



ellipsiz
forward solutions

ANNUAL REPORT 2022

CORPORATE INFORMATION

BOARD OF DIRECTORS

David Ong Kim Huat
(Chairman and Independent Director)
Kelvin Lum Wen-Sum
(Chief Executive Officer and Executive Director)
Amos Leong Hong Kiat
(Independent Director)
Clement Leow Wee Kia
(Independent Director)
Iris Wu Hwee Tan
(Non-Independent Non-Executive Director)
Adrian Lum Wen-Hong
(Non-Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

Amos Leong Hong Kiat (Chairman)
David Ong Kim Huat
Clement Leow Wee Kia
Iris Wu Hwee Tan

NOMINATING COMMITTEE

Clement Leow Wee Kia (Chairman)
David Ong Kim Huat
Amos Leong Hong Kiat
Kelvin Lum Wen-Sum

REMUNERATION COMMITTEE

Clement Leow Wee Kia (Chairman)
David Ong Kim Huat
Amos Leong Hong Kiat

COMPANY SECRETARY

Chow Ching Sian

COMPANY REGISTRATION NO.

199408329R

REGISTERED OFFICE

54 Serangoon North Avenue 4
#05-02
Singapore 555854
Tel: (65) 6518 2200
Fax: (65) 6269 2638
Email: ir@ellipsiz.com
Website: www.ellipsiz.com

SHARE REGISTRAR


M & C Services Private Limited
112 Robinson Road
#05-01 Singapore 068902

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Yong Kok Keong
(effective from the financial year ended
30 June 2020)

PRINCIPAL BANKERS

CIMB Bank Berhad, Singapore Branch
Citibank, N.A., Singapore Branch
DBS Bank Ltd
United Overseas Bank Limited



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Proxy Form

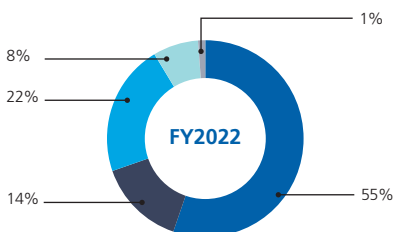
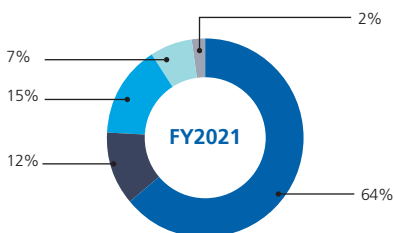


FINANCIAL HIGHLIGHTS

	2022 \$' mil	2021 \$' mil
RESULTS		
Revenue	55.6	54.5
Gross profit	12.1	12.1
Profit for the year	3.2	3.7
Interim dividend per share (cents)	–	0.50
Final dividend per share (cents)	1.00 ¹	2.00
FINANCIAL POSITION		
Total assets	144.1	137.8
Total liabilities	22.3	17.0
Shareholders' equity	113.6	113.7
FINANCIAL RATIOS		
Gross profit margin (%)	21.9	22.3
Earnings per share (cents)	1.65	1.83
NAV per share (cents)	68.18	68.23
Return on equity (%)	2.4	2.7
Current ratio (times)	3.9	5.3

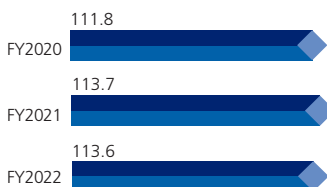
¹ Final dividend per share is subject to shareholders' approval at the Annual General Meeting to be held on 25 October 2022.

REVENUE BY REGION

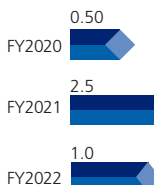


■ Singapore ■ Malaysia ■ China ■ Taiwan ■ Other Regions

SHAREHOLDERS' EQUITY (\$ MILLION)



TOTAL DIVIDEND PAYOUT (CENTS)



LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

It is a great pleasure to be writing my first annual report message and on behalf of the Board of Directors, I present the Group's Annual Report for the financial year ended 30 June 2022 ("FY2022").

More than two years have passed since the World Health Organisation declared COVID-19 to be a pandemic. The global economy, still reeling from the pandemic, is facing an increasingly uncertain outlook with the on-going geopolitical tensions between US and China and the negative spillovers from the war in Ukraine, not to mention, inflation.

