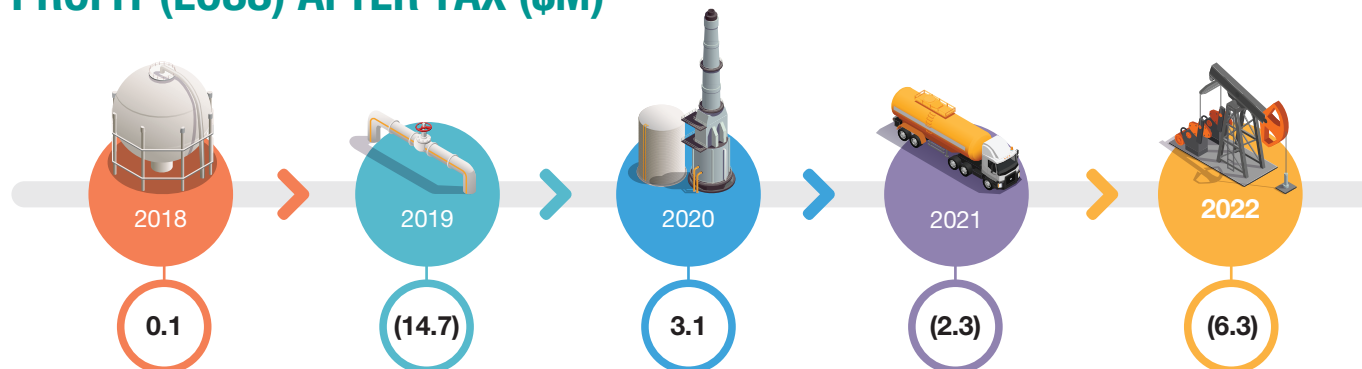
FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021 (Restated)	2022
Revenue (\$'000)	61,761	91,156	59,137	10,146*	13,274*
Profit (Loss) after tax (\$'000)	62	(14,743)	(3,064)	(2,335)	(6,261)
Shareholders' equity (\$'000)	57,780	42,647	45,955	43,908	36,791
Cash and cash equivalents (\$'000)	33,355	16,161	31,548	19,245	23,067
Earnings (Losses) per share "EPS" (cents)	0.30	(14.69)	2.77	(4.06) [#]	(1.63)[#]
Dividend per share "DPS" (cents)	-	-	-	-	-
Net asset value per share "NAV" (cents)	57.06	42.11	45.38	43.36	36.33
Current ratio (times)	2.79	1.56	2.52	2.03	12.57

REVENUE (\$M)



PROFIT (LOSS) AFTER TAX (\$M)



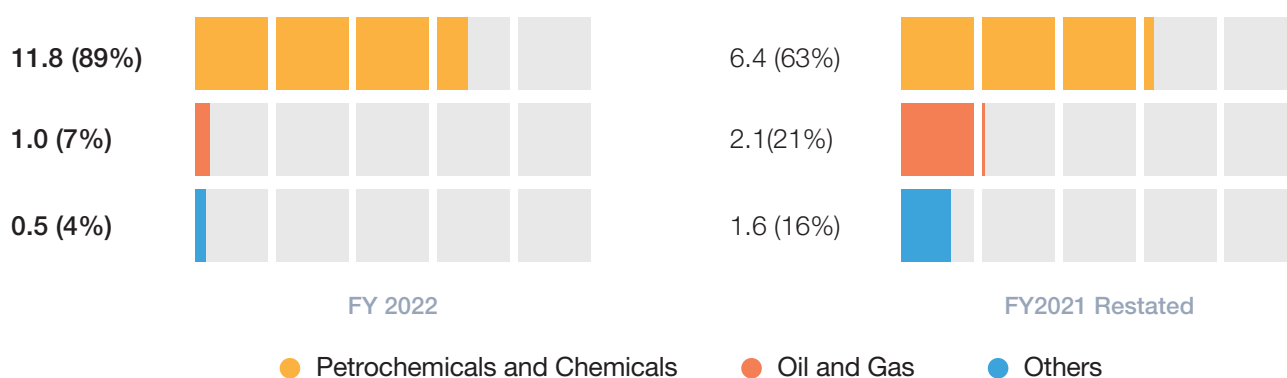
* Revenue from the Group's Continuing operations

[#] EPS from the Group's Continuing operations

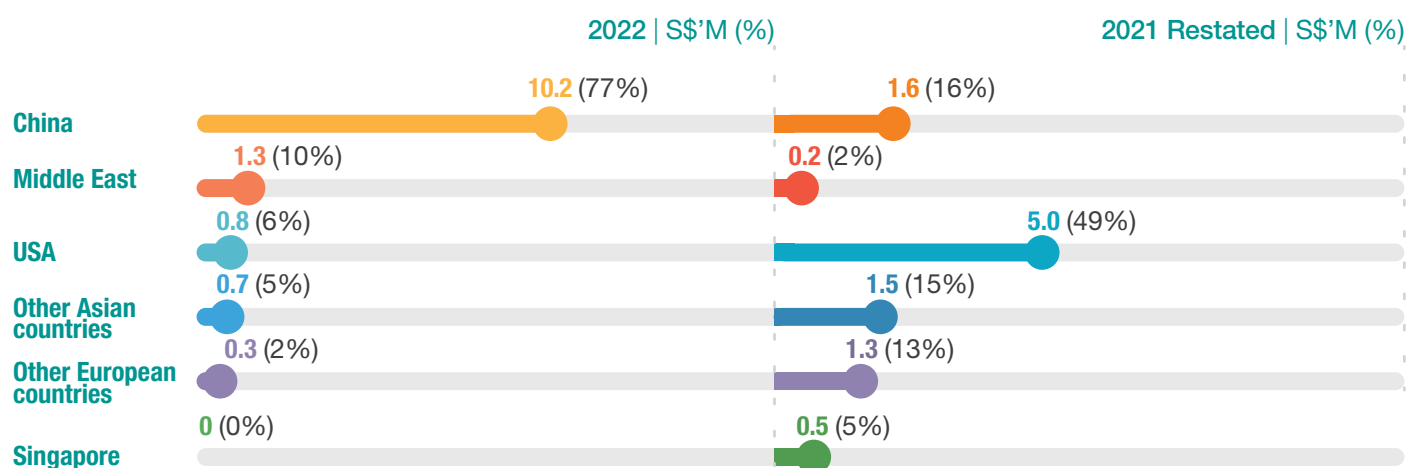
TWO YEARS COMPARISON (\$'000)



REVENUE FROM CONTINUING OPERATIONS BY INDUSTRY (\$M) and PERCENTAGE (%) of REVENUE



REVENUE FROM CONTINUING OPERATIONS BY GEOGRAPHICAL MARKET (\$M) and PERCENTAGE (%) of REVENUE



BOARD OF DIRECTORS

Dr Wong is the founder and Managing Director of the Group and was appointed to the Board on 19 February 2004. His key responsibilities include the overall management and operations of the business, in addition to formulating business strategies poised at spearheading the Group's growth forward. Dr Wong has 38 years of experience in technical sales and marketing. He also spent three years in the field of research and development. Prior to establishing the Group in 1992, Dr Wong worked in Rotork PLC (in England) and subsequently Rotork Asia (in Singapore) from 1987 to 1992. Dr Wong graduated from The Queen's University of Belfast, United Kingdom with a Bachelor Degree in Engineering (First Class Honours) and a Doctorate in Engineering. He was conferred the Outstanding Entrepreneur Award at the Asia Pacific Entrepreneurship Awards 2013 organised by Enterprise Asia and was later crowned the EY Entrepreneur Of The Year 2014 led by Ernst & Young in Singapore.



DR WONG KAR KING
Managing Director

BOARD OF DIRECTORS

Mr Lim was appointed as an Independent Director to the Board of Directors of Advanced Holdings Ltd on 1 April 2013. Subsequently, he was appointed as the Independent Non-Executive Chairman on 14 August 2019. Mr Lim was previously the Managing Partner and then Chairman of the public accounting firm, LTC LLP, until his retirement from the practice in March 2012. He has more than 30 years of extensive experience in the public accounting and auditing profession; and has trained and worked in major accounting firms in the United Kingdom and Singapore. Currently, Mr Lim is also an independent director of BBR Holdings (S) Ltd in Singapore and Design Capital Ltd in Hong Kong. He serves as a Panel Member of the Strata Titles Boards and as a Lay Member of the Inquiry Panel of the Law Society of Singapore. Mr Lim is a Fellow of Chartered Accountants Ireland and a Fellow of the Institute of Singapore Chartered Accountants. He holds a Master of Business Administration degree from the University of Ulster, Northern Ireland, United Kingdom.



LIM BOON CHENG

Independent &
Non-Executive Chairman

Dr Ho Choon Hou was appointed as an Independent Director of the Board on 4 January 2013. Dr Ho is the Vice Chairman of Cordlife Group Ltd and serves as an Independent and Non-Executive Director of Mclean Technologies Berhad. He is also the Chairman and Independent Director of Vividthree Holdings Ltd and a Managing Director at Southern Capital Group Limited, a private equity firm, where he is responsible for the management of assets as well as the origination and execution of investments. Prior to that, Dr Ho held various medical portfolios in the healthcare industry. From 2004 to 2007, he served as Project Office Head and subsequently Deputy Director at National Healthcare Group where he was involved in directing special projects and investments and held general management responsibilities. Dr Ho holds a Bachelor of Medicine and Bachelor of Surgery from The University of Sheffield (Honours), as well as a Masters in Medicine (Surgery) from the National University of Singapore. He also obtained his Masters of Business Administration (Honours) from The University of Chicago.



DR HO CHOON HOU

Independent Director

BG (RET) Lim was appointed as an Independent Director of the Board on 14 August 2019. He has more than 30 years of experience in the logistics and engineering industry, having served in various leadership roles in the ST Logistics Group of Companies, the Singapore Mainboard Listed Sembcorp Logistics as well as various directorships of more than 25 commercial companies spanning across North America, Europe, Middle East, South Asia, PRC and other Asia Pacific countries. Prior to joining the private sector, BG (RET) Lim was a Brigadier General (Retired) who held various command and staff appointments in his career with the Singapore Armed Forces. His pinnacle military appointment was the Head of Air Engineering and Logistics, being responsible for the total integrated logistics and engineering operations for the Republic of Singapore Air Force (RSAF). A graduate of the National University of Singapore, BG (RET) Lim holds a Bachelor of Engineering Degree in Mechanical Engineering (Hons) and Master of Science in Industrial Engineering. He has attended Executive Development Program by IMD, Switzerland.



BG (RET) LIM YEOW BENG
Independent Director

Ms Dorriz is our Group Chief Financial Officer who joined our Group on 21 March 2022 and was appointed as an Executive Director of the Board on 30 November 2022. She has 30 years of broad based financial management experience in various local and global multinational companies. She is responsible for all financial and management reporting, treasury, taxation, regulatory compliance and corporate matters of our Group and oversees the human resource and information technology functions of our Group. Prior to joining our Group, Dorriz was a Director of the business advisory division of Incorp Global Pte Ltd and held several senior finance positions including Chief Financial Officer and Group Financial Controller in OneApex Limited (formerly known as Chews Group Limited), Woleco Hotel Supplies Pte Ltd and Sei Wool Polymer. She was also a Manager, Business Consulting and Business Development with Stone Forest Consulting Pte Ltd and a Financial Analyst Manager with Citibank NA.

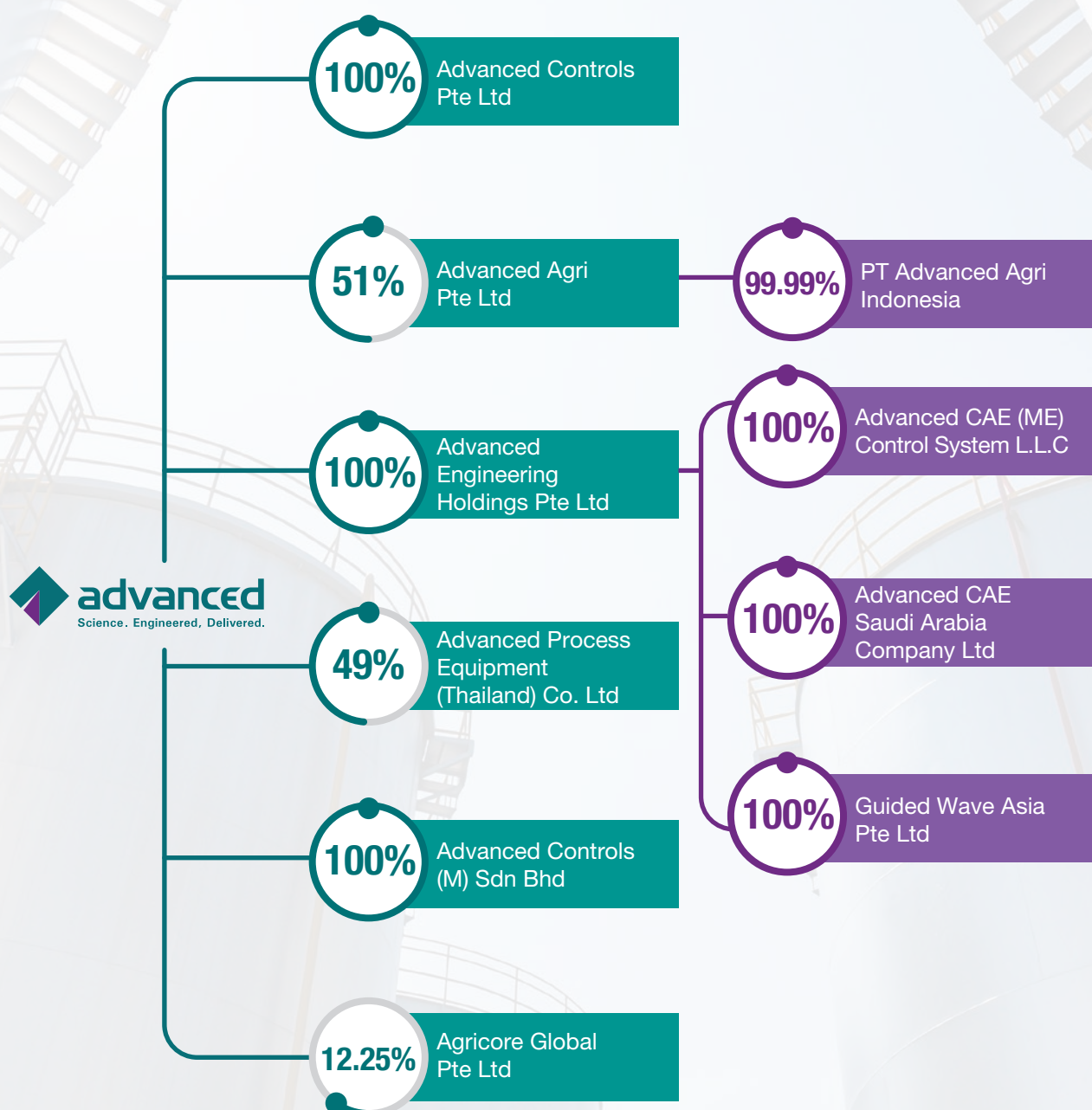
A graduate of the Nanyang Technological University, Dorriz holds a Bachelor of Accountancy. She has also completed the Chartered Appraiser and Valuer (CVA) Programme conducted by the Nanyang Technological University and holds a Diploma in Investment from The Institute of Banking and Finance. Dorriz is a member of the Institute of Singapore Chartered Accountant since 2000 and a CVA Chartered Holder since 2021.



MS. TAY BEE GEK DORRIZ
Executive Director

GROUP STRUCTURE

(as at 31 December 2022)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Wong Kar King

(Managing Director)

Mr Lim Boon Cheng

(Independent and Non-Executive Chairman)

Dr Ho Choon Hou

(Independent Director)

BG (RET) Lim Yeow Beng

(Independent Director)

Ms Tay Bee Gek Dorriz

(Executive Director)

AUDIT COMMITTEE

Mr Lim Boon Cheng

(Chairman)

Dr Ho Choon Hou

BG (RET) Lim Yeow Beng

NOMINATING COMMITTEE

Dr Ho Choon Hou

(Chairman)

Mr Lim Boon Cheng

BG (RET) Lim Yeow Beng

REMUNERATION COMMITTEE

Mr Lim Boon Cheng

(Chairman)

Dr Ho Choon Hou

BG (RET) Lim Yeow Beng

COMPANY SECRETARY

Ms Ong Beng Hong (LL.B)

SPONSOR

UOB Kay Hian Private Limited

8 Anthony Road #01-01, Singapore 229957

REGISTERED OFFICE

30 Woodlands Loop, Singapore 738319

Tel : +65 6854 9000

Fax: +65 6779 5400

Website : www.AdvancedHoldings.com

Email : sales@AdvancedHoldings.com

SHARE REGISTRAR

Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte Ltd)

80 Robinson Road #02-00, Singapore 068898

INDEPENDENT AUDITOR

Ernst & Young LLP

Public Accountants and Chartered Accountants

One Raffles Quay, North Tower, Level 18, Singapore 048583

AUDIT PARTNER-IN-CHARGE

Ms Lee Lai Hiang

Date of Appointment: Since financial year ended 31 December 2022

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

65 Chulia Street

OCBC Centre, Singapore 049513

DBS Bank Ltd

12 Marina Boulevard

DBS Asia Central @ Marina Bay Financial Centre Tower 3,

Singapore 018982

GLOBAL PRESENCE

(as at 31 December 2022)

SINGAPORE

Advanced Holdings Ltd
Advanced Agri Pte Ltd
Advanced Controls Pte Ltd
Advanced Engineering Holdings Pte Ltd
Guided Wave Asia Pte Ltd

30 Woodlands Loop
Singapore 738319

Tel : +65-6854 9000
: +65-6854 9001
Fax : +65-6779 5400
: +65-6758 7389

Agricore Global Pte Ltd
80 Robinson Road, #02-00,
Singapore 068898

ASIA

MALAYSIA

Advanced Controls (M) Sdn Bhd
SOHO Suites @ KLCC
Block A2, Level 32-3A
No 20 Jalan Perak
50450 Kuala Lumpur

THAILAND

Advanced Process Equipment (Thailand) Co., Ltd
188/83 Sukhumvit Road, Maptaphut
Sub-district, Mueng Rayong District,
Rayong Province 21150, Thailand
Tel : +66 (0) 3860-9255-6
Fax : +66 (0) 3860-9254

INDONESIA

PT Advanced Agri Indonesia
Rukan Puri Mutiara Blok BC No.3,
Kel. Sunter Agung, Kec. Tanjung
Priok, Jakarta Utara, DKI Jakarta
14350 Indonesia
Tel : +62 2129461411

MIDDLE EAST

UNITED ARAB EMIRATES

Advanced CAE (ME) Control System L.L.C
10th Floor, C 2 Tower, Al Bateen,
King Abdullah Al Saud Plot W 35,
P.O. Box 113100, Abu Dhabi
United Arab Emirates
Tel : +971 25632382

KINGDOM OF SAUDI ARABIA

Advanced CAE Saudi Arabia Company Limited
3381, Road 124 - 1st Industrial
Area, Unit No: 4584,
P.O. Box: 386, Zip Code : 35717,
AL JUBAIL
Kingdom of Saudi Arabia
Tel : +966 13 367 0701



STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Advanced Holdings Ltd. (the “**Company**”) is committed to ensuring that high standards of corporate governance and transparency are practised for the protection of the interests of Shareholders. This statement sets out the Company’s corporate governance processes with specific reference to the Code of Corporate Governance 2018 (the “**Code 2018**”). The Company has complied with the principles and provisions of the Code 2018 but in areas where the Company deviates from the Code 2018, the rationale is provided.

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.

The Board is responsible for protecting and enhancing long-term shareholders’ value. It provides directions and guidance to the overall management of the Group and holds Management accountable for performance. It puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. The Board comprises an Independent Chairman, two Executive Directors and two Independent Directors. The experience and competence of each Director contributes to the overall effective management of the Group. Each Director is a fiduciary who acts objectively in the best interests of the Company.

The primary role of the Board includes the following:

- setting and approving policies and strategies of the Group;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed;
- reviewing management performance;
- reviewing the remuneration packages of the board members and key management personnel;
- reviewing and approving the financial performance of the Group including its periodic and full year financial results announcements;
- reviewing the adequacy of the Company’s internal controls and the financial information reporting system;
- approving the nomination of Directors and appointments to the Board Committees;
- authorising major transactions such as fund-raising exercises and material acquisitions;
- setting the Company’s values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- assuming responsibility for corporate governance of the Group.

The Board has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance. All Board members bring their independent judgment, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct.

Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. The Constitution of the Company provides that at a meeting of the Directors, a Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly, and that such Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. In the event that a Director is interested in any transaction of the Group, he informs the Board accordingly and abstains from making any recommendation or decision with regard to the transaction.

To facilitate effective management, certain roles have been delegated to various Board members by the establishment of Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, which have been constituted with clearly defined terms of reference. Matters which are delegated to these Board Committees for more detailed appraisals are reported to and monitored by the Board. The effectiveness of each Board Committee is also closely monitored. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Company’s Directors and their membership on Board Committees (if any) during the financial year ended 31 December 2022 (“**FY2022**”) were as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Mr Lim Boon Cheng	Independent Chairman and Lead Independent Director	Chairman	Member	Chairman
Dr Wong Kar King	Managing Director	-	-	-
Dr Ho Choon Hou	Independent Director	Member	Chairman	Member
BG (RET) Lim Yeow Beng	Independent Director	Member	Member	Member
Ms Tay Bee Gek ⁽¹⁾	Executive Director	-	-	-

Note:

(1) Ms Tay Bee Gek was appointed as an Executive Director of the Company on 30 November 2022.

STATEMENT OF CORPORATE GOVERNANCE

The Board meets at least two times a year. Regular meetings are scheduled at least one month before the meetings are held. Ad-hoc meetings are called when there are matters requiring the Board's consideration and decision in between the scheduled meetings. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

Matters which require the Board's approval include the following:

- review of the performance of the Group and approval of the result announcements of the Group released via the SGXNET;
- approval of the corporate strategy and direction of the Group;
- approval of transactions involving a conflict of interest for a substantial shareholder or a Director and interested person transactions;
- material acquisitions and disposals;
- corporate and financial restructuring;
- declaration of dividends and other returns to Shareholders; and
- appointments of new Directors and senior management.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

The Directors inform the Company, from time to time, of their individual directorship in other companies outside the Group. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Group.

The Constitution of the Company allows the Directors to participate in a Board meeting by telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other, without a Director being in the physical presence of another Director or Directors in which event such Director shall be deemed to be present at the meeting.