For FY2022, the Group had delivered relatively stable results with revenue of \$55.6 million and net profit of \$3.2 million. Shareholders' equity stood at \$113.6 million.

YEAR IN REVIEW

The Group's FY2022 revenue of \$55.6 million comprised \$52.0 million from the Distribution and Services Solutions segment and \$3.5 million from the Automated Precision System Solutions segment. The \$1.1 million increase compared to revenue reported in the last financial year ("FY2021") of \$54.5 million was mainly contributed by higher equipment and consumables sales which was partially offset by lower commission income. Gross profit was \$12.1 million for both financial years.

Net profit of the Group for FY2022 of \$3.2 million was \$0.5 million lower than the net profit of \$3.7 million reported for FY2021. The decrease was mainly due to lower fair value gain recorded on the land in Bintan, Indonesia in FY2022 by \$1.0 million and the absence of a non-recurring net gain of \$0.7 million on the

Group's investment in RMDV Investments Pte Ltd which was recognised in FY2021. These decreases were partially mitigated by foreign exchange loss of \$0.9 million and an impairment loss on intangible assets and goodwill of \$0.3 million which were recorded in FY2021.

The shareholders' equity of \$113.6 million as of 30 June 2022 translates to 68.2 cents per share, comparable to that as of 30 June 2021.

In June 2022, the Company's wholly-owned subsidiary, Ellipsiz Agro Investments Pte Ltd ("EA IPL"), acquired a 40% interest in ISE Capital Management Pte Ltd ("ICM") for \$4.0 million (the "Acquisition"). ICM holds a 70% interest in ISE Foods Holdings Pte Ltd ("IFH") which will develop and operate the 4th egg farm in Singapore. This acquisition marks the Group's foray into the agri-food industry. The Group will collaborate with one of the world's largest egg producers to produce high quality eggs. The farm, which will deploy state-of-the-art technologies and environmentally-sustainable practices, targets to produce 360 million eggs annually for the local market when fully operational in 2026.

On completion of the Acquisition, ICM became a 40% associated company (as defined in the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST")) (the "Listing Manual") of the Company. This investment allows the Group to diversify its income streams to buffer business cycles stemming from the semiconductor and electronics industry.

The development of the farm is at its planning stage and will be carried out in phases.

LETTER TO SHAREHOLDERS

SHAREHOLDERS' RATIFICATION

In July 2022, the Company announced that EAIPL had entered into a shareholder loan agreement with ICM, pursuant to which EAIPL agreed to extend a shareholder loan solely by itself of up to \$28.5 million to ICM (the "Shareholder Loan") for the purposes of (a) subscribing for shares in IFH; (b) partially financing the development and operation of the farm by way of a loan to IFH; and (c) ICM's working capital and research and development requirements.

The Company has been notified by SGX-ST that, pursuant to Rule 1005 of the Listing Manual, SGX-ST is of the view that both the Shareholder Loan and the Acquisition should be aggregated and treated as if they were one transaction (together referred to as the "Transaction"). Under such circumstance, the relative figure computed on the basis set out in Rule 1006(c) of the Listing Manual would exceed 20% and hence the Transaction constitutes a major transaction which requires shareholders' approval.

The Company will accordingly be convening a general meeting to seek shareholders' approval of the Transaction by ratification. The date of the general meeting will be announced in due course. A circular containing information on the Transaction will also be dispatched in connection with the general meeting.

DIVIDENDS

The Board is recommending a final dividend of 1 cent per share for FY2022, subject to shareholders' approval at the forthcoming Annual General Meeting in October 2022.

LOOKING AHEAD

While the outlook of the semiconductor and electronics industry remains generally positive, there are signs of abating in certain markets particularly those exposed to consumer spending. We remain cautious about future prospects and while being mindful about the challenges, will continue to monitor and evaluate the market situation to capture growth opportunities.

NOTE OF APPRECIATION

The Board and management would like to thank Mr Chng Hee Kok, who retired as Chairman in October last year, for his leadership and wise counsel during his more than six years of service on the Board.

Our heartfelt appreciation also goes to our shareholders, customers, business partners and principals for the unwavering support and confidence they have shown the Group over the years.