The details of the number of meetings held in FY2022 as well as the attendance of each Board member at those meetings are as follows:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	7	4	2	1
Number of meetings attended:				
Mr Lim Boon Cheng	7	4	2	1
Dr Wong Kar King	7	4*	2*	1*
Dr Ho Choon Hou	6	4	2	1
BG (RET) Lim Yeow Beng	7	4	2	1
Tay Bee Gek ⁽¹⁾	0	0	0	0

* Attendance by invitation

Note:

(1) We note that Ms Tay Bee Gek was only appointed as an Executive Director of the Company on 30 November 2022 and there were no Board, AC, NC or RC meetings held after her appointment.

Generally, a newly-appointed Director will be given an orientation to familiarise him/her with the Group's business and governance practices and he/she will also be given a formal letter setting out the duties and obligations of a director of a listed company.

Existing Directors are encouraged to participate in seminars or discussion groups to be kept abreast of the latest developments relevant to the Group. In addition, the Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced.

In line with Rule 406(3)(a) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX-ST to undergo the mandatory SGX-ST prescribed training on their roles and responsibilities unless the Nominating Committee otherwise at its discretion waives the need for the newly-appointed Director to attend the mandatory SGX-ST prescribed training. Ms Tay Bee Gek had attended the requisite training programmes conducted by the Singapore Institute of Directors as specified in Practice Note 4D of the SGX-ST Catalist Rules.

As at the date of this annual report, the Directors have participated in various seminars and other such external programmes. All directors have attended the mandatory sustainability training prescribed by SGX. Some of the programmes and seminars include the Directors' Conference organised by the Singapore Institute of Directors, sustainability programmes by the University of Cambridge and professional firms, various seminars conducted by Thomson Reuters on Anti-Money Laundering, Counter Terrorist Financing, Anti-bribery, Anti-Corruption, Operational Risk Management and Code of Conduct.

STATEMENT OF CORPORATE GOVERNANCE

In order to ensure that the Board is able to fulfil its responsibilities, the Management is required to provide timely information on matters that require the Board's decision and reports on material operational and financial matters of the Group. The Directors also have unrestricted access to the Company's records and information.

All Directors receive a set of Board papers prior to the Board meeting. This is generally issued to them at least three working days prior to the meeting in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board for decision or information, including issues being dealt with by the Management, relevant forecasts and projections;
- minutes of the previous Board meeting; and
- minutes of meetings of all Board Committees held since the previous meeting of the Board Committee.

In addition, the members of the Board have, at all times, independent and unrestricted access to the Management, the Company Secretary and internal and external auditors on all matters whenever they deem necessary.

The Company Secretary or a representative from the Company Secretary's office attends all Board meetings and meetings of the Board Committees and is responsible for ensuring that procedures for Board meetings (including those stipulated in the Company's Constitution) are followed and that applicable rules and regulations, including the requirements of the Companies Act 1967 and the SGX-ST Catalist Rules, are complied with.

The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The Board supports the taking of any independent professional advice by a Director, at the Company's expense, if necessary, in order for the Director to effectively discharge his duties and responsibilities.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Company endeavours to maintain a strong independent element on the Board with the Independent Directors making up a majority of the Board. The current Chairman is independent and Independent Directors currently make up a majority of the Board. The current composition of the Board complies with the Code's requirement that non-executive directors make up a majority of the Board. The independence of each Independent Director is reviewed annually by the Nominating Committee.

Under the Code 2018, an independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. Under Rule 406(3)(d) of the Catalist Rules of the SGX-ST, a Director will not be independent (i) if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, (ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Remuneration Committee, or (iii) if he has been a director of the issuer for an aggregate period of more than nine years, such director may continue to be considered independent until the conclusion of the next annual general meeting of the Company.

The Independent Directors help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel. The Independent Directors do not participate in the day-to-day management of the Group. The Board is able to exercise independent judgment on corporate affairs as all Directors debate constructively on subject matters tabled at Board meetings, regardless of whether they were independent or not. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process.

A Director who is not an employee of the Group and who is not the immediate family member of an employee of the Group and who has no relationship with the Group or its officers or its substantial shareholders which could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company, is considered to be independent. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

Mr Lim Boon Cheng and Dr Ho Choon Hou have served on the Board for more than nine years from the date of their first appointment. Under Rule 406(3)(d)(iv) of the Catalist Rules, Mr Lim Boon Cheng and Dr Ho Choon Hou may continue to be considered independent until the conclusion of the next annual general meeting of the Company in April 2024.

STATEMENT OF CORPORATE GOVERNANCE

Together, the Board members possess wide ranging experiences in the areas of strategic planning, accounting and finance and business and management in the industries which the Group operates in. Key information regarding the Directors is set out under the section entitled “Board of Directors” in this Annual Report.

The Board is of the view that the current Board comprise persons whose diverse skills, experience, knowledge, expertise, gender and attributes fosters constructive debates and provide for effective direction of the Group. The Management is able to benefit from their external and objective perspectives of issues that are brought before the Board. The Independent Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.

The Company has adopted a board diversity policy which recognises the importance of having an effective and diverse Board, taking into consideration the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. In reviewing the board composition, the NC will consider the balance of skills, experience, director independence, potential impact on boardroom dynamics, other principal commitments, previous employment held in the Company, if any, and knowledge of the Company on the Board and the diversity representation of the Board. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of Group, and support succession planning and development of the Board. Further to this, the Board and NC will also continue to take into consideration the need for diversity on the Board in the appointment of new Directors in line with the intent of Principle 2 of the Code. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of skills, knowledge, expertise, experience, diversity and gender, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The NC has not set a specific target for board diversity as it may detract from the more fundamental principle that the candidate must be of the right fit and meet the relevant needs and vision of the Company. The NC shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new Directors. Currently, 1 out of 5 Directors on the Board (20% of the Board) is female.

The Board is of the opinion that the current size of the Board and each Board Committee is adequate, taking into account the nature and scope of the Group’s operations. The Nominating Committee is of the view that no individual or small group of individuals dominates the Board’s decision-making process. The Nominating Committee is also of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience.

The non-executive Directors, led by the Independent Chairman, met once during FY 2022 without the presence of the Management. The Independent Chairman provides feedback to the Board as appropriate.

Chairman and Chief Executive Officer

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

The clear division of responsibilities between the Independent Chairman and the Managing Director ensures proper balance of power and authority, increased accountability and greater capacity of the Board for independent decision making in the Group.

The positions of the Independent Chairman and the Managing Director are kept separate and are held by Mr Lim Boon Cheng and Dr Wong Kar King respectively. The Independent Chairman’s duties and responsibilities include scheduling meetings, preparing Board agenda and ensuring compliance with the Code 2018. The Independent Chairman leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Managing Director. The Independent Chairman reviews the Board papers and ensures that Board members are provided with accurate, timely and clear information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meeting. The Independent Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

The Managing Director is responsible for the day-to-day operations of the Group and to ensure quality flow of information between the Board and the Management.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all decisions and policy changes are conducted through the respective Board Committees, which are chaired by Independent Directors.

Pursuant to the Code 2018, the Company has appointed Mr Lim Boon Cheng as Lead Independent Director. As Lead Independent Director, he is the contact person for Shareholders where the Shareholders have concerns and for which contact through the normal channels of the Chairman or the Managing Director has failed to resolve or is inappropriate.

STATEMENT OF CORPORATE GOVERNANCE

Board Membership

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

The Nominating Committee comprises two Independent Directors and the Independent Chairman:

Dr Ho Choon Hou	(Chairman)
Mr Lim Boon Cheng	(Member)
BG (RET) Lim Yeow Beng	(Member)

The Nominating Committee was established for the purpose of ensuring that there is a formal and transparent process for all board appointments.

The duties and functions of the Nominating Committee include the following:

- a. making recommendations to the Board on all board appointments;
- b. reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the Directors, having regard to the Directors' contribution and performance;
- c. reviewing succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Managing Director and key management personnel;
- d. determining annually, or whenever necessary during the year, the independence of Independent Directors, bearing in mind the relationships which would deem a Director not to be independent;
- e. making recommendations to the Board on the process and criteria for evaluation of the performance of the Board, the Board Committees and the individual Directors;
- f. evaluating the performance of the Board, the Board Committees and the contributions from the individual Directors on a year to year basis; and
- g. reviewing training and professional development programmes for the Board and its Directors.

For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria (which includes skills, knowledge, expertise, experience and character) with due consideration given to the size and composition and the mix of skills, knowledge and experience of the existing Board. After evaluating its selection criteria and considering the future needs of the Group, the Nominating Committee (which may use the services of a professional executive search firm), will shortlist the likely candidates, undertake background checks and invite the shortlisted candidates to an interview cum discussion that may include a briefing of the business of the Group and its expectation of its Directors' role and duties. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards. A formal letter is sent to newly-appointed Directors upon their appointment explaining their statutory and other duties and responsibilities as a Director.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the Nominating Committee, in consultation with the Board, will determine the selection criteria (which includes skills, knowledge, expertise, experience and character) and select the appropriate candidate for the position. The Board is also advised by the Sponsor on the appointment of directors as required under Rule 226(2)(d) of the SGX-ST Catalist Rules.

The Group also releases announcements on the appointment or cessation of Directors via SGXNET.

The Company's Constitution provides that at each Annual General Meeting ("AGM"), one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, is required to retire from office by rotation. Retiring Directors are selected on the basis of those who have been the longest in office since their last election or appointment, failing which they shall be selected by lot. In addition, any newly appointed Director must retire and may submit himself for re-election at the next AGM following his appointment. Thereafter he is subject to the one-third rotation rule if re-elected. Pursuant to Rule 720(4) of the SGX-ST Catalist Rules, the Managing Director would also have to subject himself to re-nomination and re-appointment at least once every three (3) years.

The Nominating Committee is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments.

After conducting reviews, the Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

STATEMENT OF CORPORATE GOVERNANCE

Details of the appointment of Directors including the date of initial appointment, the date of last re-election, directorships in listed companies and other principal commitments, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Mr Lim Boon Cheng	67	April 1, 2013	April 28, 2022	Present: BBR Holdings (S) Ltd Design Capital Ltd ⁽¹⁾	Present: Director of AIB MT Fund Asia Pte Ltd Past: Owner and Principal of Fitzroy Corporate Advisory Director of FGPO (Singapore) Ltd Director of FG Investors Pte Ltd
Dr Wong Kar King	61	February 19, 2004	April 30, 2021	-	Present: Director and shareholder of Greenphyto Pte. Ltd. Director and shareholder of Green Manor Hotels & Properties Sdn Bhd Director and shareholder of Manor Properties Group (M) Sdn Bhd Director of Advanced Controls Pte Ltd Director of Advanced Engineering Holdings Pte. Ltd. Director of Advanced CAE. Saudi Arabia Company Ltd. Director of Advanced Process Equipment (Thailand) Co. Ltd. Director of Guided Wave Asia Pte. Ltd. Past: Director of Advanced CAE Pte. Ltd. Director of Advanced China Ventures Pte. Ltd. Director of Advanced Environmental Technologies Pte. Ltd. Director of Applied Engineering Pte Ltd Director of Advanced Resources Holdings Pte. Ltd. Director of Advanced Water Engineering Pte. Ltd. Director of Applied Shipyard Pte. Ltd.



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Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Dr Ho Choon Hou ⁽²⁾	50	January 4, 2013	October 28, 2021	Present: Cordlife Group Limited Vividthree Holdings Ltd. Mclean Technologies Berhad ⁽³⁾	Present: Principal at Southern Capital Group Limited Non-Executive Director of Agricore Global Pte. Ltd. Non-Executive Director of Hoch Ventures Pte. Ltd. Non-Executive Director of Catermas Engineering Private Limited Non-Executive Director of Core Equipment Holdings Pte. Ltd. Non-Executive Director of Fuelcore Pte. Ltd. Non-Executive Director of SCG+ Private Limited Non-Executive Director of Southern Star Gourmet Pte. Ltd. Non-Executive Director of Star Learners Group Pte. Ltd. Non-Executive Director of Straits Group Pte. Ltd. Non-Executive Director of Catermas Investments Limited Non-Executive Director of Invictus Medical Investments Non-Executive Director of Maestro Group Holdings Limited

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Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
BG (RET) Lim Yeow Beng	64	August 14, 2019	April 28, 2022	-	Present: Independent and Non-Executive Director of Legend Logistics Limited Non-Executive Director of ALPS Pte Ltd Legal Representative and Non-Executive Director of Access World Shanghai Legal Representative, Chairman and Non-Executive Director of Access World Tonghua Legal Representative, Chairman and Non-Executive Director of Access World Guangzhou Non-Executive Director of Tripod Hospitality Pte Ltd Non-Executive Director of Tripod Hospitality Ltd (Thailand) Non-Executive Director of Unicorn Hotels and Resorts Ltd (Thailand) Non-Executive Director of Unicorn Hospitality Co Ltd (Thailand) Non-Executive Director of Face Bistro Pte Ltd Non-Executive Director of Eat Drink Sleep Play Pte Ltd Independent Adviser to Access World Logistics (Singapore) Pte. Ltd. (formerly known as Pacorini Metals (Asia) Pte. Ltd.) Independent Adviser to Goldbell Corporation Pte. Ltd. Independent Adviser to Manor Group (Singapore) Pte. Ltd. Independent Adviser to Royal Maritimo International Pte Ltd President/Adviser of AJJ Health Care Management Pte Ltd Past: Non-Executive Director of Enviropac (S) Pte Ltd Independent Adviser to ST Logistics group



STATEMENT OF CORPORATE GOVERNANCE

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Ms Tay Bee Gek ⁽⁴⁾	52	November 30, 2022	-	-	Present: Director of Advanced Controls Pte Ltd Director of Guided Wave Asia Pte Ltd Director of Advanced Engineering Holdings Pte Ltd Director of Advanced Agri Pte Ltd Director of Advanced CAE. Saudi Arabia Company Ltd Past: Director of Advanced CAE Pte. Ltd. Director of Chews Agriculture Pte Ltd Director of Chews Engineering Services Pte Ltd Director of Chews Group Investment Pte Ltd Director of Chews Group Marketing Pte Ltd Director of Chews Food International Limited

Notes:

- (1) Listed on the Hong Kong Stock Exchange.
- (2) Dr Ho Choon Hou will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.
- (3) Listed on Bursa Malaysia.
- (4) Ms Tay Bee Gek will retire at the forthcoming AGM pursuant to Article 97 of the Company's Constitution and will be eligible for re-election.

Board Performance

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

The Board's overall performance as well as the effectiveness of its Board Committees will be evaluated by the Nominating Committee. The Nominating Committee will also assess each Director's (including the Chairman's) contribution to the Board. The guidelines for assessment include attendance at meetings of the Board and the Board Committees, the level and quality of participation during the meetings and any other specific contributions. The Board did not engage an external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each Director for FY2022.

At the end of each financial year, a Board evaluation is conducted where the members of the Nominating Committee complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretary then compiles the Nominating Committee's responses to the questionnaire into a summarised report and circulates the same to the Board for discussion. The Chairman will act on the results of the performance evaluation, and in consultation with the Nominating Committee, propose, where appropriate, new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) the size and composition of the Board;
- (ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
- (iii) the Board's access to information;
- (iv) the accountability of the Board to the Shareholders;
- (v) the observation of risk management and internal control policies by the Board; and
- (vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code 2018).

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To assess the effectiveness of each Board Committee, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) the size and composition of the Board Committee;
- (ii) the discussion and decision-making processes of the Board Committee (including the conduct of meetings by the Board Committee);
- (iii) the Board Committee's access to information;
- (iv) the accountability of the Board Committee to the Board; and
- (v) the performance of the Board Committee (including the Board Committee's performance in relation to the discharge of its principal responsibilities set out in the Code 2018).

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) his or her participation at the meetings of the Board;
- (ii) his or her ability to contribute to the discussion conducted by the Board;
- (iii) his or her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
- (iv) his or her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
- (v) his or her compliance with the policies and procedures of the Group;
- (vi) his or her performance of specific tasks delegated to him or her;
- (vii) his or her disclosure of any related person transactions or conflicts of interest; and
- (viii) for Independent Directors, his or her independence from the Group and the Management.

Each member of the Nominating Committee abstains from making any recommendation and/or participating in any deliberation of the Nominating Committee and from voting on any resolution in respect of his own performance or re-nomination as a Director.

The Board and the Nominating Committee have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on director and executive remuneration, and for fixing the remuneration packages of individual Directors, key management and any employee who is related to a Director or substantial shareholder of the Group.

The Remuneration Committee comprises two Independent Directors and the Independent Chairman:

Mr Lim Boon Cheng	(Chairman)
Dr Ho Choon Hou	(Member)
BG (RET) Lim Yeow Beng	(Member)

The role of the Remuneration Committee is to review and recommend to the Board a general framework of remuneration for the Board and key management personnel. It also carries out a review of the remuneration of the key management personnel of the Group and any employee of the Group who is related to a Director or substantial shareholder. It reviews and recommends to the Board the specific remuneration packages and service contract terms for the executive directors and the key management personnel, as well as the administration and granting of share options or awards in accordance with any share option scheme or performance share plan of the Company. The Remuneration Committee considers all aspects of remuneration, including but not limited to salaries, bonuses, allowances, other benefits-in-kind and termination terms, to ensure that they are fair. No Director or member of the Remuneration Committee is involved in deciding his own remuneration. Each member of the Remuneration Committee abstains from voting on any resolution in respect of his own remuneration package.

The Remuneration Committee may seek professional advice on remuneration matters as and when necessary. The Remuneration Committee ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultant during the financial year under review.

STATEMENT OF CORPORATE GOVERNANCE

Level and Mix of Remuneration

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

The Group adopts a remuneration policy that is primarily performance based taking into account each person's job responsibilities, function and market conditions. The remuneration for employees of the Group comprises a fixed component and a performance-related variable component in an effort to link rewards to corporate and individual performance, align their interests with those of shareholders and promote the long-term success of the Group. The fixed component consists of a base salary and fixed allowance. The variable component is in the form of a bonus that is linked to the Group's and the individual's performance. The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages. A significant and appropriate proportion of the Managing Directors' and key management personnel's remuneration is structured so as to link rewards to the Group's and individual performance.

The remuneration of the Managing Director is based on the service agreement entered into between Dr Wong Kar King and the Company on June 1, 2007. The service agreement will be for an initial period of 3 years, effective from June 1, 2007 and renewable thereafter. The terms of the service agreement are reviewed by the Remuneration Committee on an annual basis.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Director's remuneration paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties.

The remuneration of the directors is appropriate to their level of contribution and respective responsibilities. The Independent Directors receive directors' fees for serving on the Board and any of the Board Committees. The chairman of the Board or each Board Committee is compensated for his additional responsibilities. Such fees take into account their efforts, time spent, level of contribution and responsibilities as well as the need to pay competitive fees to attract, retain and motivate them. These fees are subject to Shareholders' approval as a quarterly payment in arrears at the AGM of the Company.

The remuneration policy for key management personnel is based largely on the Company's performance and the responsibilities and performance of each individual key management personnel. The Remuneration Committee reviews and recommends the remuneration packages of key management personnel for the Board's approval. The Remuneration Committee reviews the level and mix of remuneration and approves the framework for salary reviews, performance bonus and incentives for the Executive Directors and key management personnel for the Group. In setting the remuneration packages, the Remuneration Committee takes in consideration the performance of the Group and the individual's performance as well as the contribution to revenue and profitability. Salaries are benchmarked against comparable roles in similar industries, while bonuses are granted based on the performance of the Group Company and the individual.

The remuneration packages for employees who are related to any Director or substantial shareholder of the Company and the responsibilities and performance of each such related employee are also reviewed. The Remuneration Committee reviews and recommends the remuneration packages of such related employees for the Board's approval.

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.

Directors of the Company

Provision 8.1 of the Code 2018 requires disclosure of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (i) each individual director and the CEO; and (ii) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel. The policy and criteria used in setting the level of remuneration is based on various factors including performance of the Group, industry practices and the individual's performance and time commitment, contributions towards achievement of corporate objectives and targets, integrity and accountability.

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In respect of the amounts and breakdown of the remuneration, after careful deliberation and taking into consideration the competitive pressures in the talent market, the sensitive and confidential nature of remuneration, the relative size of the Group as well as the competitive business environment in which the Group operates in, the Board has, on review, decided not to disclose the precise remuneration of the Company's Executive Directors. The Board is of the view that it is not in the Group's best interest to make such precise disclosure as the disadvantages which would be caused to the Group's business interest would far outweigh the benefits of such disclosure. The level and mix of remuneration paid to the Executive Directors for FY2022 are as follows:

Executive Director	Remuneration Band	Salary including CPF	Performance Bonus	Benefits	Total
Dr Wong Kar King	From \$750,001 to \$1,000,000	97%	-	3%	100%
Ms Tay Bee Gek	Below \$250,000	100%	-	-	100%

Remuneration paid to non-executive Directors comprised solely directors' fees paid quarterly in arrears and were approved by the shareholders in the AGM held on April 28, 2022. The breakdown of directors' fees paid and/or payable to the non-executive Directors for FY2022 is as follows:

Non-executive Directors	Directors' Fees (\$)
Mr Lim Boon Cheng	60,000
Dr Ho Choon Hou	50,000
BG (RET) Lim Yeow Beng	40,000

Key Management Personnel of the Company

The annual aggregate remuneration paid to the top five (5) key management personnel of the Company (excluding the Executive Directors) for FY2022 is \$431,983. Details of the remuneration paid to such key management personnel are set out below:

Key Management Personnel	Salary including CPF	Performance Bonus	Benefits	Total
Below \$250,000				
Samantha Teo ⁽¹⁾	100%	-	-	100%
Johnson Wang YiLong ⁽¹⁾	100%	-	-	100%
Yang Xiao Fei ⁽²⁾	100%	-	-	100%
Quah Kim Teck ⁽²⁾	100%	-	-	100%
Wong Swee Yoke Irene	100%	-	-	100%

Notes:

- (1) Resigned during FY2022
 (2) Their roles with the Group have extinguished following the disposal of Advanced CAE Pte. Ltd. and Advanced CAE Ltd during FY2022.

The Board is of the view that given the sensitive and confidential nature of employees' remuneration and to maintain good morale and a strong team spirit within the Group, detailed disclosure on the top key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

There are no termination, retirement and post-employment benefits granted to Directors or the key management personnel.

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Employees who are substantial Shareholders of the Company or are immediate family members of a Director or substantial Shareholder

There was no employee who is a substantial shareholder or who is an immediate family member of a Director or substantial Shareholder of the Company and whose remuneration exceeds \$100,000 for FY2022. The details of the employee who is an immediate family of a Director and her remuneration are as follows:

Name	Designation	Familial Relationship	Remuneration Band
Wong Swee Yoke Irene	Director and General Manager of Advanced Controls (M) Sdn Bhd	Sister of Dr Wong Kar King	Below \$50,000

The Company believes that, taken as a whole, the disclosures on remuneration provided above are meaningful and sufficiently transparent in giving an understanding of the remuneration of its Directors and employees, the Company's remuneration policies, level and mix of remuneration, performance and value creation.

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.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board, with the assistance of the Audit Committee, is responsible for the overall governance of risk by ensuring that the Group maintains sound systems of risk management and internal controls. The Audit Committee reviews and makes recommendations to the Board on the adequacy and integrity of those systems on an annual basis.

The Group has implemented a system of internal controls and risk management to safeguard Shareholders' investments and the Company's assets. Proper accounting records are maintained and financial information used for business purposes and for publication is reliable. The controls are designed by the Management and include, among others, the documentation of key procedures and guidelines relating to the delegation of authorities. The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Group's material internal controls to the extent of their scope as laid out in their audit plan.

In the opinion of the Board, the system of internal controls and risk management maintained by the Management is adequate and effective to meet the needs of the current business environment. However, the Board notes that the review of the Group's system of internal controls and risk management is a continuing process and there is always room for improvement having regard that no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, natural disasters, losses, fraud or other irregularities. The system of internal controls and risk management adopted by the Group is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has received assurances from:

- (a) the Managing Director and the Executive Director and Group Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal controls systems.

The Company has engaged PKF-CAP Risk Consulting Pte Ltd, a member of the PKF International, as the internal auditors to perform an internal audit for FY2022. PKF-CAP Risk Consulting Pte Ltd is a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors report directly to the Chairman of the Audit Committee on all internal audit matters.

PKF-CAP Risk Consulting Pte Ltd is headed by Mr Michael Chin, who is Fellow (practising) member of the Institute of Singapore Chartered Accountants and a Fellow member of the Institute of Chartered Accountants in England and Wales. Prior to heading PKF-CAP Risk Consulting Pte Ltd, he joined Arthur Andersen LLP as a partner in its Assurance and Business Advisory division before leaving the firm to set up his own audit and consultancy practices together with another partner. Mr Michael Chin has extensive experience as engagement director in charge of numerous internal audit assignments including corporate governance, risk management and FRS compliance review for companies listed on the SGX as well as for not-for-profit organisations such as the People's Association.

STATEMENT OF CORPORATE GOVERNANCE

The role of the internal auditors is to support the Audit Committee in ensuring that the Company maintains a sound system of internal controls and risk management. The internal auditors monitor and assess the effectiveness of the key controls and procedures, conduct in-depth audits of high-risk areas and undertake investigation as directed by the Audit Committee. The findings from the reviews and checks on the adequacy of internal controls and risk management are rated and reported to the Audit Committee. In particular, high-risk matters are highlighted to the Audit Committee and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management. The Audit Committee approves the hiring, removal, evaluation and compensation of the internal auditors. The Audit Committee ensures that the internal auditors are adequately resourced and has appropriate standing within the Company.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. To ensure the adequacy of the internal audit function, the Audit Committee meets at least once a year to review the internal audit findings and to approve the annual internal audit plans. The members of the Audit Committee have unrestricted access to the internal auditors on all matters whenever they deem necessary and will meet the internal auditors without the presence of the Management at least once annually.

In addition, the Company's external auditors carry out, in the course of their statutory audit, a review of the effectiveness of the internal financial controls to the extent of their scope as laid out in the audit plan. The external auditors, during the conduct of their normal audit procedures, may also report on any matters relating to the internal controls. Any non-compliance or recommendation for improvement will be reported to the Audit Committee. The Management will follow up on the auditors' recommendations as part of its role in the review of the Company's internal controls systems.

The Audit Committee will assess the independence, adequacy and effectiveness of the internal audit function annually. Based on the audit reports and management controls in place, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at December 31, 2022 in its current business environment.

Risk Management

The Board oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, risk management practices will be put in place to address these risks.

Financial Risk Management Policies

The Group's principal financial instruments comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. Financial assets that expose the Company to financial risk consist principally of cash and cash equivalents, trade and other receivables. Financial liabilities that expose the Company to financial risk consist principally of trade and other payables and bank borrowings. The carrying amounts of the current financial assets and liabilities carried at amortised cost approximate to their fair values.

The Group's activities are exposed to a variety of financial risks, including the effects of changes in foreign currency rates and interest rates, along with credit and liquidity risks. The Group has adopted risk management policies that seek to mitigate these risks in a cost-effective manner. The Board reviews and approves policies for managing each of these risks and they are summarised below.

Foreign Currency Risk

The Group's main foreign currency risk exposure results from sales transactions denominated in foreign currencies, primarily in the United States Dollar and Euro. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries.

The Group's policy is to manage foreign currency exposure by way of natural hedge and this policy is reviewed quarterly by the Audit Committee. It mitigates foreign currency exposure by striving, where possible, to negotiate sale and purchase transactions in the same currency with counterparties. Exposure to foreign currency risk is monitored on an on-going basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

Interest Rate Risk

The Group's exposure to changes in interest rates arises primarily from the Group's fixed deposits placed with banks.

Credit Risk

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are deemed to be reputable and are regulated by a supervisory body. For trade receivables, the Group trades only with recognised and creditworthy counterparties. It is the Group's policy to perform on-going credit evaluation of its customers' financial condition. In addition, receivable balances are monitored on a monthly basis by the Management.

STATEMENT OF CORPORATE GOVERNANCE

The carrying amount of financial assets represents the maximum credit exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Therefore, there are no significant concentrations of credit risk within the Group.

Liquidity Risk

To manage liquidity risk, the Group prepares cashflow projections, and reviews its cash requirement on a regular basis. It maintains sufficient level of cash and cash equivalents to enable it to meet its normal operating commitments and secures committed funding facilities from financial institutions.

Audit Committee

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

The Audit Committee comprises two Independent Directors and the Independent Chairman:

Mr Lim Boon Cheng (Chairman)
Dr Ho Choon Hou (Member)
BG (RET) Lim Yeow Beng (Member)

The Audit Committee held four meetings during FY2022. Dr Wong Kar King, the Managing Director, attended all four meetings. The Group's external auditors were also present at the relevant junctures during some of these meetings. Separate sessions with the external auditors are also held without the presence of the Management at least annually, to consider any matters which might be raised privately.

The primary responsibility of the Audit Committee is to provide support and assistance to the Board in ensuring that a high standard of corporate governance is maintained at all times. The Audit Committee has full access to all management personnel and has full discretion to invite any Director or executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The responsibilities of the Audit Committee include the following:

- review the Group's financial and operating results and accounting policies;
- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- review the periodic and annual announcements as well as the related press releases on the result and financial position of the Group;
- review the audit plan of the external auditors;
- review the consolidated financial statements of the Group before submission to the Board together with the external auditors' report on those financial statements;
- review and evaluate at least annually the adequacy and effectiveness of the Group's systems of internal controls and risk management;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit;
- review and make recommendations to the Board on the re-appointment of external auditors of the Company and the Group;
- review and make recommendations to the Board on the remuneration and terms of engagement of the external auditors;
- review the effectiveness of the internal audit function and ensure co-ordination between the internal and external auditors and the Management;
- review the assurance from the Managing Director and the Chief Financial Officer on the financial records and financial statements;
- review interested person transactions;
- review any potential conflicts of interest;
- review the policy and arrangements for concerns about improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- review and discuss with the external auditors 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;
- undertake such reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- generally undertake such other functions and duties which may be required by statute or the rules of the Catalist Rules of the SGX-ST, and by such amendments made thereto from time to time.

STATEMENT OF CORPORATE GOVERNANCE

Following discussions with the Management and the external auditors, the Audit Committee has determined that the following areas are the key risks of misstatement of the Group's financial statements. The table below indicates how these matters were discussed and addressed:

Significant Matter	How the Matter was Addressed by the Audit Committee
a. Accounting for disposal of subsidiaries and discontinued operations.	The Audit Committee reviewed the Management's assessment to evaluate the dates of loss of control and approach on the derecognition of the assets and liabilities of the disposed subsidiaries at their carrying value as at date where control was lost. The Audit Committee also reviewed the basis on which the loss arising from the disposals were computed and that disclosures on the discontinued operations are appropriately included in the financial statements. See Notes 13 and 33 to the financial statements.
b. Contract revenue recognition	The Audit Committee reviewed the contract revenue recognition procedure, the key controls of the revenue cycle and the Management's approach to the recognition of contract income, with reference to the input method which involved the Management's assessment of the stage of completion of the contract activity and the estimated total costs to completion of the contract. The Audit Committee reviewed the basis on which the revenue of the contracts has been recognised and concurred with the Management's judgments on the amounts involved. See Notes 3.2(a), 7 and 26 to the financial statements.
c. Impairment assessment of investment in an associate	The Audit Committee reviewed the Management's approach to assess the impairment of the investment in an associate which involved determining the recoverable amount based on fair value less cost of disposal ("FVLCD") model. FVLCD model involves engaging an independent valuer in estimating the market value of these assets The Audit Committee reviewed the assumptions used in the FVLCD computation by the external valuer and basis on which the valuation is performed and concurred with the Management's judgment on the amount involved. See Notes 3.2(b) and 14 to the financial statements.

The external auditors have included the above significant matters as key audit matters in their audit report for FY2022 together with a detailed description of the audit procedures adopted (refer to pages 44 to 45 of this Annual Report).

The Board is of the view that all the members of the Audit Committee collectively have relevant accounting or related financial management expertise and are appropriately qualified to discharge their responsibilities. The Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external and internal auditors. The Audit Committee does not comprise former partners or directors of the Company's existing auditing firm within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm and for as long as they have any financial interest in the auditing firm.

The Company has also set in place whistle-blowing procedures pursuant to which employees of the Group may, in confidence or anonymously, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The Audit Committee is responsible for the oversight and monitoring of whistleblowing procedures. All such investigations are undertaken by members of the Audit Committee with the assistance of the Executive Directors and/or senior management, where appropriate to ensure that Rule 1204(18B) of the Catalist Rules is complied with. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the Audit Committee will then decide on recommended disciplinary or remedial action, if any. The action so determined by the Audit Committee to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively. The Company is committed to ensure that employees making any reports will be treated fairly and protected from reprisal or detrimental or unfair treatment. The Company also ensures that the identity of such employees is kept confidential.

There were no whistle-blowing letters or communication received during FY2022 and as of the date of this annual report.

STATEMENT OF CORPORATE GOVERNANCE

The Audit Committee has reviewed the work performed by the external auditors, Ernst & Young LLP, after taking into consideration the relevant guidelines issued to the Audit Committees by the SGX-ST and/or the Singapore Accounting & Corporate Regulatory Authority.

After taking into consideration the adequacy of the resources and experience of Ernst & Young LLP (including the audit partner in charge of auditing the Company), the other audit engagements of Ernst & Young LLP, the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the Audit Committee and the Board are of the view that Ernst & Young LLP has been able to assist the Company in meeting its audit obligations and the Company is in compliance with Rule 712 of the Catalist Rules.

Ernst & Young LLP is the Company's current external auditors and was appointed since 30 October 2020. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees payable to Ernst & Young LLP for their audit and non-audit services for FY2022 are \$195,000 and \$14,000 respectively.

The Audit Committee is satisfied with the independence and objectivity of the external auditors. The Audit Committee has conducted an annual review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services do not affect the independence of the external auditors.

The Company engages different audit firms for its subsidiaries or significant associated companies and the names of these audit firms are disclosed on Page 91 of this Annual Report. The Board and Audit Committee have reviewed the appointments of these audit firms and are of the view that the appointments of these other audit firms do not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 715 (when read with Rule 716) and Rule 717 of the Catalist Rules.

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.

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Catalist Rules of the SGX-ST.

Shareholder meetings are the principal forum for communication with Shareholders. Annual Reports and notices of the AGMs or any other Shareholder meetings (as the case may be) are sent to all Shareholders at least 14 days before the scheduled date of such meeting. The external auditors and the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders. Appropriate management personnel are also present at general meetings to respond, if necessary, to operational questions from Shareholders. All Directors attended the AGM and EGM of the Company held during FY2022.

A Shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies. The Constitution of the Company allows Shareholders to attend and vote at general meetings of the Company by proxies. A Shareholder of the Company may appoint up to two proxies to attend and vote on behalf of the Shareholder at shareholder meetings, save that no limit shall be imposed on the number of proxies for Shareholders that are nominee companies.

Resolutions to be passed at general meetings are always separate and distinct on each substantially separate issue so that Shareholders are better able to exercise their right to approve or deny the issue or motion, unless the issues are interdependent and linked so as to form one significant proposal.

At the general meetings, Shareholders are given the opportunity to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Group and its operations. There is an open question and answer session at each general meeting during which Shareholders may raise questions or share their views regarding the proposed resolutions and the Company's business and affairs.

Votes at all Shareholder meetings are taken by poll so that Shareholders are accorded rights proportionate to their shareholding and all votes are counted. The procedures of the poll will be explained by the appointed scrutineers at the general meeting prior to the taking of the poll.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and such minutes will be published on the Company's corporate website as soon as practicable. Results of the general meeting are also released as an announcement via SGXNET.

STATEMENT OF CORPORATE GOVERNANCE

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to Shareholders via announcements released on SGXNET.

Engagement with Shareholders

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

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. All material information and financial results are released through SGXNET and where appropriate, through media releases.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. All press releases to explain the Group's strategy, performance and major developments are also made available on SGXNET.

Following the passing of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, alternative arrangements have been put in place to allow Shareholders to participate in the forthcoming AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions in advance of, or "live" at, the AGM, and (c) voting at the AGM (i) "live" by themselves or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM.

In presenting the annual and periodic financial statements to Shareholders, it is the aim of the Board to provide a detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects. In addition, the Company will also release timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Catalyst Rules of the SGX-ST. Pertinent information will be disclosed to Shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price and/or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts.

The Company does not have an investor relations policy but maintains a website (www.AdvancedHoldings.com) which allows the public to be aware of the Group's latest development and businesses. Shareholders can provide feedback to the Company via email to IRs@advancedholdings.com or via mail to the registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that key management personnel may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, customers, community, government and regulators, 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.

Please refer to the Sustainability Report of the Company which the Company will publish by 30 April 2023 for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022.

As mentioned in the previous page, the Company maintains a website (www.AdvancedHoldings.com), which allows the stakeholders to communicate and engage with the Company.

STATEMENT OF CORPORATE GOVERNANCE

SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Catalyst Rules requires Singapore-listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance issued on August 6, 2018 (the “Code 2018”) in their annual reports for the financial years commencing on or after January 1, 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code 2018.

Board Matters	Remuneration Matters	Shareholder Rights and Responsibilities
The Board's Conduct of Affairs Principle 1 Provision 1.1 Page - 16 Provision 1.2 Page - 17 Provision 1.3 Page - 17 Provision 1.4 Page - 16 Provision 1.5 Page - 17 Provision 1.6 Page - 18 Provision 1.7 Page - 18	Procedures for Developing Remuneration Policies Principle 6 Provision 6.1 Page - 25 Provision 6.2 Page - 25 Provision 6.3 Page - 25, 26 Provision 6.4 Page - 26	Shareholder Rights and Conduct of General Meetings Principle 11 Provision 11.1 Page - 32 Provision 11.2 Page - 32 Provision 11.3 Page - 32 Provision 11.4 Page - 32 Provision 11.5 Page - 32 Provision 11.6 Page - 33
Board Composition and Guidance Principle 2 Provision 2.1 Page - 18 Provision 2.2 Page - 18 Provision 2.3 Page - 18 Provision 2.4 Page - 19 Provision 2.5 Page - 19	Level and Mix of Remuneration Principle 7 Provision 7.1 Page - 26 Provision 7.2 Page - 26 Provision 7.3 Page - 26	Engagement with Shareholders Principle 12 Provision 12.1 Page - 33 Provision 12.2 Page - 33 Provision 12.3 Page - 33
Chairman and Chief Executive Officer Principle 3 Provision 3.1 Page - 19 Provision 3.2 Page - 19 Provision 3.3 Page - 19	Disclosure on Remuneration Principle 8 Provision 8.1 Page - 27 Provision 8.2 Page - 28 Provision 8.3 Page - 27	Managing Stakeholders Relationships Engagement with Stakeholders Principle 13 Provision 13.1 Page - 33 Provision 13.2 Page - 33 Provision 13.3 Page - 33
Board Membership Principle 4 Provision 4.1 Page - 20 Provision 4.2 Page - 20 Provision 4.3 Page - 20 Provision 4.4 Page - 20 Provision 4.5 Page - 20, 21	Accountability and Audit Risk Management and Internal Controls Principle 9 Provision 9.1 Page - 28 Provision 9.2 Page - 28	
Board Performance Principle 5 Provision 5.1 Page - 24, 25 Provision 5.2 Page - 24, 25	Audit Committee Principle 10 Provision 10.1 Page - 30 Provision 10.2 Page - 30 Provision 10.3 Page - 31 Provision 10.4 Page - 28, 29 Provision 10.5 Page - 30	

STATEMENT OF CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

SUSTAINABILITY REPORTING

The Company will publish its Sustainability Report for FY2022 by 30 April 2023 and is prepared in accordance with the Global Reporting Initiative Standards and in line with the requirements of the Catalyst Rules on Sustainability reporting. The report highlights the key economic, environmental, social and governance factors such as economic performance, emission and occupational health and safety.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure transactions with interested persons are properly reviewed and approved, and are conducted on an arm's length basis.

If the Company does enter into an interested person transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

There were no discloseable interested person transactions during FY2022.

SECURITIES TRANSACTIONS

The Board has in place a policy on share dealings. All Directors, officers and staff of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the period commencing one month before the announcement of the Group's half year and full year results, and ending on the date of the announcement of such results. All Directors, officers and staff of the Group are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the policy discourages trading in the Company's securities on short term considerations. The Company does not have a share buyback plan and therefore does not deal in its own shares.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Managing Director or any Director or Controlling Shareholders.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2022.



ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr Ho Choon Hou and Ms Tay Bee Gek are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on April 28, 2023 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

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

	MS TAY BEE GEK	DR HO CHOON HOU
Date of Appointment	November 30, 2022	January 4, 2013
Dates of last re-appointment	-	October 28, 2021
Age	52	50
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualifications, work experience and suitability of Ms Tay Bee Gek for re-appointment as Executive Director. The Board has reviewed and concluded that Ms Tay Bee Gek possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualifications, work experience and suitability of Dr Ho Choon Hou for re-appointment as Independent Director, and as the Chairman of the Nominating Committee and a member of each of the Audit Committee and Remuneration Committee. The Board has reviewed and concluded that Dr Ho Choon Hou possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.
Whether appointment is executive, and if so, the area of responsibility	The appointment is executive and Ms Tay Bee Gek is responsible for the Group's strategic direction, financial control and management, corporate development and planning and investor relations.	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Group Chief Financial Officer	Independent Director; Chairman of the Nominating Committee; Member of the Audit Committee; Member of the Remuneration Committee
Professional qualifications	Chartered Accountant, Non-Practising from Institute of Singapore Chartered Accountant Chartered Valuer & Appraiser from Nanyang Technologies University, Singapore Practitioner Certificate in Personal Data Protection (Singapore) from International Association of Privacy Professional Bachelor of Accountancy from Nanyang Technologies University, Singapore Diploma in Investment Banking and Investment from Institute of Banking and Finance, Singapore	Bachelor of Medicine and Bachelor of Surgery, University of Sheffield Master of Medicine (Surgery), National University of Singapore Master of Business Administration (Honours), The University of Chicago (The Graduate School of Business)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAY BEE GEK	DR HO CHOON HOU
Working experience and occupation(s) during the past 10 years	March 2022 to current: Chief Financial Officer of Advanced Holdings Ltd. February 2020 to March 2022: Director, Business Advisory at InCorp Global Pte Ltd August 2010 to December 2019: Group Chief Financial Officer of One Apex Limited (fka Chews Group Limited)	Principal, Southern Capital Group Limited
Shareholding interest in the Company and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes



ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAY BEE GEK	DR HO CHOON HOU
Other Principal Commitments* Including Directorships (for the last 5 years) **"Principal Commitments" has the same meaning as defined in the Code 2018.	Present: Director of Advanced Controls Pte Ltd Director of Guided Wave Asia Pte Ltd Director of Advanced Engineering Holdings Pte Ltd Director of Advanced Agri Pte Ltd Director of Advanced CAE. Saudi Arabia Company Ltd Past: Director of Advanced CAE Pte. Ltd. Director of Chews Agriculture Pte Ltd Director of Chews Engineering Services Pte Ltd Director of Chews Group Investment Pte Ltd Director of Chews Group Marketing Pte Ltd Director of Chews Food International Limited	Past: Non-Executive Director of Stemlife Berhad Present: Principal at Southern Capital Group Limited Vice Chairman and Independent Director of Cordlife Group Limited Chairman and Independent Director of Vividthree Holdings Ltd. Independent Director of Mclean Technologies Berhad Non-Executive Director of Agricore Global Pte. Ltd. Non-Executive Director of Hoch Ventures Pte. Ltd. Non-Executive Director of Catermas Engineering Private Limited Non-Executive Director of Core Equipment Holdings Pte. Ltd. Non-Executive Director of Fuelcore Pte. Ltd. Non-Executive Director of SCG+ Private Limited Non-Executive Director of Southern Star Gourmet Pte. Ltd. Non-Executive Director of Star Learners Group Pte. Ltd. Non-Executive Director of Straits Group Pte. Ltd. Non-Executive Director of Catermas Investments Limited Non-Executive Director of Invictus Medical Investments Non-Executive Director of Maestro Group Holdings Limited
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAY BEE GEK	DR HO CHOON HOU
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS TAY BEE GEK	DR HO CHOON HOU
(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 (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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 a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.



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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Advanced Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Dr Wong Kar King
Mr Lim Boon Cheng
Dr Ho Choon Hou
BG (RET) Lim Yeow Beng
Ms Tay Bee Gek (Appointed on 30 November 2022)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

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

Name of directors and company in which interests is held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year

Advanced Holdings Ltd.

(Ordinary shares)

Dr Wong Kar King	41,402,109	41,402,109	–	–
BG (RET) Lim Yeow Beng	6,666	6,666	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, Dr Wong Kar King is deemed to have an interest in the shares of all the related corporations of the Company.

The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same at 31 December 2022.

Share options

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

During the financial 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.