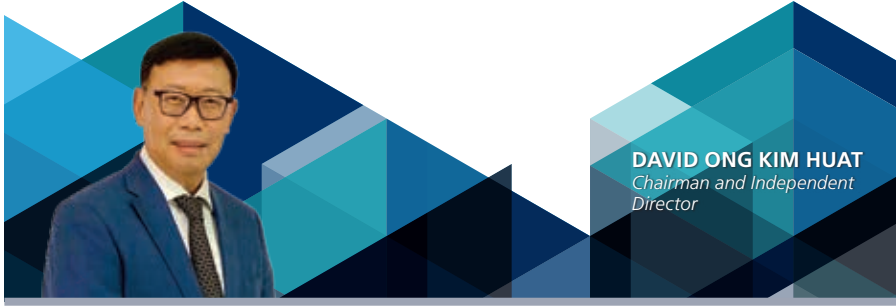
To my fellow Directors, I would like to express my deep appreciation for their contributions and guidance; and to our management team and staff, thank you for your dedication and commitment to the Group.

Together, we will continue to drive further growth for the Group.

DAVID ONG KIM HUAT

Chairman and Independent Director
23 September 2022

BOARD OF DIRECTORS



DAVID ONG KIM HUAT
*Chairman and Independent
Director*

Date of last election

Not applicable

Board Committee

Audit and Risk Committee (Member)
Nominating Committee (Member)
Remuneration Committee (Member)

Mr David Ong Kim Huat was appointed the Chairman and an Independent Director of the Company on 27 January 2022.

Mr Ong began his professional career in 1989 and held senior marketing positions in various international companies, including Visa International, Reed Elsevier, Planet Marketing Inc and Publicis. In 1998, he started Reddot Media Inc Pte Ltd, a company that specialises in providing media solutions to the tourism industry.

Mr Ong is currently the Managing Director of Reddot Media Inc Pte Ltd and also serves as a Non-Executive Independent Director of New Toyo International Holdings Ltd. He was formerly a Member of Parliament of Singapore from 2011 to 2016. He was awarded the Public Service Medal and Public Service Star in 2005 and 2009 respectively.

Mr Ong graduated from the University of Oregon, USA, with Bachelor of Science in Business Administration with double major in Marketing and Management.

Current directorship(s) in other listed company(ies)

- New Toyo International Holdings Ltd

Past 3 years' directorship(s) in other listed company(ies)

- MC Payment Limited (now known as OxPay Financial Limited)
- Hon Corporation Limited

BOARD OF DIRECTORS



KELVIN LUM WEN-SUM
*Chief Executive Officer and
Executive Director*

Date of last election
25 October 2019

Board Committee
Nominating Committee (Member)

Mr Kelvin Lum has been an Executive Director of the Company since 1 March 2016 and was appointed the Chief Executive Officer with effect from 8 August 2018.

Mr Lum is responsible for the formulation and implementation of the overall business and corporate strategies of the Group. He oversees the management of the Group and is actively involved in its day-to-day operations. As part of his wide-ranging tasks, he is also responsible for spearheading the growth of the business, ensuring its sustainability, and developing strategic partnerships and alliances.

His deep understanding of the local and regional business landscape coupled with business savvy, provide him with insights to assess and evaluate new opportunities. Furthermore, his intimate knowledge of the diverse business functions gives him the leadership perspective to ensure that the business units are aligned with the Group's overall strategy and mission.

Prior to joining the Company, Mr Lum was the Managing Director of LCD Global Investments Ltd (now known as AF Global Limited) where

he oversaw the group's strategic investments and global operations.

Mr Lum currently serves as a Non-Independent Non-Executive Director of Lum Chang Holdings Limited. He also sits on the School Management Committees of Nanyang Primary School and Nanyang Kindergarten, and is a director of Nanyang Girls' High School Ltd and Nanyang International Education (Holdings) Limited. Mr Lum also holds the position of Vice Chairman of both Nanyang Primary School and Nanyang Kindergarten.

Apart from his work commitments, Mr Lum is also an active supporter of grassroots initiatives. He currently serves as Patron of both the Marine Parade Community Club Building Fund Committee and The Hut, a charitable organisation that champions the all-rounded development of children and youth, as a catalyst for social mobility.

Mr Lum holds a Bachelor of Commerce from the University of Western Australia.