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

DIRECTORS' STATEMENT

Audit Committee

The Audit Committee of the Company, comprising all independent directors, is chaired by Mr Lim Boon Cheng, and includes Dr Ho Choon Hou and BG (RET) Lim Yeow Beng. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and independent and internal auditors of the Company:

- (a) the audit plans of the internal auditors of the Group and the Company and ensured the adequacy of the Group's system of internal accounting controls and the co-operation given by the Company's management to the independent and internal auditors;
- (b) the Group's financial and operating results and accounting policies;
- (c) the periodic and annual announcements on the results and financial position of the Group and the Company before their submission to the Board of Directors;
- (d) the annual audit plan of the Company's independent auditor and the results of their examination of the financial information of the Company, the consolidated financial statements of the Group and the independent auditor's report on those financial statements before their submission to the Board of Directors;
- (e) effectiveness of the material internal controls of the Group, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- (f) met with the independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (g) legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (h) the cost effectiveness and the independence and objectivity of the independent auditors;
- (i) the nature and extent of non-audit services provided by the independent auditors;
- (j) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation of the independent auditors and reviewed the scope and results of the audit;
- (k) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and
- (l) reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

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 independent and internal auditors have unrestricted access to the Audit Committee.

Auditors

Ernst & Young LLP will not be seeking re-appointment at the forthcoming Annual General Meeting.

On behalf of the board of directors:

Dr Wong Kar King
Director

Mr Lim Boon Cheng
Director

Singapore

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Advanced Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2022, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, 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 ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for disposal of subsidiaries and discontinued operations

During the financial year, the Group entered into sales and purchase agreements to dispose of its entire equity interests in Advanced CAE Pte Ltd and its subsidiary ("CAE SG Group") and Advanced CAE Ltd ("CAE CN") to a third party.

We identified this as a key audit matter due to its financial significance to the consolidated financial statements.

Our audit procedures included the following:

- Reviewed the relevant agreements related to the disposal of subsidiaries to understand the terms and conditions and the economic substance of the transactions and to evaluate management's assessment on the dates of loss of control.
- Checked the receipts of sales proceeds and traced the clearance to bank statements.
- Checked the de-recognition of assets and liabilities at their carrying values as of the dates where controls were lost.
- Re-computed the loss on disposal arising from the loss of control in CAE SG Group and CAE CN.
- Assessed the adequacy of the Group's disclosure on disposal of subsidiaries and discontinued operations made in Notes 13 and 33 to the financial statements.

Contract revenue recognition

19% of the Group's revenue relate to contracts with customers to provide system integration solutions that are recognised over-time by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

completion is measured by reference to the proportion of total costs incurred at the statement of financial position date compared to management's budgeted total contract cost (the "input method").

Significant management judgement is required for the estimation of each contract's stage of completion, total cost required for completion, and assessing the risk of onerous contracts. Accordingly, we have determined this to be a key audit matter.

Our audit procedures included the following:

- Obtained an understanding of the Group's internally established methods and processes for recognising contract revenue and tested key internal controls over the revenue recognition process.
- Evaluated management's estimates and assumptions used in recognising revenue for individually significant contracts and contracts for projects subject to higher uncertainties such as those where a large portion of materials and services are provided by external vendors and those having significant changes to budgeted cost.
- Reviewed the key terms and conditions of selected contracts including related amendments and variation options that can impact the recognition of contract revenue, cost of sales and foreseeable losses.
- Evaluated management's computations and application of the input method used in determining the stage of completion of the contracts by reviewing the actual costs incurred up to the statement of financial position date, its relationship to the extent of progress towards completion, and the current estimated costs to complete the projects.
- Discussed with management and relevant project managers to understand the progress of the projects, reasons for budgeted cost variances, risks of project delays and onerous contracts and reviewed external evidence such as project acceptance documentation and correspondences with customers and contractors.
- Assessed the adequacy of the Group's disclosures on contract revenue recognition and associated estimation uncertainty made in Notes 3.2(a), 7 and 26 to the financial statements.

Impairment assessment of investment in an associate

The Company's investment in an associate, Agricore Global Pte Ltd ("Agricore") amounted to \$2,039,000 as at 31 December 2022, which represents 5% of the total assets of the Group.

Management has identified impairment indicators for investment in Agricore. In determining the recoverable amount of the investment, management used fair value less costs of disposal approach. Following management's impairment assessment, an impairment of \$2,155,000 was recorded to write-down the carrying amount of investment in Agricore.

Significant management judgment is required in the identification of impairment indicators and in estimating recoverable amount which are affected by market prices of comparable assets and the physical attributes of the objects being valued. Accordingly, we have identified the impairment assessment as a key audit matter.

Our audit procedures included the following:

- Obtained an understanding of management's methodology and process to determine the carrying amount and recoverable amount of investment in an associate.
- Evaluated management's identification of relevant impairment indicators.
- Evaluated the objectivity, independence and competence of the independent valuer engaged by management.
- Discussed with management and the independent valuer and obtained assistance from our internal valuation specialist to understand and evaluate the appropriateness of the valuation methodology applied, and key inputs and assumptions used such as market data, observable prices of comparable assets and adjustments made for location, size, and condition of the asset.
- Reviewed the adjustments made for the effects of liabilities, cash and non-operating assets to determine the recoverable amount of investment in an associate.
- Assessed the adequacy of the Group's and Company's disclosures on the impairment assessments and associated estimation uncertainty made in Notes 3.2(b) and 14 to the financial statements.

Other information

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

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 Lee Lai Hiang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022.

		Group		Company	
	Note	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank balances	4	23,067	19,245	7,064	1,941
Trade receivables	5	1,205	9,036	—	—
Other receivables and prepayments	6	11,441	2,850	10,642	5,259
Contract assets	7	5	6,130	371	525
Inventories	8	183	10,782	—	—
		35,901	48,043	18,077	7,725
Assets classified as held for sale	13	—	4,470	—	—
Total current assets		35,901	52,513	18,077	7,725
Non-current assets					
Property, plant and equipment	9	478	18,149	437	487
Right-of-use assets	10	—	3,001	—	—
Goodwill on consolidation	11	—	—	—	—
Intangible assets	12	—	—	—	—
Investments in subsidiaries	13	—	—	23,720	37,391
Investment in an associate	14	2,039	3,787	2,039	3,787
Investment in a joint venture	15	943	426	1,436	510
Loans to a joint venture	16	2,246	—	2,246	—
Deferred tax assets	17	—	609	—	—
Total non-current assets		5,706	25,972	29,878	42,175
Total assets		41,607	78,485	47,955	49,900
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	18	1,132	2,151	625	625
Trade and other payables	19	1,316	8,765	15,823	11,736
Contract liabilities	7	313	12,227	—	—
Lease liabilities	20	—	51	—	—
Provision for warranty	21	—	20	—	—
Income tax payable		95	232	—	—
		2,856	23,446	16,448	12,361
Liabilities directly associated with assets classified as held for sale	13	—	2,463	—	—
Total current liabilities		2,856	25,909	16,448	12,361

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

Note	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Bank borrowings	18	1,884	6,116	1,094
Lease liabilities	20	–	2,467	–
Deferred tax liabilities	17	–	5	–
Total non-current liabilities		1,884	8,588	1,094
Capital, reserves and non-controlling interests				
Share capital	22	47,433	47,433	47,433
Treasury shares	23	(1,837)	(1,837)	(1,837)
Foreign currency translation reserve	24	(224)	631	–
General reserve	25	–	1,617	–
Accumulated losses		(8,581)	(3,936)	(15,183)
Equity attributable to owners of the Company		36,791	43,908	30,413
Non-controlling interests		76	80	–
Total equity		36,867	43,988	30,413
Total liabilities and equity		41,607	78,485	47,955

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022.

	Note	2022 \$'000	2021 \$'000 Restated
Revenue			
Cost of sales	26	13,274 (10,759)	10,146 (6,264)
Gross profit		2,515	3,882
Other operating income	27	149	140
Distribution and marketing costs		(397)	(2,499)
Administrative expenses		(2,381)	(3,418)
Other operating expenses	28	(121)	(837)
Other (losses)/gains, net	29	(1,393)	(1,087)
Finance costs	30	(93)	(134)
Share of results of an associate and a joint venture		96	(121)
Loss before taxation from continuing operations	31	(1,625)	(4,074)
Income tax expense	32	(21)	(37)
Loss from continuing operations, net of tax		(1,646)	(4,111)
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	33	(4,615)	1,776
Loss for the year		(6,261)	(2,335)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(174)	288
Realisation of foreign currency translation differences on disposal of subsidiaries		(686)	–
Total comprehensive income for the year		<u>(7,121)</u>	<u>(2,047)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	Note	2022 \$'000	2021 \$'000 Restated
(Loss)/profit attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(1,647)	(4,115)
(Loss)/profit from discontinued operations, net of tax		(4,615)	1,776
		(6,262)	(2,339)
Non-controlling interests			
Profit from continuing operations, net of tax		1	4
		(6,261)	(2,335)
Total comprehensive income attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(1,816)	(4,443)
(Loss)/profit from discontinued operations, net of tax		(5,301)	2,398
		(7,117)	(2,045)
Non-controlling interests			
Loss from continuing operations, net of tax		(4)	(2)
		(7,121)	(2,047)
(Losses)/earnings per share (cents)			
From continuing operations attributable to equity owners			
Basic and diluted	34	(1.63)	(4.06)
From discontinued operations attributable to equity owners			
Basic and diluted	34	(4.56)	1.75

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital (Note 22)	Treasury shares (Note 23)	Foreign currency translation reserve (Note 24)	General reserve (Note 25)	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
2022								
Balance as at 1 January 2022	47,433	(1,837)	631	1,617	(3,936)	43,908	80	43,988
(Loss)/profit for the year	–	–	–	–	(6,262)	(6,262)	1	(6,261)
Other comprehensive income for the year	–	–	(855)	–	–	(855)	(5)	(860)
Total comprehensive income for the year	–	–	(855)	–	(6,262)	(7,117)	(4)	(7,121)
Others								
Disposal of subsidiaries	–	–	–	(1,617)	1,617	–	–	–
Total others	–	–	–	(1,617)	1,617	–	–	–
Balance as at 31 December 2022	47,433	(1,837)	(224)	–	(8,581)	36,791	76	36,867

	Share capital (Note 22)	Treasury shares (Note 23)	Foreign currency translation reserve (Note 24)	General reserve (Note 25)	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
2021								
Balance as at 1 January 2021	47,433	(1,837)	337	1,561	(1,539)	45,955	85	46,040
(Loss)/profit for the year	–	–	–	–	(2,339)	(2,339)	4	(2,335)
Other comprehensive income for the year	–	–	294	–	–	294	(6)	288
Total comprehensive income for the year	–	–	294	–	(2,339)	(2,045)	(2)	(2,047)
Others								
Appropriation to general reserve	–	–	–	56	(56)	–	–	–
Acquisition of non-controlling interest	–	–	–	–	(2)	(2)	(3)	(5)
Total others	–	–	–	56	(58)	(2)	(3)	(5)
Balance as at 31 December 2021	47,433	(1,837)	631	1,617	(3,936)	43,908	80	43,988

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital (Note 22) \$'000	Treasury shares (Note 23) \$'000	Accumulated losses \$'000	Total \$'000
Company				
Balance as at 1 January 2021	47,433	(1,837)	(9,229)	36,367
Loss for the year, representing total comprehensive income for the year	–	–	(547)	(547)
Balance as at 31 December 2021 and 1 January 2022	47,433	(1,837)	(9,776)	35,820
Loss for the year, representing total comprehensive income for the year	–	–	(5,407)	(5,407)
Balance as at 31 December 2022	47,433	(1,837)	(15,183)	30,413



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Operating activities		
Loss before taxation from continuing operations	(1,625)	(4,074)
(Loss)/profit before taxation from discontinued operations	(4,520)	1,623
	(6,145)	(2,451)
Loss before taxation		
Adjustments for:		
Depreciation of property, plant and equipment	750	704
Depreciation of right-of-use assets	182	437
Allowance for inventories obsolescence	–	94
Inventories written off	–	2
Property, plant and equipment written off	59	–
Allowance for expected credit losses on trade receivables and contract assets	427	159
Gain on modification of lease	–	(1)
(Gain)/loss on disposal of property, plant and equipment and right-of-use assets	(2,013)	20
Write down on remeasurement of disposal group classified as held for sale	–	534
Impairment loss on goodwill	–	176
Impairment loss on right-of-use assets	–	639
Impairment loss on property, plant and equipment	–	66
Impairment loss on investment in an associate	2,155	108
Share of results of an associate	(407)	37
Share of results of a joint venture	311	84
Provision for modification of existing products	–	1,689
Provision/(Write-back of provision) for warranty	169	(61)
Loss on disposal of subsidiaries (Note 13)	3,481	–
Interest expense on bank borrowings	221	215
Interest expense on lease liabilities	73	106
Interest income	(176)	(75)
Unrealised exchange loss/(gain)	79	(52)
Operating cash flows before movements in working capital	(834)	2,430
Increase in inventories	(603)	(5,927)
Decrease/(increase) in contract assets	3,253	(2,520)
(Increase)/decrease in trade receivables	(3,079)	2,291
Increase in other receivables and prepayments	(6,061)	(544)
Increase in contract liabilities	9,351	3,892
Increase in trade and other payables	759	819
Utilisation of provision for warranty	–	(16)
Cash generated from operations	2,786	425
Income tax paid	(11)	(365)
Interest paid	(294)	(300)
Interest received	115	75
Net cash flows from/(used in) operating activities	2,596	(165)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Investing activities		
Proceeds from disposal of property, plant and equipment and right-of-use assets	13,224	204
Net cash outflow arising on disposal of subsidiaries, representing cash and cash equivalents of subsidiaries disposed (Note 13)	(2,612)	–
Purchase of property, plant and equipment	(1,551)	(4,898)
Investment in a joint venture	(561)	(510)
Deferred payment for an investment in an associate	–	(5,000)
Loans to a joint venture	(2,550)	–
Net cash flows from/(used in) investing activities	5,950	(10,204)
Financing activities		
Acquisition of non-controlling interest of a subsidiary (Note A)	–	(5)
Proceeds from bank borrowings	603	–
Repayment of bank borrowings	(5,855)	(1,439)
Repayment of principal portion of lease liabilities (Note 18)	(79)	(394)
Decrease/(increase) in pledged fixed deposits	515	(24)
Net cash flows used in financing activities	(4,816)	(1,862)
Net increase/(decrease) in cash and cash equivalents	3,730	(12,231)
Cash and cash equivalents at beginning of the year (Note 4)	19,553	31,065
Effects of exchange rate changes on the balance of cash held in foreign currencies	(216)	719
Cash and cash equivalents at end of the year (Note 4)	23,067	19,553



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note A

Acquisition of non-controlling interest in 2021

In 2021, the Group acquired remaining 0.13% equity interests in its subsidiary, Guided Wave Incorporated ("GWI") and subsequent to this acquisition, GWI became wholly-owned subsidiary of the Group. Cash outflow as a result of acquisition of equity interests in GWI is set out below:

	2021
	\$'000
Non-current assets	1
Inventories	2
Trade and other receivables	1
Other current assets	2
Trade and other payables	(2)
Non-current liabilities	(1)
Net identifiable assets	3
Premium paid to acquire equity interest from non-controlling interest	2
Net cash outflow on acquisition of non-controlling interests	5

As the change in ownership interests in the subsidiary does not result in a loss of control, the loss from acquisition of the non-controlling interest has been accounted for as equity transaction. The resulting cash flow has been classified as cash outflows used in financing activities.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. General Information

Advanced Holdings Ltd. (the "Company") is a limited liability company incorporated in Singapore with its principal place of business and registered office at 30 Woodlands Loop, Singapore 738319. The Company is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries, an associate and a joint venture are disclosed in Notes 13, 14 and 15 respectively.

During the financial year, the Group disposed two major subsidiaries, Advanced CAE Pte Ltd ("CAE SG") and Advanced CAE Ltd ("CAE CN") to a third party and presented their results as discontinued operations. Other than as stated, there have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS (I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective.

Description	Effective for annual periods beginning on or after
<i>Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<i>To be determined</i>
<i>SFRS(I) 17 Insurance Contracts</i>	<i>1 January 2023</i>
<i>Amendments to SFRS(I) 17</i>	<i>1 January 2023</i>
<i>Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies</i>	<i>1 January 2023</i>
<i>Amendments to SFRS(I) 1-8: Definition of Accounting Estimates</i>	<i>1 January 2023</i>
<i>Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	<i>1 January 2023</i>
<i>Amendments to SFRS (I) 17: Initial Application of SFRS (I) 17 and SFRS (I) 9 - Comparative Information</i>	<i>1 January 2023</i>
<i>Amendment to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i>	<i>1 January 2024</i>
<i>Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback</i>	<i>1 January 2024</i>
<i>Amendments to SFRS(I) 1-1: Non-Current Liabilities with Covenants</i>	<i>1 January 2024</i>

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2.4 **Basis of consolidation and business combinations**

(a) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the statement of comprehensive income. Any investment retained is recognised at fair value.

(b) **Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred in the statement of comprehensive income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.5 *Transactions with non-controlling interest*

Non-controlling interest represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars ("SGD"), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of comprehensive income of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.7 *Property, plant and equipment (Cont'd)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	over the lease period ranging from 42 to 47 years
Leasehold improvements	-	10 years
Plant and equipment	-	3 to 10 years
Renovation	-	3 to 10 years
Motor vehicles	-	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is de-recognised.

2.8 *Intangible assets*

(a) *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment at each reporting date and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.8 *Intangible assets (Cont'd)*

(b) *Other intangible assets (Cont'd)*

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

2.9 *Non-current assets held for sale and discontinued operations*

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after taxation from discontinued operations in the statement of comprehensive income. The comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.10 *Subsidiaries (Cont'd)*

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Associates and joint ventures*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the statement of comprehensive income.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 *Impairment of non-financial assets*

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.12 *Impairment of non-financial assets (Cont'd)*

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

2.13 *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 of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

(a) *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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.13 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Classification of financial assets (Cont'd)

Amortised cost and effective interest method (Cont'd)

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, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. 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 and at fair value through other comprehensive income ("FVTOCI"), except for short-term balances when the effect of discounting is immaterial.

Interest income is recognised in the statement of comprehensive income 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 the statement of comprehensive income in the "other gains and losses" line item.

Impairment of financial assets

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses 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 debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions 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 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.13 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

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

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 considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, or independent rating agencies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- 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; 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 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, 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.

For financial guarantee contracts, the date that the Group or the Company 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 financial guarantee contracts, the Group or the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.13 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Definition of default

The Group considers information developed internally or obtained from external sources that indicates that the debtor is unlikely to pay its creditors in full, including the Group (without taking into account any collaterals held by the Group), as constituting as an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the aforementioned criteria are generally not recoverable.

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 criterion 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; or
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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. 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 the statement of comprehensive income.

Measurement and recognition of expected credit losses

The measurement of expected credit losses 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 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. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size or industry of debtors; and
- External credit ratings where available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.13 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Measurement and recognition of expected credit losses (cont'd)

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 months ECL at the current reporting date.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 the statement of comprehensive income.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.13 Financial instruments (Cont'd)

(b) Financial liabilities and equity instruments (Cont'd)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not i) contingent consideration of an acquirer in a business combination, ii) held-for-trading, or iii) designated as at fair value through profit or loss ("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.

Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in the statement of comprehensive income (Note 29) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of comprehensive income for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.14 **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 **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.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Cost is calculated on the following methods:

Raw materials and finished goods	-	First-in, first-out method
Spare parts and consumable tools	-	Weighted average method

2.16 **Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(a) **Assurance-type warranty**

The Group recognises the estimated liability to repair or replace products that are still under assurance-type warranty at the end of the reporting period.

Provisions for assurance-type warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation, and is calculated based on historical experience of the level of repairs and replacements. Changes in estimates are recognised in the statement of comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.17 Provisions (Cont'd)

(b) Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(c) Reinstatement costs

A provision for reinstatement costs for leased property is recognised when an underlying make good obligation clause exists in property lease contracts. The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date, based on current legal requirements and technology. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the reporting date.

2.18 Leases

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

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land use rights	-	over the period of 47 years
Leasehold land	-	over the period of 42 years
Motor vehicles	-	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.12.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.18 Leases (Cont'd)

(a) Group as a lessee (Cont'd)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other operating income in the period in which they are earned.

2.19 Employee benefits

(a) Defined contribution plans

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 and state-sponsored retirement benefit scheme in China, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.19 *Employee benefits (Cont'd)*

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.20 *Contract assets and liabilities*

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

2.21 *Revenue recognition*

The Group recognises revenue from the following major sources:

- Contract income from system integration solutions for process analyser and specialty valves.
- Sale of analyser technologies products.
- Maintenance and repair of analysers, specialty valves and systems.
- Commission income from agency agreements.

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. The Group has generally concluded that it is the principal in its revenue arrangements, except for the commission income from agency agreements below, because it typically control the goods or services before transferring them to the customer.

(a) *Contract income from system integration solutions for process analyser and specialty valves*

The Group provides comprehensive one-stop system integration solutions and services for process analyser systems, specialty valves as well as chemical metering skids. Starting from front-end engineering design (FEED), project management and execution, factory manufacturing, installation, field commissioning, start-ups, supply of spare parts and upgrading to on-site maintenance services to the oil & gas, petrochemical, pharmaceutical and semiconductor industries. These solutions and services are customised for each customer, and can range from short term of a few months to long term of a few years.

Such contracts are entered into before construction of the systems begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the products to another customer and has an enforceable right to payment for work done.

Revenue from construction of system integration solutions is therefore recognised over time on input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The Group becomes entitled to invoice customers for construction of the system integration solutions based on achieving a series of performance-related milestones. A particular milestone is reached after the customer is sent relevant documentary proof such as statement of work, along with an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is typically less than one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.21 Revenue recognition (Cont'd)

(a) **Contract income from system integration solutions for process analyser and specialty valves (cont'd)**

Extended warranty

The Group may provide extended warranty in addition to the assurance-type warranty to certain customers. The extended warranty is a distinct service because the customer has the option to purchase the extended warranty separately. Hence, the Group accounts for the extended warranty as a separate performance obligation and recognises it over time.

(b) **Sale of goods – analyser technologies products**

The Group specialises in online and laboratory analysers and offers a range of products, uses for which include: process measurement, analytical chemistry as well as quality controls analysis to the petroleum, petrochemicals, chemicals, oil & gas, polymer, printing and paint industries. The products are sold mainly to other businesses in the abovementioned industries.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Sales-related warranties associated with the analysers cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets in accordance with the accounting policy set out in Note 2.17

(c) **Sale of services – Maintenance and repair of analysers, specialty valves and systems**

The Group provides maintenance and repair services of analysers, specialty valves and systems. The maintenance services pertain to contractually agreed-upon task(s) for a customer which include but not limited to maintenance services, testing and commissioning services. Such services are recognised as a performance obligation satisfied over time based on the time spent over the agreed rate.

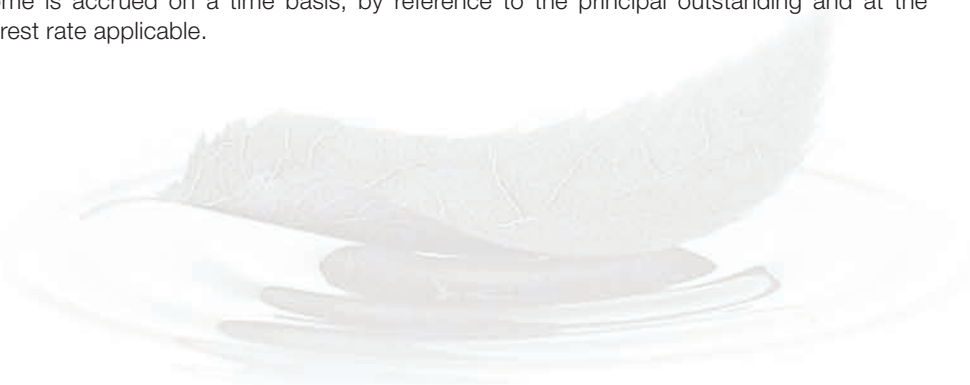
(d) **Commission income from agency agreements**

The Group receives commission income from suppliers that they have agency agreements with, at agreed upon percentages of the sale the suppliers make with the referred customer. The Group is acting as an agent in the arrangement with the suppliers for being exclusive distributors, and amounts collected should be recognised as a net amount of commission.

Revenue relating to the commission income is recognised when the commission is earned after the supplier notifies the entity. This represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(e) **Others**

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.21 Revenue recognition (Cont'd)

(e) Others (Cont'd)

Dividend income is recognised when the shareholders' rights to receive payment have been established.

The Group's policy for recognition of revenue from operating leases is described above (Note 2.18).

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the country where the Company operates and generates taxable income.

Current income taxes are recognised in the statement of comprehensive income except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in associate where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.22 Taxes (Cont'd)

(b) **Deferred tax (Cont'd)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) **Sales tax**

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.23 **Research and development costs**

Research and development cost that does not meet the recognition criteria under SFRS(I) 1-38 Intangible Assets, are recognised as an expense in the period in which it is incurred.

2.24 **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. 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 the statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

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

2.25 **Share capital and share issuance expense**

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

2.26 **Treasury shares**

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if issued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.27 General reserve

(a) Statutory reserve

The People's Republic of China ("PRC") laws and regulations require the entities to provide for a statutory reserve which is appropriated from net income as reported in the PRC statutory financial statements. The use of this reserve is at the discretion of the entities' Board of Directors. The reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase share capital.

(b) Capital reserve

Capital reserve represents a portion of earnings for the establishment of a legal reserve in compliance with the relevant laws and regulations of Belgium. The subsidiary has elected to establish the maximum allowable reserve, equivalent to 10% of its share capital.

2.28 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Cont'd)

2.29 *Current versus non-current classification (Cont'd)*

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

Management is of the opinion that there are no critical judgements (other than those involving estimates) on the amounts recognised in the financial statements.

3.2 *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.

(a) *Construction contracts*

The Group recognises contract revenue overtime by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by reference to the proportion of total costs incurred at the statement of financial position date compared to management's budgeted total contract cost (the "input method").

Significant assumptions are required for the estimation of each contract's stage of completion, total cost required for completion and assessing the risk of onerous contract. Total contract revenue may include an estimation of the variation works recoverable from the customers to the extent it is probable that the claim on customers will succeed. In making these estimates, management relies on its past experience.

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 7 to the financial statements.

(b) *Impairment assessment of investment in an associate*

The Group assesses whether there are any indicators of impairment for its investment in an associate at each reporting date. The Group also assesses whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

3.2 Key sources of estimation uncertainty (Cont'd)

(b) Impairment assessment of investment in an associate (Cont'd)

An impairment exists when the carrying value of investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on market value of the land permits held by the associate and adjustments were made for the effects of liabilities, cash and non-operating assets.

The Group engaged professional independent valuers to determine the fair value of the land permits. The fair value is determined using recognised valuation techniques which require the use of estimates such as market comparables, specifications and physical condition of the objects being valued. These estimates are based on market conditions existing at each valuation date.

The carrying amount, valuation technique and key assumptions used to determine the fair value of the land permits is disclosed in Note 14 to the financial statements.

4. Cash and bank balances

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	7,552	18,730	550	1,941
Fixed deposits	15,515	515	6,514	–
	23,067	19,245	7,064	1,941
Classified as held for sale (Note 13)	–	823	–	–
Total	23,067	20,068	7,064	1,941
Less: Pledged fixed deposits	–	(515)	–	–
Cash and cash equivalents	23,067	19,553	7,064	1,941

Fixed deposits earn fixed effective interest rates ranging from 3.3% to 3.8% (2021: 0.3% to 1.8%) per annum and for varying tenure periods of between 3 days and 33 days (2021: 9 days and 1.9 years). These fixed deposits can be terminated with no significant cost to the Group.

In 2021, fixed deposits were pledged to banks for credit facilities of the Group (Note 36).

5. Trade receivables

	Group	
	2022	2021
	\$'000	\$'000
Third parties	1,366	9,188
Joint ventures and associates	–	8
Less: Allowance for expected credit loss	(161)	(160)
	1,205	9,036
Classified as held for sale (Note 13)	–	938
	1,205	9,974

The credit period is generally 30 to 90 days (2021: 30 to 90 days). No interest is charged on the outstanding balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. Trade receivables (Cont'd)

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, and considering general economic conditions of the industry in which the debtors operate and forecasts of future economic conditions.

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

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The movement in expected credit loss allowance of trade receivables computed based on lifetime ECL are as follow:

	Group	
	Life-time ECL	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	160	112
Charge to statement of comprehensive income	427	166
Write-off against allowance	(1)	(118)
Disposal of subsidiaries	(425)	–
	161	160
Classified as held for sale (Note 13)	–	3
Balance as at 31 December	161	163

6. Other receivables and prepayments

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Loans to subsidiaries	–	–	61	2,032
Less: Allowance for expected credit losses	–	–	(61)	–
	–	–	–	2,032
Sundry receivables	124	311	20	110
Other receivables from subsidiaries	–	–	–	3,079
Sales consideration receivable from disposal of a subsidiary	10,600	–	10,600	–
Deposit	5	77	–	–
	10,729	388	10,620	5,221
Advance payments to suppliers	667	2,381	–	–
Prepayments	45	81	22	38
	11,441	2,850	10,642	5,259
Classified as held for sale (Note 13)	–	249	–	–
	11,441	3,099	10,642	5,259

Loans to subsidiaries and other receivables are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Other receivables and prepayments (Cont'd)

Loss allowance had been made for estimated irrecoverable loan to a subsidiary amounting to \$61,000 in view of the financial position of the subsidiary and uncertainties regarding recoverability from this subsidiary.

The movement in allowance of loans to subsidiaries are as follows:

	Company	
	12 months ECL	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	–	3,964
Write-off against allowance	–	(3,964)
Charge to statement of comprehensive income	61	–
Balance as at 31 December	61	–

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and have strong capacity to meet its contractual cashflows obligations in the near term. 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 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 the receivables as well as the loss upon default. Management determines that these receivables are subject to immaterial credit losses other than those balances as provided for above.

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

7. Contract assets and contract liabilities

Contract assets

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Accrued revenue	5	79	371	525
Amounts related to construction contracts	–	6,065	–	–
Less: Allowance for expected credit losses	–	(14)	–	–
	5	6,130	371	525

Contract assets relating to accrued revenue are amounts for which the Group and Company have performed work as at statement of financial position date, but have not billed the 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.

Contract assets relating to construction contracts are balances due from customers under contract income that arise when the relevant performance obligation for the customer contract is satisfied and the Group becomes entitled to the consideration per the contract. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management 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 relevant customers' industry.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. Contract assets and contract liabilities (Cont'd)

The movement in expected credit loss allowance of contract assets computed based on lifetime ECL are as follow:

	Group	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	14	21
Credit to the statement of comprehensive income	–	(7)
Disposal of subsidiaries	(14)	–
Balance as at 31 December	–	14

Contract liabilities

	Group	
	2022	2021
	\$'000	\$'000
Advance receipts from customers	–	10,150
Amounts related to construction contracts	313	2,077
	313	12,227

Contract liabilities arise from advance receipts from customers, where revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer makes advance payments prior to delivery of goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

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

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is \$2,746,000 (2021: \$4,098,000).

8. Inventories

	Group	
	2022	2021
	\$'000	\$'000
Raw materials	–	1,263
Spare parts and consumable tools	–	369
Work-in-progress	183	8,007
Finished products	–	3
Goods in transit	–	1,140
	183	10,782
Classified as held for sale (Note 13)	–	1,405
	183	12,187

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. Inventories (Cont'd)

Movement in allowance for inventories obsolescence:

	Group	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	480	769
Charge to statement of comprehensive income	–	94
Classified as held for sale	–	(360)
Disposal of subsidiaries	(480)	–
Translation differences	–	(23)
Balance as at 31 December	–	480

The allowance for inventories obsolescence relates to raw materials, spare parts and consumable tools.

9. Property, plant and equipment

	Buildings and improvements	Plant and equipment	Renovation	Motor vehicles	Construction in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Cost						
Balance as at 1 January 2021	21,722	3,183	2,529	472	–	27,906
Additions	–	158	–	484	4,256	4,898
Disposals	–	(28)	–	(371)	–	(399)
Write-off	–	(157)	(19)	–	–	(176)
Classified as held for sale (Note 13)	–	(623)	–	–	–	(623)
Translation differences	283	52	60	4	–	399
Balance as at 31 December 2021 and 1 January 2022	22,005	2,585	2,570	589	4,256	32,005
Additions	–	187	–	78	1,286	1,551
Disposals	(15,959)	–	(887)	–	–	(16,846)
Write-off	–	(159)	(419)	(29)	–	(607)
Disposal of subsidiaries	(5,479)	(2,000)	(1,171)	(144)	(5,099)	(13,893)
Translation differences	(567)	(90)	(93)	(10)	(405)	(1,165)
Balance as at 31 December 2022	–	523	–	484	38	1,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Property, plant and equipment (Cont'd)

	Buildings and improvements	Plant and equipment	Renovation	Motor vehicles	Construction in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Accumulated depreciation						
Balance as at 1 January 2021	8,321	2,922	2,156	233	–	13,632
Depreciation charge for the year	426	102	138	38	–	704
Disposals	–	(1)	–	(174)	–	(175)
Write-off	–	(157)	(19)	–	–	(176)
Classified as held for sale (Note 13)	–	(590)	–	–	–	(590)
Translation differences	248	68	60	4	–	380
Balance as at 31 December 2021 and 1 January 2022	8,995	2,344	2,335	101	–	13,775
Depreciation charge for the year	419	35	242	54	–	750
Disposals	(4,068)	–	(741)	–	–	(4,809)
Write-off	–	(140)	(380)	(28)	–	(548)
Disposal of subsidiaries	(4,815)	(1,679)	(1,333)	(72)	–	(7,899)
Translation differences	(531)	(41)	(123)	(7)	–	(702)
Balance as at 31 December 2022	–	519	–	48	–	567
Accumulated impairment losses						
Balance as at 1 January 2021	–	15	–	–	–	15
Impairment loss for the year	–	–	66	–	–	66
Balance as at 31 December 2021 and 1 January 2022	–	15	66	–	–	81
Disposal	–	–	(66)	–	–	(66)
Disposal of subsidiaries	–	(15)	–	–	–	(15)
Balance as at 31 December 2022	–	–	–	–	–	–
Carrying amount						
Balance as at 31 December 2022	–	4	–	436	38	478
Balance as at 31 December 2021	13,010	226	169	488	4,256	18,149

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Property, plant and equipment (Cont'd)

	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000
Company			
Cost			
Balance as at 1 January 2021	86	372	458
Additions	4	484	488
Write-off	(8)	–	(8)
Transferred to a subsidiary	(2)	–	(2)
Disposal	–	(372)	(372)
Balance as at 31 December 2021 and 1 January 2022	80	484	564
Write-off	(27)	–	(27)
Balance as at 31 December 2022	53	484	537
Accumulated depreciation			
Balance as at 1 January 2021	85	136	221
Depreciation charge for the year	2	37	39
Write-off	(8)	–	(8)
Transferred to a subsidiary	(2)	–	(2)
Disposal	–	(173)	(173)
Balance as at 31 December 2021 and 1 January 2022	77	–	77
Depreciation charge for the year	2	48	50
Write-off	(27)	–	(27)
Balance as at 31 December 2022	52	48	100
Carrying amount			
Balance as at 31 December 2022	1	436	437
Balance as at 31 December 2021	3	484	487

During the year, the Group disposed the building and leasehold land with carrying amounts of \$11,828,000 and \$1,714,000 respectively to a third party. A gain on disposal of property, plant and equipment and right-of-use assets of \$2,013,000 was recognised in the statement of comprehensive income (Note 33).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Property, plant and equipment (Cont'd)

The depreciation expense has been included in the following line items in the consolidated statement of comprehensive income:

	Group	
	2022	2021
	\$'000	\$'000
Continuing operations		
- Distribution and marketing costs	12	13
- Administrative expenses	86	154
	98	167
Discontinuing operations		
- Cost of sales	175	244
- Distribution and marketing costs	25	33
- Administration expenses	452	260
	652	537
	750	704

In 2021, the Group had pledged one of its leasehold properties with total carrying amount of \$12,278,000 to secure certain banking facilities granted to the Group (Note 18).

Impairment testing on property, plant and equipment

2022

No impairment loss on property, plant and equipment was recorded in 2022.

2021

As at 31 December 2021, the Group carried out a review of the recoverable amount of its property, plant and equipment attributable to Advanced CAE ("CAE") CGU due to uncertain global economic conditions and the existing challenging surrounding the oil and gas industry. CAE CGU also incurred operating losses for the year ended 31 December 2021.

The recoverable amount of the property, plant and equipment allocated to CAE CGU was determined based on a value-in-use calculation of the CGU using cash flow projections based on financial budgets approved by directors covering 5 years' periods.

The post-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5 years' periods were as follows:

	2021
Growth rate	1.6%
Post-tax discount rates	10.25%

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Budgeted revenue and gross margins - The budgeted revenue and gross margins are within the range of actual revenue achieved from 2017 to 2021 and range from 12% to 16% respectively.

If the budgeted revenue for 2022 decreased to the actual revenue for 2021 and all other key assumptions remain unchanged, would result in additional impairment in CAE CGU.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Property, plant and equipment (Cont'd)

Impairment testing on property, plant and equipment (Cont'd)

2021 (Cont'd)

If the gross profit margin for 2021 decreased to 9.5%, with annual increase of 1% from 2023 to 2026 and all other key assumptions remain unchanged, would result in additional impairment in CAE CGU.

Long-term growth rate - Rate used to extrapolate cashflows is based on the sustainable growth of the Singapore economy in the future.

Discount rate - The discount rate used represent the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Based on the assessment, the recoverable amount of property, plant and equipment allocated to this CGU was computed to be lower than carrying amounts. As such, impairment loss of \$66,000 was allocated to property, plant and equipment and recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

10. Right-of-use assets

In 2021, the Group had lease contracts (as a lessee) for leasehold land, land use rights and motor vehicles. The average lease term ranges from 2 to 47 years. The Group's obligations under its leases were secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

In 2022, these assets are de-recognised upon disposal of the subsidiaries.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land use rights	Leasehold land	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Group				
Cost				
Balance as at 1 January 2021	1,388	3,221	34	4,643
Additions	–	1,287	–	1,287
Modification of lease	–	(45)	–	(45)
Write-off	–	(528)	(7)	(535)
Classified as held for sale (Note 13)	–	(1,153)	–	(1,153)
Translation differences	69	(3)	–	66
Balance as at 31 December 2021 and 1 January 2022	1,457	2,779	27	4,263
Disposals	–	(2,634)	–	(2,634)
Write-off	–	(12)	–	(12)
Disposals of subsidiaries (Note 13)	(1,372)	(117)	(27)	(1,516)
Translation differences	(85)	(16)	–	(101)
Balance as at 31 December 2022	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Right-of-use assets (Cont'd)

	Land use rights	Leasehold land	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Group				
Accumulated depreciation				
Balance as at 1 January 2021	222	609	26	857
Depreciation charge for the year	30	399	8	437
Modification of lease	–	(30)	–	(30)
Write-off	–	(528)	(7)	(535)
Classified as held for sale (Note 13)	–	(115)	–	(115)
Translation differences	11	(2)	–	9
Balance as at 31 December 2021 and 1 January 2022	263	333	27	623
Depreciation charge for the year	25	157	–	182
Disposals	–	(281)	–	(281)
Write-off	–	(12)	–	(12)
Disposals of subsidiaries (Note 13)	(262)	(181)	(27)	(470)
Translation differences	(26)	(16)	–	(42)
Balance as at 31 December 2022	–	–	–	–
Accumulated impairment				
Balance as at 1 January 2021	–	–	–	–
Impairment loss for the year	–	639	–	639
Balance as at 31 December 2021 and 1 January 2022	–	639	–	639
Disposals	–	(639)	–	(639)
Balance as at 31 December 2022	–	–	–	–
Carrying amount				
Balance as at 31 December 2022	–	–	–	–
Balance as at 31 December 2021	1,194	1,807	–	3,001

Impairment testing on right-of-use assets

2022

No impairment loss on right-of-use assets was recorded in 2022.

2021

As at 31 December 2021, the Group carried out a review of the recoverable amounts of its right-of-use assets attributable to CAE CGU due to uncertain global economic conditions and the existing challenging climate surrounding the oil and gas industry.

The recoverable amount of the right-of-use assets allocated to this CGU was determined based on a value-in-use calculation of the CGU using cash flow projections based on financial budgets approved by directors covering 5 years' periods.

The key assumptions used in value-in-use calculations were detailed in Note 9.

Based on the assessment, the recoverable amounts of right-of-use assets allocated to this CGU was computed to be lower than carrying amounts. As such, impairment loss of \$639,000 was allocated to right-of-use assets and recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. Goodwill

	Group
	\$'000
Cost:	
Balance as at 1 January 2022, 31 December 2021 and 1 January 2022	2,795
Disposal of a subsidiary	(2,609)
Balance as at 31 December 2022	186
Allowance for impairment losses:	
Balance as at 1 January 2021	2,619
Impairment loss for the year	176
Balance as at 31 December 2021 and 1 January 2022	2,795
Disposal of subsidiaries	(2,609)
Balance as at 31 December 2022	186
Carrying amount:	
Balance as at 31 December 2022	–
Balance as at 31 December 2021	–

Goodwill acquired in a business combination is allocated at acquisition to the Group's CGUs that are expected to benefit from the business combination. The gross carrying amounts of goodwill have been allocated to the following CGUs:

	Group	
	2022	2021
	\$'000	\$'000
<u>Engineering service and manufacturing:</u>		
Analytical Technology & Control Ltd	–	1,895
Advanced CAE Pte Ltd ("CAE")	–	176
Guided Wave Incorporated	–	538
Advanced CAE (ME) Control System L.L.C ("CAE ME")	186	186
	186	2,795

Impairment testing on goodwill

2022

No impairment loss on goodwill was recorded in 2022.

2021

The annual impairment test of goodwill acquired through business combinations related to goodwill of \$176,000 that has been allocated to the CAE CGU.

The recoverable amount of this CGU were determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by directors covering 5 years' period.

The key assumptions used in value-in-use calculations were detailed in Note 9.

Based on the assessment, the recoverable amounts allocated to this CGU was computed to be lower than carrying amounts. As such, impairment loss of \$176,000 was allocated to goodwill and recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. Intangible assets

	Customer order books	Software	License fee and patents	Total
	\$'000	\$'000	\$'000	\$'000
Group				
Cost				
Balance as at 1 January 2021, 31 December 2021 and 1 January 2022	150	121	670	941
Disposal of subsidiaries	(132)	(119)	(679)	(930)
Translation differences	(18)	(2)	9	(11)
Balance as at 31 December 2022	–	–	–	–
Accumulated amortisation				
Balance as at 1 January 2021, 31 December 2021 and 1 January 2022	150	85	495	730
Disposal of subsidiaries	(132)	(82)	(503)	(717)
Translation differences	(18)	(3)	8	(13)
Balance as at 31 December 2022	–	–	–	–
Accumulated impairment losses				
Balance as at 1 January 2021, 31 December 2021 and 1 January 2022	–	36	175	211
Disposal of subsidiaries	–	(33)	(175)	(208)
Translation differences	–	(3)	–	(3)
Balance as at 31 December 2022	–	–	–	–
Carrying amount				
Balance as at 31 December 2022	–	–	–	–
Balance as at 31 December 2021	–	–	–	–

Customer order books, license fee and patents and software are amortised over their estimated useful lives, ranging from 5 to 10 years.

13. Investments in subsidiaries

	Company	
	2022	2021
	\$'000	\$'000
Unquoted equity shares, at cost	31,295	46,410
Less: Allowance for impairment losses	(7,575)	(9,019)
	23,720	37,391

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2022	2021	2022	2021
			%	%	%	%
<i>Held by the Company</i>						
Advanced Controls Pte. Ltd. ⁽¹⁾	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries.	Singapore	100	100	100	100
Advanced Controls (M) Sdn. Bhd. ⁽²⁾	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Malaysia	100	100	100	100
Advanced CAE Ltd ^{(3) (9)}	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	People's Republic of China	–	100	–	100
Advanced Environmental Technologies Pte. Ltd. ⁽¹⁰⁾	Investment holding	Singapore	-	100	-	100
Advanced Engineering Holdings Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100	100	100
Advanced Process Equipment (Thailand) Co., Ltd. ^{(a)(4)}	Sales and marketing of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemical and energy related industries	Thailand	49	49	49	49
<i>Held through subsidiaries</i>						
Guided Wave Asia Pte. Ltd. ⁽¹⁾	Marketing and sale of Guided Wave products	Singapore	100	100	100	100
Guided Wave Incorporated ^{(8) (9)}	Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	United States of America	–	100	–	100
Guided Wave Europe BVBA ⁽⁹⁾	Marketing and sale of Guided Wave products	Belgium	–	100	–	100
Analytical Technology & Control Ltd ^{(8) (9)}	Design, manufacture and supply of analysers and specialises in research and development	United Kingdom	–	100	–	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2022 %	2021 %	2022 %	2021 %
Held through subsidiaries (Cont'd)						
Advanced CAE, Inc. ⁽⁹⁾	Design, fabrication, installation and maintenance of measurement and control instrument	United States of America	–	100	–	100
Advanced CAE Pte. Ltd. ^{(1) (9)}	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Singapore	–	100	–	100
Advanced CAE (ME) Control System L.L.C ⁽⁵⁾	Installation and maintenance of measurement and control equipment	United Arab Emirates	100	100	100	100
Advanced CAE Saudi Arabia Company Limited ⁽⁶⁾	Installation and maintenance of measurement and control equipment	Kingdom of Saudi Arabia	100	100	100	100

^(a) The Group holds 49% (2021: 49%) effective shareholdings in Advanced Process Equipment (Thailand) Co., Ltd. The entity is accounted for as subsidiary and its results are consolidated in the Group's financial statements as the Group has effective control over these entities via majority representation on the board of directors, its rights arising from contractual arrangements and power over the entity which gives the Group the practical ability to direct its relevant activity and exposure to variable returns from its involvement in the entity.

⁽¹⁾ Audited by Ernst & Young LLP, Singapore

⁽²⁾ Audited by Peter Chong & Co, Malaysia

⁽³⁾ Audited by Ernst & Young, China

⁽⁴⁾ Audited by Inter Account 2013 Co., Ltd, Thailand

⁽⁵⁾ Under liquidation by AMCA Auditing Dhabi, United Arab Emirates.

⁽⁶⁾ Audited by Mohammad Saad Al-Ghuwainem Office for Accounting & Auditing, Kingdom of Saudi Arabia

⁽⁷⁾ Not required to be audited by the laws of the country of incorporation

⁽⁸⁾ Classified as disposal group held for sale in 2021

⁽⁹⁾ Disposed in 2022

⁽¹⁰⁾ Struck off in 2022



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (Cont'd)

(a) *Disposal of subsidiaries*

(i) CAE SG Group and CAE CN

2022

On 31 October 2022, the Group entered into a conditional sale and purchase ("S&P") agreement with a third party to dispose of its entire equity interest in Advanced CAE Ltd ("CAE CN"). On 14 December 2022, upon the fulfilment of material conditions in the S&P agreement and transfer of legal ownership, the Group assessed that it lost control over CAE CN. As a result, the Group derecognised the assets and liabilities as at 14 December 2022 and consolidated the results of CAE CN from 1 January 2022 to 14 December 2022. The total consideration of this disposal was \$10,600,000. Subsequent to this disposal, the Group recorded a loss on disposal of a subsidiary of \$4,591,000.

Subsequent to the financial year-end, on 9 January 2023, the Group received the sales consideration from the third party.

On 1 December 2022, the Group disposed of 100% equity interest in CAE SG and its wholly owned subsidiary, Advanced CAE Inc. ("CAE SG Group") for a total sales consideration of \$3,200,000. Subsequent to this disposal, the Group recorded a loss on disposal of a subsidiary of \$110,000.

The effects of the disposal of CAE CN and CAE SG Group are as follows:

	CAE CN	CAE SG Group	Total
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	4,214	4,253	8,467
Trade receivables	4,150	5,980	10,130
Other receivables and prepayments	6,288	1,565	7,853
Contract assets	739	2,107	2,846
Inventories	8,789	1,727	10,516
Total current assets	24,180	15,632	39,812
Non-current assets			
Property, plant and equipment	5,958	21	5,979
Right-of-use assets	1,046	–	1,046
Deferred tax assets	423	–	423
Total non-current assets	7,427	21	7,448
Current liabilities			
Trade and other payables	5,488	2,267	7,755
Contract liabilities	11,368	9,886	21,254
Provision for warranty	–	189	189
Income tax payable	50	6	56
Total current liabilities	16,906	12,348	29,254
Net assets derecognised	14,701	3,305	18,006

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (Cont'd)

(a) Disposal of subsidiaries (Cont'd)

(i) CAE SG Group and CAE CN (Cont'd)

	CAE CN	CAE SG Group	Total
	\$'000	\$'000	\$'000
Loss on disposal of a subsidiary			
Total sales consideration	10,600	3,200	13,800
Net assets derecognised	(14,701)	(3,305)	(18,006)
Realisation of foreign currency translation differences	(490)	(5)	(495)
Loss on disposal of subsidiaries - discontinued operations	(4,591)	(110)	(4,701)
Cash flows effect			
Total consideration received	–	3,200	3,200
Less: Cash and cash equivalents in subsidiaries disposed	(4,214)	(4,253)	(8,467)
Net cash outflows arising on disposal, representing cash and cash equivalents of subsidiaries disposed	(4,214)	(1,053)	(5,267)

(ii) ATAC and GWI

2022

On 25 February 2022, the Group disposed of 100% equity interest in Analytical Technology & Control Limited ("ATAC") for a total consideration of \$2. Subsequent to this disposal, the Group recorded a loss on disposal of a subsidiary of \$389,000.

On 1 March 2022, the Group disposed of 100% equity interest in Guided Wave Inc. ("GWI") for a total consideration of \$3,856,000. Subsequent to this disposal, the Group recorded a gain on disposal of a subsidiary of \$1,609,000.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (Cont'd)

(a) Disposal of subsidiaries (Cont'd)

(ii) ATAC and GWI (Cont'd)

The effects of the disposal of ATAC and GWI are as follows:

	ATAC 2022 \$'000	GWI 2022 \$'000	Total 2022 \$'000
Current assets			
Cash and cash equivalents	61	1,140	1,201
Trade receivables	259	801	1,060
Other receivables and prepayments	115	117	232
Inventories	152	1,566	1,718
Total current assets	587	3,624	4,211
Non-current assets			
Property, plant and equipment	–	16	16
Right-of-use assets	–	1,005	1,005
Total non-current assets	–	1,021	1,021
Current liabilities			
Bank borrowings	17	–	17
Trade and other payables	272	1,333	1,605
Provision for warranty	1	48	49
Lease liabilities	–	208	208
Total current liabilities	290	1,589	1,879
Non-current liabilities			
Bank borrowings	63	–	63
Lease liabilities	–	821	821
Deferred tax liabilities	–	24	24
Total non-current liabilities	63	845	908
Net assets derecognised	234	2,211	2,445
(Loss)/gain on disposal of subsidiaries			
Total sales consideration	–*	3,856	3,856
Net assets derecognised	(234)	(2,211)	(2,445)
Realisation of foreign currency translation differences	(155)	(36)	(191)
(Loss)/gain on disposal of a subsidiary – continuing operations	(389)	1,609	1,220
Total consideration received	–*	3,856	3,856
Less: Cash and cash equivalents in subsidiaries disposed	(61)	(1,140)	(1,201)
Net cash (outflows)/inflows arising on disposal, representing cash and cash equivalents of subsidiaries disposed	(61)	2,716	2,655

* The consideration is \$2.00.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (Cont'd)

(a) **Disposal of subsidiaries (Cont'd)**

(ii) ATAC and GWI (Cont'd)

2021

As at 31 December 2021, the assets and liabilities of GWI and ATAC had been classified as disposal groups held for sale and presented separately in the statement of financial position were due to the following reasons:

- (a) GWI and ATAC were available for immediate sale and could be sold to the buyers in its current condition;
- (b) The actions to complete the sale were initiated before 31 December 2021 and completed subsequent to financial year end;
- (c) Potential buyers had been identified and negotiations had been completed; and
- (d) The board approved the plan to sell GWI and ATAC.

As a result of this classification, a write-down on remeasurement of ATAC assets of \$534,000 was recorded in other losses/(gains) in the year ended 31 December 2021 (Note 29).

The major classes of assets and liabilities comprising the disposal groups classified as held for sale as at 31 December 2021 are as follow:

	GWI	ATAC	Total
	2021	2021	2021
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	678	145	823
Trade receivables	878	60	938
Other receivables and prepayments	127	122	249
Inventories	1,351	54	1,405
Total current assets	3,034	381	3,415
Non-current assets			
Property, plant and equipment	17	–	17
Right-of-use assets	1,038	–	1,038
Total non-current assets	1,055	–	1,055
Assets classified as held for sale	4,089	381	4,470



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. Investments in subsidiaries (Cont'd)

(a) Disposal of subsidiaries (Cont'd)

(ii) ATAC and GWI (Cont'd)

2021 (cont'd)

	GWI	ATAC	Total
	2021	2021	2021
	\$'000	\$'000	\$'000
Current liabilities			
Bank borrowings	–	18	18
Trade and other payables	957	297	1,254
Provision for warranty	48	1	49
Lease liabilities	204	–	204
Total current liabilities	1,209	316	1,525
Non-current liabilities			
Bank borrowings	–	65	65
Lease liabilities	852	–	852
Deferred tax liabilities	21	–	21
Total non-current liabilities	873	65	938
Liabilities directly associated with assets classified as held for sale	2,082	381	2,463

(b) Impairment testing on investments in subsidiaries

2022

As at 31 December 2022, the Group carried out a review of the recoverable amounts of its investments in subsidiaries namely Advanced Engineering Holding Pte Ltd ("AEH") and Advanced Controls (M) Sdn Bhd ("ACM"), following the disposal of CAE, ATAC and GWI during the year.

Management has assessed the recoverable amounts of its investments in subsidiaries based on their fair value less cost of disposal ("FVLCD"). FVLCD was determined based on net assets value, comprising related parties balances and cash and cash equivalents which are mainly short-term in nature.

Based on the assessments, impairment losses of \$555,784 in total was recognised in the Company's statement of comprehensive income for the financial year ended 31 December 2022.

2021

As at 31 December 2021, the Group carried out a review of the recoverable amounts of its investments in subsidiaries namely Advanced Engineering Holding Pte Ltd ("AEH") and Advanced Environmental Technologies Pte Ltd ("AET") due to the uncertainty global challenging climate surrounding the oil and gas industry.

Management has assessed the recoverable amounts of its investments in subsidiaries on the basis of their combination of value-in-use and fair value less cost of disposal.

Value-in-use computation was determined based on financial budgets approved by directors covering 5 years' period. The key assumptions used in value-in-use computation are detailed in Note 9. Adjustments are also made for the effects of liabilities, cash and non-operating assets to determine the recoverable amounts of investments in AEH and AET.

Fair value less cost of disposal was determined based on expected sales proceeds set out in the share purchase and transfer agreements entered subsequent to the financial year end.

Based on the assessments, impairment losses of \$359,000 in total was recognised in the Company's statement of comprehensive for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. Investments in an associate

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	15,000	15,000	15,000	15,000
Share of post-acquisition results	197	(210)	–	–
Less: Allowance for impairment losses	(13,158)	(11,003)	(12,961)	(11,213)
	2,039	3,787	2,039	3,787

Details of the Group's associates are as follows:

Name of associates	Principal activity	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
			2022	2021	2022	2021
			%	%	%	%
<u>Held by the Company</u>						
Agricore Global Pte Ltd ^{(1) (2)}	Palm oil cultivation	Singapore	12.25	12.25	12.25	12.25

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

⁽²⁾ The Group has significant influence over the associate via representation on the board of directors and participation in policy making process.

Analysis of impairment losses of investments in associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	11,003	10,895	11,213	11,000
Charge to the statement of comprehensive income	2,155	108	1,748	213
Balance as at 31 December	13,158	11,003	12,961	11,213

Summarised financial information in respect of the Group's associates are set out below:

	Agricore Global Pte Ltd	
	2022	2021
	\$'000	\$'000
Current assets	1,598	114
Non-current assets	38,995	40,220
Current liabilities	(1,229)	(1,333)
Non-current liabilities	(12,019)	(15,031)
Revenue	44	16
Profit/(loss) for the year, representing total comprehensive income for the year	3,330	(303)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. Investments in an associate (Cont'd)

Reconciliation of the above summarised financial information for the carrying amount of the interest in Agricore Global Pte Ltd recognised in the consolidated financial statements:

	Agricore Global Pte Ltd	
	2021	2020
	\$'000	\$'000
Net assets of the associates	27,345	23,970
Proportion of the Group's ownership interest	12.25%	12.25%
Share of net assets of the associate	3,350	2,936
Goodwill	11,856	11,856
Allowance for impairment loss	(13,158)	(11,003)
Translation differences	(9)	(2)
Carrying amount of the investment	<u>2,039</u>	<u>3,787</u>

Impairment testing on investment in an associate

Management carried out a review of the recoverable amount of the investment in Agricore Global Pte Ltd ("Agricore") in consideration of Agricore's financial performance during the year and its net liabilities position as at the statement financial position date. There was no material change in Agricore's operations during the year.

The recoverable amount of the investment in Agricore was determined based on its fair value less cost of disposal. The fair value less costs of disposal was based on market value of the land permits held by Agricore and adjustments made for the effects of liabilities, cash and non-operating assets. The Group engaged Muttaqin Bambang Purwanto Rozak Uswatun & Partners, an independent Indonesian professional valuer to determine the fair value of the land permits.

The valuation techniques and key assumptions were summarised below:

Description	Fair value hierarchy	Valuation technique	Key assumptions
Land permits	Level 3	Market data comparison approach	Include consideration of: • Change of regulations in Indonesia • Actual transaction prices of similar assets • Price and discount offer • Ownership rights • Specifications and physical condition of the objects being valued

Based on the assessment of the recoverable amount for the investment in Agricore, an impairment loss of \$2,155,000 (2021: \$108,000) was recognised in the statement of comprehensive income for the financial year ended 31 December 2022.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. Investments in joint ventures

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	1,071	510	1,071	510
Discount implicit in the loans to a joint venture	365	–	365	–
Share of post-acquisition results	(395)	(84)	–	–
Translation differences	(98)	–	–	–
	943	426	1,436	510

Details of the Group's joint ventures are as follows:

Name of joint ventures	Principal activity	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
			2022	2021	2022	2021
			%	%	%	%
Advanced Agri Pte Ltd ⁽¹⁾⁽²⁾	Management of corn plantation(s), corn trading, corn processing and sales and distribution of corn-based products in Indonesia	Singapore	51	51	51	51

⁽¹⁾ Audited by Ernst & Young, Singapore.

⁽²⁾ The Group jointly controls the joint venture with other joint venture partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities

Summarised financial information in respect of the Group's joint venture are set out below:

	Advanced Agri Pte Ltd	
	2022	2021
	\$'000	\$'000
Current assets	2,412	801
Non-current assets	3,764	41
Current liabilities	(41)	–
Non-current liabilities	(4,403)	(12)
Revenue	124	–
Loss for the period, representing total comprehensive income for the period	(729)	(164)

Reconciliation of the above summarised financial information for the carrying amount of the interest in Advanced Agri Pte Ltd recognised in the consolidated financial statements:

	Advanced Agri Pte Ltd	
	2022	2021
	\$'000	\$'000
Net assets of the joint venture	1,732	830
Proportion of the Group's ownership interest	51%	51%
Share of net assets of the joint venture	883	423
Other adjustments	60	3
Carrying amount of the investment	943	426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. Loans to a joint venture

	Group and Company	
	2022	2021
	\$'000	\$'000
Non-current		
Loan 1	926	–
Loan 2	1,320	–
	2,246	–

Loan 1 was extended to a joint venture on 12 April 2022. This loan is non-trade in nature, unsecured, interest-free and is repayable on 11 April 2024. This loan is to be settled in cash.

Loan 2 was extended to a joint venture on 1 December 2022. This loan is non-trade in nature, unsecured, interest-free and is repayable on 30 November 2024. This loan is to be settled in cash.

These loans were discounted using market rate of 7.75% for similar instruments and the difference between loans and its fair values was recognised in the statement of comprehensive income as interest income (Note 27).

17. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2022	2021
	\$'000	\$'000
Deferred tax assets	–	609
Deferred tax liabilities	–	(5)
Classified as held for sale (Note 13)	–	604
	–	(21)
Net	–	583

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdictions) is as follows:

	Group	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	604	343
Credit to the statement of comprehensive income (Note 32)	5	248
Disposal of subsidiaries	(609)	–
Classified as held for sale	–	21
Translation differences	–	(8)
Balance as at 31 December	–	604

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Deferred tax (Cont'd)

	Group			
	Statement of financial position		Consolidated statement of comprehensive income	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets				
- Provisions and accruals	–	504	–	293
- Utilised tax losses	–	105	–	(37)
	–	609	–	256
Deferred tax liabilities				
- Property, plant and equipment	–	–	–	10
- Undistributed earnings of a subsidiary	–	(5)	5	(5)
	–	(5)	5	5
Deferred tax assets, net	–	604	5	261

Subject to agreement by the tax authorities, the Group has unabsorbed tax losses and credits at the end of the reporting period amounting to \$3,556,000 (2021: \$3,024,000), which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unabsorbed tax losses amounting to \$3,556,000 (2021: \$3,024,000) due to unpredictability of future profit streams. The unabsorbed tax losses have no expiry date.

18. Bank borrowings

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Bank loan A	–	4,133	–	–
Bank loan B	1,719	2,344	1,719	2,344
Bank loan C	1,297	1,790	–	–
	3,016	8,267	1,719	2,344
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,132)	(2,151)	(625)	(625)
Amount due for settlement after 12 months	1,884	6,116	1,094	1,719
Classified as held for sale (Note 13)	–	83	–	–
	1,884	6,199	1,094	1,719
Classified as:				
Current portion	1,132	2,151	625	625
Non-current portion	1,884	6,116	1,094	1,719
	3,016	8,267	1,719	2,344

The Group's bank borrowings comprise of:

- (a) Bank loan A was raised on 30 April 2014. It was secured by the leasehold property at 30 Woodlands Loop, Singapore 738319 (Note 9) and was covered by a corporate guarantee from the Company.

Bank loan A was repayable in 143 monthly instalments of \$86,111 each commencing from 1 May 2014 and a final instalment of \$86,167 on 1 April 2025. In 2020, the loan facility was granted 8 months' moratorium on principal instalments commencing in May 2020 to December 2020 with maturity date extended till 1 December 2025.

Bank loan A bore interest at variable interest rates ranging from 2.25% to 2.50% (2021: 2.25% to 2.50%) per annum.

On 23 November 2022, the Group disposed the leasehold property and fully repaid the bank loan A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. Bank borrowings (Cont'd)

- (b) Bank loan B is a temporary bridging loan drawdown by the Company and is secured by a corporate guarantee issued by a subsidiary.

Bank loan B is repayable in 47 monthly instalments of \$52,083 each commencing from 1 October 2021 and a final instalment of \$52,083 on 1 September 2025.

Bank loan B bears a fixed interest rate of 2.00% (2021: 2.00%) per annum.

- (c) Bank loan C is a temporary bridging loan drawdown by a subsidiary and is secured by a corporate guarantee issued by the Company.

Bank loan C is repayable in 47 monthly instalments of \$44,933 each commencing from 1 June 2021 and a final instalment of \$44,933 on 1 May 2025.

Bank loan C bears a fixed interest rate of 3.00% (2021: 3.00%) per annum.

As at 31 December 2022, the Group has complied with financial covenants as required by the bank.

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.

	1 January 2022	Financing cash flows ⁽ⁱ⁾	Non-cash changes			31 December 2022
	\$'000	\$'000	New lease liabilities	Lease modification	Classified as held for sale	\$'000
Bank loans	8,267	(5,252)	–	–	–	3,016
Lease liabilities	2,518	(79)	–	(2,436)	–	–
	10,785	(5,331)	–	(2,436)	–	3,016

	1 January 2021	Financing cash flows ⁽ⁱ⁾	Non-cash changes			31 December 2021
	\$'000	\$'000	New lease liabilities	Lease modification	Classified as held for sale	\$'000
Bank loans	9,787	(1,439)	–	–	(83)	8,267
Lease liabilities	2,693	(394)	1,287	(16)	(1,056)	2,518
	12,480	(1,833)	1,287	(16)	(1,139)	10,785

- (i) The cash flows make up the net amount of repayments of borrowings in the statement of cash flows.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade payables	370	5,217	10	27
Loans from subsidiaries	–	–	11,007	11,017
Accrued operating expenses	738	3,053	536	305
Other payables				
- third parties	208	495	54	46
- related companies	–	–	4,216	341
	1,316	8,765	15,823	11,736
Classified as held for sale (Note 13)	–	1,254	–	–
	1,316	10,019	15,823	11,736

The credit period on purchases of goods generally ranges from 30 to 60 days (2021: 30 to 60 days).

Trade payables and accrued operating expenses principally comprise amounts outstanding for trade purchases and ongoing costs.

In 2021, included in the Group's accrued operating expenses was the provision for modification of existing products of \$1,689,000. The provision for modification of existing products represented service and rectification costs in respect of unsold products to meet its quality standards in accordance with global certification requirements. The provision was made on a case by case basis.

Movement in the provision was as follows:

	Provision for modification of existing products \$'000
Balance as at 1 January 2021	–
Charge to the statement of comprehensive income	1,689
Balance as at 31 December 2021 and 1 January 2022	1,689
Disposal of subsidiaries	(1,689)
Balance as at 31 December 2022	–



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Lease liabilities (Group as a lessee)

Set out below are the carrying amounts of lease liabilities recognised and the movement during the year:

	Group
	\$'000
Balance as at 1 January 2021	2,693
Additions	1,287
Modification of lease	(16)
Accretion of interest	106
Payments	(495)
Translation differences	(1)
Classified as held for sale (Note 13)	(1,056)
Balance as at 31 December 2021 and 1 January 2022	2,518
Disposal	(2,474)
Accretion of interest	73
Payments	(152)
Translation differences	35
Balance as at 31 December 2022	–

	2022	2021
	\$'000	\$'000
Classified as:		
Current portion	–	51
Non-current portion	–	2,467
	–	2,518

The following are the amounts recognised in the statement of comprehensive income:

	Group	
	2022	2021
	\$'000	\$'000
Depreciation of right-of-use assets	182	437
Interest expense on lease liabilities	73	106
Expense relating to short-term leases	40	9
Expense relating to leases of low-value assets leases	12	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. Provision for warranty

The Group provides 1 to 3 years (2021: 1 to 3 years) of warranty on certain products and undertakes to repair or replace the items that fail to perform satisfactorily. The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's warranty program for certain products. The estimate has been made on the basis of historical warranty claims and past experiences of the level of repairs and returns.

Movement in provision for warranty:

	Group	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	20	146
Charge/(credit) to the statement of comprehensive income	169	(61)
Utilisation during the year	–	(16)
Disposal of a subsidiary	(189)	–
Classified as held for sale (Note 13)	–	(49)
Balance as at 31 December	–	20

22. Share capital

Group and Company			
2022		2021	
No. of shares	\$'000	No. of shares	\$'000

Issued and fully paid up:

Balance as at 1 January and 31 December	103,521,700	47,433	103,521,700	47,433
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Fully paid ordinary shares (excluding treasury shares), which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

23. Treasury shares

Group and Company			
2022		2021	
No. of shares	\$'000	No. of shares	\$'000

Issued and paid up:

Balance as at 1 January and 31 December	2,253,333	1,837	2,253,333	1,837
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24. Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

25. General reserve

	Group	
	2022	2021
	\$'000	\$'000
Balance as at 1 January	1,617	1,561
Additions for the year	–	56
Disposal of subsidiaries	(1,617)	–
Balance as at 31 December	–	1,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. General reserve (Cont'd)

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), companies in PRC are required to set up a general reserve fund by way of appropriation of funds from its statutory net profit at a rate of 10% for each year.

The fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the PRC authorities. The appropriation is required until the statutory reserve reaches 50% of the registered capital. The reserve is not available for distribution to shareholders as dividends.

Guided Wave Europe BVBA ("GWE"), a wholly-owned subsidiary has designated a portion of its earnings for the establishment of a legal reserve in compliance with the relevant laws and regulations of Belgium. The subsidiary has elected to establish the maximum allowable reserve, equivalent to 10% of its share capital.

During the financial year, the Group disposed CAE CN and GWE to third parties. Accordingly, general reserve was reclassified to retained earnings.

26. Revenue from continuing operations

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Type of goods or service		
Sales of goods	12,064	9,414
Contract income	808	–
Service income	402	713
Commission income	–	19
	<u>13,274</u>	<u>10,146</u>
Timing of revenue recognition		
At a point in time:		
Sales of goods	12,064	9,414
Commission income	–	19
	<u>12,064</u>	<u>9,433</u>
Over time:		
Contract income	808	–
Service income	402	713
	<u>1,210</u>	<u>713</u>
	<u>13,274</u>	<u>10,146</u>

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	
	2022	2021
	\$'000	\$'000
		Restated
Contract income	659	–
Service income	68	86
Total	<u>727</u>	<u>86</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. Revenue from continuing operations (Cont'd)

Management expects that 54% (2021: 100%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 amounting to \$395,000 (2021: \$86,000) will be recognised as revenue during the next reporting period. The remaining \$332,000 (2021: \$Nil) will be recognised as revenue in 2024 (2021: 2023).

For sales of goods, the Group applies a practical expedient for not disclosing the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of the reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less at the end of the reporting period.

27. Other operating income from continuing operations

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Interest income from fixed deposits	56	–
Accretion of interest on loans to a joint venture	61	–
Government grants	–	3
Sundry income	32	137
	149	140

28. Other operating expenses from continuing operations

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Research and development expenses	121	837

29. Other losses/(gains) from continuing operations

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Allowance for inventories obsolescence	–	74
Allowance/(write-back of allowance) for expected credit losses	57	(19)
Property, plant and equipment written off	59	–
Loss on disposal of property, plant and equipment	–	20
Gain on modification of lease	–	(1)
Impairment loss on goodwill	–	176
Gain on disposal of subsidiaries	(1,220)	–
Write down on remeasurement of disposal group classified as held for sale	–	534
Impairment loss on investment in an associate	2,155	108
Foreign exchange loss/(gain), net	342	(2)
Others	–	197
	1,393	1,087

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. Finance costs from continuing operations

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Interest expense on bank borrowings	86	110
Interest expense on lease liabilities	7	24
	93	134

31. Loss before taxation from continuing operations

Loss before taxation from continuing operations is stated after charging/(crediting) the following:

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Depreciation of property, plant and equipment	98	167
Depreciation of right-of-use assets	22	234
Interest expenses on bank borrowings	86	109
Interest expense on lease liabilities	7	25
Interest income	(117)	–
Allowance for inventories obsolescence	–	74
Allowance/(write-back of allowance) for expected credit losses on trade receivables and contract assets	57	(19)
Impairment loss on goodwill	–	176
Impairment loss on investment in an associate	2,155	108
Write down on remeasurement of disposal group classified as held for sale	–	534
Loss on disposal of property, plant and equipment	–	20
Property, plant and equipment written off	59	–
Gain on modification of lease	–	(1)
Gain on disposal subsidiaries	(1,220)	–
Foreign exchange loss/(gain), net	342	(2)
Research and development expenses	121	837
Employees benefit expense (including directors)	1,768	5,225
Defined contribution plans (including directors)	65	266

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Income tax expense/(credit)

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Continuing operations:		
Income tax		
- Current year	16	21
- Underprovision in prior years	-	2
	16	23
Deferred tax (Note 17)	5	10
Withholding tax	-	4
	21	37
Discontinued operations:		
Income tax attributable to discontinued operations	95	(153)
	116	(116)

The reconciliation between income tax expense/(credit) and the product of accounting (loss)/profit multiplied by the applicable tax rate for the year ended 31 December was as follows.

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Loss before taxation from continuing operations	(1,625)	(4,074)
(Loss)/profit before taxation from discontinued operations	(4,520)	1,623
	(6,145)	(2,451)
Tax benefits at the applicable tax rate of 17% (2021: 17%)	(1,045)	(417)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3)	153
Tax effect on non-allowable items	1,312	133
Tax effect on non-taxable items	(218)	(178)
Effect of tax concessions	-	(49)
Effect of share of results of an associate and a joint venture	(16)	21
Effect of deferred tax assets not recognised	108	234
Withholding tax	-	4
Overprovision of income tax in prior years	(51)	(24)
Others	29	7
Income tax expense/(credit)	116	(116)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Discontinued operations

(a) (Loss)/profit from discontinued operations, net of tax

On 1 December 2022 the Group completed the disposal of CAE SG Group and on 14 December 2022, the Group fulfilled all material conditions in sales and purchase agreement, including transfer of ownership with respect to the disposal of CAE CN.

The disposal of CAE SG Group and CAE CN meet the criteria for the classification as discontinued operations. Accordingly, the result of operations for the financial year ended 31 December 2022 and 2021 are presented separately on the statement of comprehensive income as “(loss)/profit from discontinued operations, net of tax”.

The results of the discontinued operations for the financial year ended 31 December are as follow:

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Revenue	27,678	31,583
Cost of sales	(23,219)	(24,546)
Gross profit	4,459	7,037
Other operating income	546	777
Distribution and marketing costs	(2,499)	(1,962)
Administrative expenses	(2,690)	(2,241)
Other operating expenses	(844)	(1,053)
Other gains and losses, net	(3,148)	(747)
Finance cost	(344)	(188)
(Loss)/profit before taxation from discontinued operations	(4,520)	1,623
Income tax (expense)/credit	(95)	153
(Loss)/profit from discontinued operations, net of tax	(4,615)	1,776

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Discontinued operations (Cont'd)

(b) (Loss)/profit before taxation from discontinued operations

(Loss)/profit before taxation from discontinued operations is stated after charging/crediting the following:

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Depreciation of property, plant and equipment	652	537
Depreciation of right-of-use assets	160	203
Provision/(write-back of provision) for warranty	169	(61)
Interest expenses on bank borrowings	135	106
Interest expense on lease liabilities	66	81
Interest income	(59)	(75)
Allowance for inventories obsolescence	–	20
Allowance for expected credit losses on trade receivables and contract assets	370	178
Impairment loss on right-of-use assets	–	639
Impairment loss on property, plant and equipment	–	66
Gain on disposal of property, plant and equipment and right-of-use assets	(2,013)	–
Provision of modification of existing products	–	1,689
Inventories written off	–	2
Loss on disposal of subsidiaries	4,701	–
Foreign exchange loss	76	39
Research and development expenses	932	1,044
Employees benefit expense (including directors)	2,322	1,961
Defined contribution plans (including directors)	205	215

(c) Cashflows generated from/(used in) discontinued operations

The cashflows attributable to the discontinued operations for the financial year ended 31 December are as follow:

	Group	
	2022	2021
	\$'000	\$'000
		Restated
Operating cash flows	(7,338)	3,568
Investing cash flows	14,883	(5,376)
Financing cash flows	(8,651)	(1,162)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. (Losses)/earnings per share

The calculation of the basic and diluted (losses)/earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2022	2021
	\$'000	\$'000
		Restated
(Losses)/earnings		
(Losses)/earnings for the purposes of basic and diluted (losses)/earnings per share [(loss)/profit for the year attributable to owners of the Company]		
Continuing operations	(1,647)	(4,115)
Discontinued operations	(4,615)	1,776
	2022	2021

Number of shares

Number of ordinary shares outstanding* for the purposes of basic (losses)/earnings per share ('000)	101,268	101,268
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* Excludes treasury shares

	Group	
	2022	2021
	(cents)	(cents)

(Losses)/earnings per share

Continuing operations

(i) Based on weighted average number of ordinary in issue	(1.63)	(4.06)
(ii) On a fully diluted basis	(1.63)	(4.06)

Discontinued operations

(i) Based on weighted average number of ordinary in issue	(4.56)	1.75
(ii) On a fully diluted basis	(4.56)	1.75

The calculation of basic losses per share is based on loss attributable to owners of the Company in the respective periods divided by the weighted average number of ordinary shares of 101,268,367 (2021: 101,268,367). The calculation of diluted losses per share is the same as the basic losses per share as the Company did not have potentially dilutive ordinary shares as at 31 December 2022 and 31 December 2021. As at the end of the reporting period, no share option was granted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. Operating lease commitments – as lessor

In 2021, operating leases, in which the Group was the lessor, related to portion of its property owned by the Group with lease terms of between 1 to 8 years. The lessee did not have an option to purchase the property at the expiry of the lease period.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Not later than one year	–	285
Later than one year but not later than five years	–	513
Later than five years	–	43
	–	841

36. Bankers' and financial guarantees

	Group	
	2022	2021
	\$'000	\$'000
Bankers' guarantees with recourse to the Group	831	5,171

The maximum amount for which the Group could become liable is as shown above.

Bankers' guarantees of \$831,000 (2021: \$5,171,000) issued by the banks were drawn on credit facilities secured by the corporate guarantees from the Company and certain fixed deposits (Note 4).

The Company provided corporate guarantees of up to \$24,290,000 (2021: \$54,647,000) to certain banks and financial institutions for credit facilities granted to certain subsidiaries. One of the subsidiaries also provided a corporate guarantee of \$12,500,000 (2021: \$12,500,000) for credit facilities granted to the Company.

Management has evaluated the fair value of these corporate guarantees and is of the view that the fair value of the benefits derived from these guarantees to the banks and financial institutions is not significant and hence this has not been recognised in the financial statements.

Based on expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the above arrangements.

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

	One year or less 2022	One year or less 2021
	\$'000	\$'000
Group		
Financial guarantees	12,500	12,500
Company		
Financial guarantees	24,290	54,647

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management

(a) Categories of financial instruments

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

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at amortised costs:				
- Cash and bank balances	23,067	19,245	7,064	1,941
- Trade receivables	1,205	9,036	–	–
- Other receivables	10,729	388	10,620	5,221
- Loans to a joint venture	2,246	–	2,246	–
	37,247	28,669	19,930	7,162
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	1,316	8,765	15,823	11,736
- Bank borrowings	3,016	8,267	1,719	2,344
- Lease liabilities	–	2,518	–	–
	4,332	19,550	17,542	14,080

(ii) The following table sets out the financial instruments including financial instruments under disposal groups held for sale as at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at amortised costs:				
- Cash and bank balances	23,067	20,068	7,064	1,941
- Trade receivables	1,205	9,974	–	–
- Other receivables	10,729	637	10,620	5,221
- Loans to a joint venture	2,246	–	2,246	–
	37,247	30,679	19,930	7,162
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	1,316	10,019	15,823	11,736
- Bank borrowings	3,016	8,350	1,719	2,344
- Lease liabilities	–	3,574	–	–
	4,332	21,943	17,542	14,080

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

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements at 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) Financial risk management policies and objectives

The Group's overall policy for financial risk management is to minimise the potential adverse effects from market and credit changes on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

The Group may use forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods. There is no outstanding forward exchange contract as at 31 December 2022 and 2021.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business denominated in various foreign currencies, including the United States Dollars ("USD"), Euro ("EUR"), British Pounds ("GBP") and Chinese Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

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's entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Denominated in:				
USD	4,363	7,806	(75)	(1,442)
EUR	4,076	3,413	(73)	(110)
GBP	58	51	(6)	(1)
RMB	—	—	(1)	(8)
Others	—	3	—	(3)
	Company			
	Assets		Liabilities	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Denominated in:				
USD	2,230	558	—	—
EUR	3	3	—	—

The Group mitigates foreign currency exposure by striving, where possible, to negotiate sales and purchase transactions in the same currency with counterparties. Exposure to foreign currency risks is monitored on an ongoing basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(i) Foreign exchange risk management (Cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, favourable (unfavourable) effects on operating results will be:

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Denominated in:				
USD	429	636	223	56
EUR	400	330	–	–
GBP	5	5	–	–
RMB	–	(1)	–	–

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effect on operating results will be vice versa.

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates as a result of fluctuation in interest rates.

The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

The Group's exposure to interest rate risk mainly arises from the Group's fixed deposits placed with banks (Note 4) and certain bank borrowings which bear variable interest rates (Note 18).

Reasonably possible changes on interest rates are not expected to have a material effect in the Group's profit or loss.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2022, 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 Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised is as disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(iii) Overview of the Group's exposure to credit risk (Cont'd)

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

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.	12-month ECL
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

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

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				\$'000	\$'000	\$'000
2022						
Trade receivables	5	(a)	Lifetime ECL (simplified approach)	1,366	(161)	1,205
Other receivables	6	Performing	12-month ECL	10,729	–	10,729
Contract assets	7	(a)	Lifetime ECL (simplified approach)	5	–	5
					<u>(161)</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(iii) Overview of the Group's exposure to credit risk (Cont'd)

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021						
Trade receivables	5	(a)	Lifetime ECL (simplified approach)	9,196	(160)	9,036
Other receivables	6	Performing	12-month ECL	388	–	388
Contract assets	7	(a)	Lifetime ECL (simplified approach)	6,144	(14)	6,130
					(174)	
2022						
Other receivables	6	Performing	12-month ECL	10,681	(61)	10,620
Contract assets	7	(a)	Lifetime ECL (simplified approach)	371	–	371
					(61)	
2021						
Other receivables	6	Performing	12-month ECL	5,221	–	5,221
Contract assets	7	(a)	Lifetime ECL (simplified approach)	525	–	525
					–	

- (a) For trade receivables and contract assets, the Group and the Company determine the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions (Notes 5 and 7).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) **Financial risk management policies and objectives (Cont'd)**

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are reputable and creditworthy. For receivables from subsidiaries, the Company considers the historical default experience and the financial position of the subsidiaries. For trade receivables, the Group performs initial and ongoing credit evaluation of its customers' financial condition, monitors payment and extent of credit granted. Before accepting any new customer, the Group will perform credit risk assessment using the financial results of the customer to determine credit-worthiness.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

The Group and Company do not require or hold collateral on account of its receivables. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The maximum exposure to credit risk for trade receivables as at the end of the reporting period based on location of the Group's customers is set out as follows:

	Group	
	2022	2021
	\$'000	\$'000
China	302	2,413
Singapore	116	1,426
Other Asian countries	286	4,177
Europe and United States of America	—	59
Middle east	501	282
Others	—	679
	1,205	9,036

The Group's exposure to credit risk is influenced by individual characteristics of each customer, as well as the demographics of the Group's customer base including the default risk of the industry and country in which customers operate in.

The trade receivables of the Group included 6 debtors (2021: 9 debtors) that individually represented more than 5% (2021: 5%) of the Group's trade receivables.

Corporate guarantees given by the Company to banks for certain subsidiaries' credit facilities amount to \$24,290,000 (2021: \$54,647,000).

(v) Liquidity risk management

To manage liquidity risk, the Group prepares cash flow projections, and reviews its cash requirement on a regular basis. It maintains sufficient level of cash and cash equivalents to enable it to meet its normal operating commitments and secures committed funding facilities from financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) Liquidity risk management (Cont'd)

Non-derivative financial assets and liabilities

Liquidity and interest risk analyses

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and 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 interest which is not included in the carrying amount of the financial liability on the statement of financial position.

			Interest/non-interest bearing	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
				% per annum	\$'000	\$'000	\$'000	\$'000	\$'000
Group 2022									
Financial assets									
Trade and other receivables (excluding advance payments to suppliers and prepayments)	Non-interest bearing	–			11,934	–	–	–	11,934
Loans to a joint venture	Non-interest bearing	–			–	2,550	–	(304)	2,246
Bank balances	Non-interest bearing	–			7,552	–	–	–	7,552
Fixed deposits	Variable interest rate	3.55%			16,066	–	–	(551)	15,515
Total financial assets					35,552	2,550	–	(855)	37,247
Financial liabilities									
Trade and other payables	Non-interest bearing	–			1,316	–	–	–	1,316
Bank borrowings	Fixed interest rate	2.50%			1,167	1,903	–	(54)	3,016
Total financial liabilities					2,483	1,903	–	(54)	4,332
Total financial assets/ (liabilities)					33,069	647	–	(801)	32,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(c) **Financial risk management policies and objectives (cont'd)**

(v) Liquidity risk management (Cont'd)

Non-derivative financial assets and liabilities (Cont'd)

Liquidity and interest risk analyses (Cont'd)

			Interest/non- interest bearing	Weighted average effective interest rate % per annum	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group									
2021									
Financial assets									
Trade and other receivables (excluding advance payments to suppliers and prepayments)	Non-interest bearing	–			9,424	–	–	–	9,424
Bank balances	Non-interest bearing	–			18,730	–	–	–	18,730
Fixed deposits	Variable interest rate	1.05%			–	527	–	(12)	515
Total financial assets					28,154	527	–	(12)	28,669
Financial liabilities									
Trade and other payables	Non-interest bearing	–			8,765	–	–	–	8,765
Bank borrowings	Fixed interest rate	2.50%			1,213	3,022	–	(101)	4,134
Bank balances	Variable interest rate	2.47%			1,040	3,106	–	(13)	4,133
Lease liabilities	Fixed interest rate	3.37%			130	609	3,318	(1,539)	2,518
Total financial liabilities					11,148	6,737	3,318	(1,653)	19,550
Total financial assets/ (liabilities)					17,006	(6,210)	(3,318)	1,641	9,119

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values either due to short term maturity of these financial assets and financial liabilities, or due to variable interest rates attached to long term bank borrowings.

(d) **Capital management policies and objectives**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares or obtain new borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. Financial instruments, financial risks and capital management (Cont'd)

(d) Capital management policies and objectives (Cont'd)

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses. The Group has complied with the externally imposed capital requirements in 2022 and 2021, other than as disclosed in Note 18.

The Group's and Company's overall strategy remains unchanged from 2021.

38. Related company transactions

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

Transactions with related companies

	Company	
	2022	2021
	\$'000	\$'000
Management fee income received/receivable from subsidiaries	1,834	2,391

39. Other related party transactions

Compensation of directors and key management personnel

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

	Group	
	2022	2021
	\$'000	\$'000
Short-term benefits	1,494	2,041
Post-employment benefits	53	104
Total	1,547	2,145
Comprises amounts paid/payable to:		
- Directors of the Company	1,115	913
- Other key management personnel	432	1,232
	1,547	2,145

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

40. Segment information

Management has determined segment based on how information is reported to the Group's chief operating decision maker for the purposes of resource allocation and operating performance review.

The Group's reportable segments under SFRS(I) 8 consist of engineering service and manufacturing for customers operating mainly in the Petrochemicals & Chemicals and Oil & Gas industries. This segment includes contract income from system integration solutions for process analyser and specialty valves, sale of analyser technologies products, maintenance and repair of analysers, specialty valves and systems, and commission income from agency agreements.

The Group's activities, following the disposal of ATAC, GWI, CAE SG Group and CAE CN are primarily based in PRC and Middle East. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

40. Segment information (Cont'd)

Segment information about the Group is presented below.

(a) Analysis by business segment

Segment revenue and profit:

In determining the profit or loss for each reportable segment, segment revenue and cost of sales are the operating revenue and cost of sales reported in the Group's statement of comprehensive income that are directly attributable to a segment. Operating income and expenses include items directly attributable to a segment and the relevant portion of such operating income and expenses that can be allocated on a reasonable basis to a segment. Non-recurring gains or losses such as gain on disposal of subsidiaries and goodwill impairment are not allocated.

All inter-segment sales are eliminated on consolidation.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of trade and other receivables, cash and cash equivalents, intangible assets, inventories, contract assets, right-of-use assets and property, plant and equipment, net of allowances and provisions. Segment assets do not include deferred tax assets. Capital additions include the total cost incurred to acquire property, plant and equipment and intangible assets directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities, lease liabilities and bank borrowings. Current and deferred income tax liabilities are not allocated.

Segment information about the Group's revenue and results is presented below:

	Engineering service and manufacturing	
	2022	2021
	\$'000	\$'000
		Restated
Continuing operations		
<u>Revenue</u>		
External revenue		
Petrochemicals and Chemicals	11,777	6,437
Oil and Gas	1,012	2,124
Others	485	1,585
Total revenue	13,274	10,146
<u>Segment results</u>		
Segment result	2,018	(801)
Share of results of associates and joint ventures	96	(121)
Interest income	117	–
Interest expense	(86)	(110)
Unallocated (expenses)/income	(3,770)	(3,042)
Loss before taxation from continuing operations	(1,625)	(4,074)
Income tax expense	(21)	(37)
Loss from continuing operations, net of tax	(1,646)	(4,111)
(Loss)/profit from discontinued operations, net of tax	(4,615)	1,776
	(6,261)	(2,335)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

40. Segment information (Cont'd)

(a) Analysis by business segment (cont'd)

	Engineering service and manufacturing	
	2022	2021
	\$'000	\$'000
		Restated
Continuing operations (Cont'd)		
<u>Assets</u>		
Segment assets	18,222	6,585
Investments in associates	2,039	3,787
Investment in a joint venture	943	426
Deferred tax assets	–	609
Unallocated assets	20,403	8,488
Total assets	41,607	19,895
<u>Liabilities</u>		
Segment liabilities	2,429	384
Current and deferred tax liabilities	–	237
Unallocated liabilities	2,310	7,579
Total liabilities	4,739	8,200
<u>Other segment information</u>		
Capital additions:		
- Property, plant and equipment	2	43
- Unallocated property, plant and equipment	–	488
	2	531
Impairment loss on goodwill	–	176
Impairment loss on investment in an associate	2,155	108
Allowance for inventories obsolescence	–	74
Inventories written off	–	2
Allowance/(write-back of allowance) for expected credit losses on trade receivables	57	(19)
Write-down on remeasurement of disposal group classified as held-for-sale	–	534
Gain on disposal of subsidiaries	(1,220)	–
Depreciation and amortisation	68	362
Unallocated depreciation and amortisation	52	39
	120	401
<u>Discontinued operations</u>		
Segment assets	–	58,590
Segment liabilities	–	26,297

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

40. Segment information (Cont'd)

(a) Analysis by business segment (cont'd)

Engineering service and manufacturing	
2022	2021
\$'000	\$'000
	Restated

Discontinued operations (Cont'd)

Other information

Capital additions:

- Property, plant and equipment	1,549	4,367
Allowance for expected credit losses on trade receivables	370	178
Allowance for inventories obsolescence	–	20
Impairment loss on right-of-use assets	–	639
Impairment loss on property, plant and equipment	–	66
Gain on disposal of property, plant and equipment and right-of-use assets	(2,013)	–
Loss on disposal of subsidiaries	4,701	–
Depreciation and amortisation	812	740

(b) Analysis by geographical segment

(i) Analysis of the Group's sales based on the geographical presence of the customers.

2022	2021
\$'000	\$'000
	Restated
10,196	1,603
—	566
823	4,993
1,292	190
284	1,293
679	1,501
13,274	10,146

(ii) Analysis of the carrying amount of non-current assets in the geographical area in which the amounts are located.

2022	2021
\$'000	\$'000
5,665	4,776
41	66
5,706	4,842
—	6,731
—	14,399
—	21,130

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

40. Segment information (Cont'd)

(c) Revenue from major products and services

The Group does not breakdown revenue beyond the categories disclosed in Note 26.

(d) Information about major customers

During the year, no single customer accounted for more than 10% of the Group's revenue (2021: no single customer accounted for more than 10%).

41. Comparative figures

The following comparative figures were restated due to the disposal of subsidiaries, CAE SG Group and CAE CN. The results of these operations have been reclassified as discontinued operations.

	2021	2021
	As previously reported	As restated
	\$'000	\$'000
Consolidated statement of comprehensive income		
Continuing operations	41,729	10,146
Revenue	(30,810)	(6,264)
Cost of sales		
Gross profit	10,919	3,882
Other operating income	917	140
Distribution and marketing costs	(4,461)	(2,499)
Administrative expenses	(5,660)	(3,418)
Other operating expenses	(1,890)	(837)
Other gains and losses, net	(1,834)	(1,087)
Finance cost	(321)	(134)
Share of results of an associate and a joint venture	(121)	(121)
Loss before taxation from continuing operations	(2,451)	(4,074)
Income tax credit/(expense)	116	(37)
Loss from continuing operations, net of tax	(2,335)	(4,111)
Discontinued operations		
Profit from discontinued operations, net of tax	–	1,776
Loss for the year	(2,335)	(2,335)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

42. Subsequent events

(a) Advanced Agri Pte Ltd ("AAPL")

On 21 May 2021, the Group invested in 51% owned company, AAPL. Based on the contractual agreement, all major decisions over the relevant activities require unanimous consent from all joint venture partners. As such, the Group accounted for investment in AAPL as a joint venture and equity accounted the results of AAPL during the financial year ended 31 December 2022 and 2021.

Subsequent to the financial year-end, on 1 January 2023, the Group entered into a supplementary joint venture shareholder agreement with other joint venture partners to amend certain terms of the original agreement. With such amendments made to the rights of the Group in the joint venture agreement, the Group considered the proportion of its ownership interests and voting rights as well as the Group's overall exposure to variable returns and determined that it has control over AAPL. Accordingly, the Group accounted for AAPL as a subsidiary from 1 January 2023.

(b) CAE CN

On 9 January 2023, the Group received cash consideration of \$10,600,000 from the third party and completed the disposal of CAE CN.

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 5 April 2023.



STATISTICS OF SHAREHOLDERS

TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2023

Issued and fully paid capital	: \$47,432,531
Number of ordinary shares (excluding treasury shares)	: 101,268,367
Number of treasury shares	: 2,253,333
Number of Subsidiary Holdings	: Nil
Class of shares	: Ordinary shares
Voting rights	: On a poll: One vote for each ordinary share (excluding treasury shares)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	148	8.88	7,004	0.01
100 - 1,000	86	5.16	46,601	0.05
1,001 - 10,000	906	54.35	4,650,913	4.59
10,001 - 1,000,000	518	31.07	32,249,499	31.84
1,000,001 and above	9	0.54	64,314,350	63.51
Total	1.667	100.00	101,268,367	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2023

No.	Shareholder's Name	Number of Shares Held	%
1	WONG KAR KING	41,402,109	40.88
2	CHIANG TIN TIAH	5,000,000	4.94
3	DBS NOMINEES PTE LTD	4,125,725	4.07
4	RAFFLES NOMINEES (PTE) LIMITED	2,881,694	2.85
5	YANG WEIREN	2,806,566	2.77
6	YANG XIAOFEI	2,690,000	2.66
7	PHILLIP SECURITIES PTE LTD	2,104,823	2.08
8	WONG SWEE YOKE	1,830,333	1.81
9	GOH GUAN SIONG (WU YUANXIANG)	1,473,100	1.45
10	TOMMIE GOH THIAM POH	805,666	0.80
11	ABN AMRO CLEARING BANK N.V.	771,066	0.76
12	LIM KHENG JIN JOHN (LIN QINGREN)	740,333	0.73
13	MAYBANK SECURITIES PTE. LTD.	691,261	0.68
14	OCBC NOMINEES SINGAPORE PTE LTD	683,468	0.67
15	BD CORPORATION PTE LTD	670,000	0.66
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	595,133	0.59
17	KAN SHAW HUAH (JIAN SHAOHUA)	517,800	0.51
18	IWAN RUSLI @ LIE TJIN VAN	500,000	0.49
19	LIM THIAM HONG	455,400	0.45
20	HENG YONG SENG	450,000	0.44
TOTAL		71,194,477	70.29

Note:

The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 22 March 2023.

SUBSTANTIAL SHAREHOLDERS

AS AT 22 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 22 March 2023)

Name of Substantial Shareholders	Direct Interest	% ⁽¹⁾
Dr Wong Kar King	41,402,109	40.88

Notes:

- (1) Percentage computed is based on 101,268,367 ordinary shares in issue (excluding 2,253,333 shares held as treasury shares) as at 22 March 2023

As at 22 March 2023, 2,253,333 ordinary shares are held as treasury shares, representing 2.23% of the total number of issued ordinary shares excluding treasury shares.

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 22 March 2023, approximately 57.3% of the issued ordinary shares of the Company is held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of SGX-ST has been complied with.

Note:

The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 22 March 2023.



NOTICE OF ANNUAL GENERAL MEETING

ADVANCED HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401856N)

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting (“AGM”) of Advanced Holdings Ltd. (the “Company”) will be held by way of electronic means on **Friday, 28 April 2023 at 2.00 p.m.** to transact the businesses set out below.

This Notice has been made available on SGXNet and the Company’s website and may be accessed at the URL <https://advancedholdings.com/media/news/>. A printed copy of this Notice will NOT be despatched to Shareholders.

ORDINARY BUSINESS

- 1 To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors’ Statement and the Auditors’ Report of the Company. **(Resolution 1)**
- 2 To re-elect as a Director, Dr Ho Choon Hou, who is retiring under Article 91 of the Company’s Constitution.

Dr Ho Choon Hou will, upon re-election as a Director of the Company, remain as an Independent Director. He will remain as the Chairman of the Nominating Committee and a member of each of the Audit Committee and the Remuneration Committee. The Board considers Dr Ho Choon Hou to be independent for the purposes of Rule 704(7) of the Catalist Rules. **(Resolution 2)**
- 3 To re-elect as a Director, Ms Tay Bee Gek, who is retiring under Article 97 of the Company’s Constitution.

Ms Tay Bee Gek will, upon re-election as a Director of the Company, remain as an Executive Director. **(Resolution 3)**
- 4 To approve directors’ fees of \$150,000.00 for the financial year ending 31 December 2023, to be paid quarterly in arrears. **(Resolution 4)**
- 5 To note the retirement of Messrs Ernst & Young LLP (“EY”) as Auditors of the Company and to appoint Messrs Nexia Singapore PAC, as Auditors of the Company in place of EY, to hold office until the conclusion of the next annual general meeting of the Company at a remuneration and on such terms as may be agreed by the Directors of the Company with Nexia Singapore PAC (the “**Proposed Change of Auditors**”).

[See Explanatory Note (i)] **(Resolution 5)**
- 6 To transact any other business that may be transacted at an annual general meeting.

SPECIAL BUSINESS

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

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

(a) (i) issue shares in 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 or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

NOTICE OF ANNUAL GENERAL MEETING

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

provided always that:

- (I) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such 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 (I) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company at the time of the passing of this Resolution, after adjusting for:
- (aa) new shares arising from the conversion or exercise of any convertible securities which are issued and outstanding or subsisting at the time of the passing of this Resolution;
- (bb) new shares arising from exercising share options or vesting of share awards which are issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Catalist Rules; and
- (cc) any subsequent bonus issue, consolidation or subdivision of shares;
- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (ii)]

(Resolution 6)

By Order of the Board

Dr Wong Kar King
Managing Director
12 April 2023



NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

- (i) Ordinary resolution 5 proposed in item 5 above is to approve the appointment of Messrs Nexia Singapore PAC ("**Nexia**") as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young LLP ("**EY**"), and to authorise the Directors to fix their remuneration ("**Proposed Change of Auditors**").

The Company has received the notice of nomination from a shareholder, Dr Wong Kar King, dated 5 April 2023 on the appointment of Nexia in place of the retiring Auditors, EY. A copy of this notice of nomination is appended to the back of this Notice of AGM. The Company's existing auditors, EY have been the auditors of the Company since 30 October 2020. EY was re-appointed as auditors at the last AGM of the Company held on 28 April 2022 to hold office until the conclusion of the next AGM. The Company has, to date, no concerns with EY on their discharge of the audit responsibility.

The Audit Committee ("**AC**") is of the view that a change of Auditors is in the best interests of the Company and the Shareholders as the Company's main operation will be in Indonesia following the disposal of subsidiaries during the financial year ended 31 December 2022, and the Directors are of the view that it would be timely to effect a change in the auditors of the Company, with similar reach and strong presence in Indonesia. The Proposed Change of Auditors is envisaged to enable the Company to benefit from the change of perspectives and views from a similar regional audit firm and a reduction of audit cost of approximately 41% based on the previous audit fees for the financial year ended 31 December 2022.

There will be no change in the scope of the audit to be undertaken by Nexia. The AC has considered the proposal given by Nexia and has determined that the proposal given by Nexia is best suited to the existing needs and requirements of the Group. The AC has considered various factors, including the adequacy of resources, the audit engagements and experience of Nexia, the number and experience of the supervisory and professional staff who will be assigned to the audit of the Company and the Group. The AC has also considered the Audit Quality Indicators listed in the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") in assessing the suitability of Nexia as the Company's new Auditors. Upon recommendation from the AC and after due deliberation, the Board is of the view that it would be in the best interests of the Company to effect a change of Auditors for the financial year ending 31 December 2023. Accordingly, EY will not be seeking re-appointment at the forthcoming AGM of the Company.

Nexia was established in Singapore since 1 January 2020 with the merger of two award-winning firms, CA Trust PAC and Ardent Associates LLP which were established in 2008 and 2011, respectively.

Nexia is a full-service firm of Chartered Accountants of Singapore registered with ACRA. Nexia has more than 80 professional staff members and 9 active partners who are practicing Singapore Chartered Accountants serving a diverse range of clients, from large multinational corporations, non-profit organisations, Monetary Authority of Singapore regulated entities to private businesses, entrepreneurs and individuals across a broad array of industry sectors.

Nexia is a member of Nexia International, a global network of independent accounting firms with footprints in 125 countries. Nexia International is ranked 12th largest global accountancy network in 2022 and is a member of the Forum of Firms.

For more information about Nexia, please visit www.nexiasingapore.com.

The engagement partner in-charge will be Mr Chang Fook Kay ("**Mr Chang**"). Mr Chang has more than 25 years of audit experience in providing audit and assurance services to a variety of clients, including as engagement partner of public companies listed on the SGX-ST. He is a chartered accountant with the Institute of Singapore Chartered Accountants ("**ISCA**"), a member of the ISCA's Investigation and Disciplinary Panel and a fellow practising member of the Association of Chartered Certified Accountants, UK. He was a former committee member of the ISCA's Financial Statements Review Committee and was a former board member of the ISCA's Auditing and Assurance Standards Committee. Mr. Chang has been subject to the Practice Monitoring Programme review by ACRA and has passed the Practice Monitoring Programme review by ACRA in 2009 and 2015 and received no adverse feedback from those reviews.

Apart from Mr Chang, Nexia will be assigning Mr Koh Wee Kwang ("**Mr Koh**") as the Engagement Quality Reviewer who will independently evaluate the significant judgements made by the engagement team and the related conclusions reached in forming the overall conclusion on the engagement. Mr Koh has more than 20 years of audit experience in providing audit and assurance services to a variety of clients and was involved with the implementation of Sarbanes-Oxley framework for American corporations. Mr Koh is a practising chartered accountant with the ISCA and is an elected member of the ISCA's Council. He is a Certified Internal Auditor (CIA) with the Institute of Internal Auditors (IIA). Since 2021, he has been involved in various litigation support matters which include two ongoing audit negligence cases and two concluded matters involving formerly SGX listed company and a company that was recently delisted from Nasdaq. He has also undertaken and led engagements in internal audit, enterprise risk management and sustainability reporting for companies listed on the Singapore Exchange and Growth Enterprise Market companies listed in the Stock Exchange of Hong Kong.

In addition, a team of 4 professional auditors, led by an audit engagement manager, is assigned to assist the audit engagement partner to execute and oversee the audit process. The assigned manager has more than 8 years of experience in audits of both multinational corporations and listed companies in Singapore and is well-equipped with updated and relevant skill sets to help drive the audit process.

The Board, with the concurrence of the AC, is satisfied that Nexia will be able to meet the audit requirements of the Company after having considered factors such as the adequacy of the resources and experiences of Nexia and the audit engagement partner and team assigned to the audit.

Nexia has given its consent to act as auditors of the Company by way of a letter dated 10 April 2023. The retirement of EY and the appointment of Nexia will take effect upon the approval of the Shareholders being obtained at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

The Directors wish to express their appreciation for the services rendered by EY during the past financial years.

In compliance with the requirements of Rule 712(3) of the Catalyst Rules:

- (a) EY has confirmed, by way of its letter dated 11 April 2023, that they are not aware of any professional reasons why Nexia should not accept the appointment as auditors of the Company and its subsidiaries;
- (b) the Company confirms that there were no disagreements with EY on accounting treatments within the last 12 months;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders of the Company;
- (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed above. The Company is of the view that it would be timely to effect a change of external auditors. Accordingly, EY has informed the Company that they will not be seeking re-election at the AGM; and
- (e) the Company confirms that it is in compliance with Rules 712 and 715 of the Catalyst Rules in relation to the appointment of Nexia as the new auditors of the Company.

Assuming that Ordinary Resolution 5 is approved by the Shareholders, Nexia will be appointed as the auditor of the Company's Singapore incorporated holding company and subsidiaries and will hold office until the conclusion of the next AGM of the Company. Pursuant to Rule 715(2) of the Catalyst Rules, the Company must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies. The subsidiary in Indonesia will be audited by a separate audit company, Kanaka Puradiredja, Suhartono ("**Nexia KPS**") which is also a member of Nexia International. The AC is of the view that Nexia KPS is able to meet the audit requirement of our Indonesian subsidiary.

- (ii) Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company.

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

Notes:

- (1) The AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 2 p.m. on 26 April 2023, at the URL <https://conveneagm.sg/advancedholdingsAGM2023>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 27 April 2023. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed. Members who do not receive email instructions on how to attend the AGM by 27 April 2023 should contact the Company at the email general.meetings@advancedholdings.com.
- (2) Further details relating to:
 - (a) 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);
 - (b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advanced of, or "live" at, the AGM; and
 - (c) voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM,are set out in the accompanying Company's announcement dated 12 April 2023 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2023". This announcement may be accessed at the Company's website at the URL <https://advancedholdings.com/media/news/> and has also been made available on SGXNet.
- (3) A member may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 11.59 p.m. on 19 April 2023:
 - (a) via the pre-registration website at the URL <https://conveneagm.sg/advancedholdingsAGM2023>;

NOTICE OF ANNUAL GENERAL MEETING

- (b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 30 Woodlands Loop, Singapore 738319; or
- (c) by email to general.meetings@advancedholdings.com.

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member's NRIC/Passport/UEN number;
- (c) the member's contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members before 11.59 p.m. on 19 April 2023 by 21 April 2023 via an announcement to be published on the Company's website at the URL <https://advancedholdings.com/media/news/> and SGXNet.

- (4) Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at the URL <https://conveneagm.sg/advancedholdingsAGM2023>.
- (5) Shareholders and proxyholders who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by clicking the "Ask a Question" feature and then clicking the "Queue for Video call" via the Live Webcast. The relevant Shareholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audio-visual or audio means during the AGM within a certain prescribed time limit.
- (6) **A member will not be able to attend the Annual General Meeting in person.** If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it may
 - (a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or
 - (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

The accompanying proxy form for the AGM may be accessed at the Company's website at the URL <https://advancedholdings.com/media/news/> and has also been made available on SGXNet.

- (7)
 - (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument, failing which the nomination shall be deemed to be alternative.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.
- (8) A proxy need not be a member of the Company.
- (9) The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
 - (a) if submitted via the pre-registration website, be submitted via the URL <https://conveneagm.sg/advancedholdingsAGM2023> in the electronic format accessible on the said website;
 - (b) if sent personally or by post, be deposited at the registered office of the Company at 30 Woodlands Loop, Singapore 738319; or
 - (c) if submitted by email, be received by the Company at general.meetings@advancedholdings.com,

in any case, not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

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Members are strongly encouraged to submit completed proxy forms electronically via the pre-registration website or email.

- (10) If sent personally or by post, the instrument appointing a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (11) Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
- (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
- (12) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if such member, being the appointor, is not shown to have shares entered against his/her 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.
- (13) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS investors, and who wish to participate in the AGM ("**Relevant Intermediary Participants**") by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of, or "live" at, the AGM; and/or (c) voting at the AGM (i) "live" by the shareholders themselves if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2 p.m. on 18 April 2023.
- (14) The Annual Report for the financial year ended 31 December 2022 may be accessed at the Company's website at the URL <https://advancedholdings.com/investors/annual-report/> under "Annual Report 2022". The Annual Report has also been made available on SGXNet.

Personal Data Protection:

By pre-registering for the "live" webcast, submitting an instrument appointing a proxy(ies) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or submitting any details of Relevant Intermediary Participants in connection with the Annual General Meeting, 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 proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), the publication of the names and comments of the members at the Annual General Meeting and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



NOTICE OF ANNUAL GENERAL MEETING

ANNEX **Notice of Nomination**

Date: 5 April 2023

The Board of Directors

Advanced Holdings Ltd
30 Woodlands Loop
Singapore 738319

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

I, Wong Kar King, being a shareholder of Advanced Holdings Ltd (the "Company") would like to nominate Messrs Nexia Singapore PAC as Auditors of the Company in place of Messrs Ernst & Young LLP at the forthcoming Annual General Meeting.

Yours faithfully,

Dr Wong Kar King

PROXY FORM

ANNUAL GENERAL MEETING ADVANCED HOLDINGS LTD.

Company Registration Number: 200401856N
(Incorporated in the Republic of Singapore)

IMPORTANT:

A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it may:

(a) (where the member is an individual) vote "live" via electronic means at the Annual General Meeting, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Annual General Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf; or

(b) (where the member is an individual or a corporate) appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2 p.m. on 18 April 2023.

I/We*, _____ (Name) _____ (NRIC/Passport/UEN No.)*
of _____ (Address)
being a *member/members of Advanced Holdings Ltd. (the "**Company**"), hereby appoint:

Name	Address	Email Address^	NRIC/Passport Number	Proportion of Shareholdings	
				No. of Shares	%
and/or *					
^Appointed proxy(ies) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted proxy form) to pre-register at the pre-registration website which is accessible from the URL https://conveneagm.sg/advancedholdingsAGM2023 in order to access the "live" audio-visual webcast or "live" audio-only stream of the Annual General Meeting proceedings.					

or, the Chairman of the Annual General Meeting (the "**AGM**") as my/our* proxy to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on 28 April 2023 at 2 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against and/or abstain from voting on the Resolution to be proposed at the AGM as indicated hereunder:

No.	Resolutions Relating To:	For**	Against**	Abstain**
	Ordinary Business			
1.	Adoption of Financial Statements			
2.	Re-appointment of Dr Ho Choon Hou			
3.	Re-appointment of Ms Tay Bee Gek			
4.	Approval of Directors' Fees for FY2023, payable quarterly in arrears			
5.	Proposed Change of Auditors from Ernst & Young LLP to Nexia Singapore PAC.			
	Special Business			
6.	Authority to allot and issue new shares			

* Delete as appropriate.

** If you wish to exercise all your votes "For" or "Against" the Resolution or to abstain from voting on the Resolution in respect of all your votes, please indicate your vote "For" or "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2023.

Number of Shares held in	
CDP Register	
Member's Register	
TOTAL	

Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it may:
 - (a) (where the member is an individual) vote “live” via electronic means at the AGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote “live” via electronic means at the AGM on his/her/its behalf; or
 - (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/ her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. A proxy need not be a member of the Company.
3. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary 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 Proxy Form shall be deemed to relate to all the ordinary shares held by you.
4. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
 - (a) via the URL <https://conveneagm.sg/advancedholdingsAGM2023> (the “**AHL AGM Website**”) in the electronic format accessible on the AHL AGM Website;
 - (b) if sent personally or by post, be deposited at the registered office of the Company at 30 Woodlands Loop, Singapore 738319; or
 - (c) if submitted by email, be received by the Company at general.meetings@advancedholdings.com,

in any case, not less than 48 hours before the time set for the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via the AHL AGM Website or email.

5. If sent personally or by post, the instrument appointing a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
 - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
7. Where an instrument appointing a proxy(ies) is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy(ies)). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.