Current directorship(s) in other listed company(ies)
– Lum Chang Holdings Limited

Past 3 years' directorship(s) in other listed company(ies)
Nil

BOARD OF DIRECTORS



Date of last election

22 October 2021

Board Committee

Audit and Risk Committee (Chairman)

Nominating Committee (Member)

Remuneration Committee (Member)

Mr Amos Leong was appointed as an Independent Director of the Company since 1 May 2009. Mr Leong had obtained the approval of (a) all shareholders; and (b) shareholders, excluding the Directors and Chief Executive Officer of the Company and their associates, at the last annual general meeting of the Company held on 22 October 2021 for his continued appointment as an Independent Director.

Mr Leong, a veteran in the semiconductor and electronic manufacturing industries, is currently the President & Chief Executive Officer of the Univac Group, to provide a one-stop design-to-manufacturing value-chain for biomedical devices, life science and IVD consumables. He began his career in 1987 as a procurement engineer in Hewlett-Packard Singapore, and later served in various management roles in its Asia-Pacific operations and United States product divisions.

He was subsequently appointed as the Vice President & General Manager for the electronics manufacturing and semiconductor test businesses at Agilent Technologies, following the spin-off from Hewlett-Packard. In 2004, he assumed his current leadership role for the Univac Group.

Mr Leong is a member of Singapore Future Economy Council and the Emerging Stronger Taskforce. In 2021, he was appointed Deputy Chairman of Singapore Accreditation Council, and is a member of the Board of Directors for Enterprise Singapore. He is also a member of Singapore Polytechnic Board of Governors.

Mr Leong holds an Honours Degree in Electrical and Electronics Engineering from the National University of Singapore.

Current directorship(s) in other listed company(ies)

Nil

Past 3 years' directorship(s) in other listed company(ies)

Nil

BOARD OF DIRECTORS



Date of last election

25 October 2019

Board Committee

Audit and Risk Committee (Member)

Nominating Committee (Chairman)

Remuneration Committee (Chairman)

Mr Clement Leow has been an Independent Director of the Company since 8 May 2015.

Mr Leow was previously the Chief Executive Officer and an Executive Director of Allied Technologies Limited and Crowe Horwath Capital Pte Ltd. He was also the Head of Corporate Finance of Partners Capital (Singapore) Pte Ltd. Mr Leow, who has held senior positions in corporate finance and banking in Singapore, has over 20 years of corporate finance experience in initial public offering, mergers & acquisitions including corporate advisory transactions.

Mr Leow graduated from the Cornell University with a Bachelor of Science in Applied Economics and holds a Master of Business Administration degree as well as a Postgraduate Diploma in Financial Strategy from the University of Oxford. He completed the Governance as Leadership Program at Harvard University and serves as a member of the Singapore Institute of Directors. He is an Executive Committee member of the Singapore Tennis Association which oversees the national development of tennis and was awarded the Singapore Armed Forces Good Service Medal in 2007.

Current directorship(s) in other listed company(ies)

- Lum Chang Holdings Limited
- MSM International Limited
- Overseas Education Limited

Past 3 years' directorship(s) in other listed company(ies)

- Allied Technologies Limited

BOARD OF DIRECTORS



**IRIS WU
HWEE TAN**
*Non-Independent
Non-Executive
Director*

**ADRIAN LUM
WEN-HONG**
*Non-Independent
Non-Executive
Director*

Date of last election

27 October 2020

Board Committee

Audit and Risk Committee (Member)

Ms Iris Wu was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2018. She was engaged by the Company as a consultant providing consultancy services on corporate matters to the Group since February 2018.

Ms Wu has over 30 years of financial and management experience. She was previously an Executive Director and the company secretary of LCD Global Investments Ltd (now known as AF Global Limited), overseeing an extensive corporate affairs portfolio covering financial, taxation, corporate secretarial and legal matters, and playing an active role in the execution of strategic decisions. Prior to that, Ms Wu held various financial positions and had started her career as an auditor with the then Price Waterhouse Singapore.

A Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants, she holds a Bachelor of Commerce (Accountancy) degree from the then Nanyang University.

Current directorship(s) in other listed company(ies)

Nil

Past 3 years' directorship(s) in other listed company(ies)

Nil

Date of last election

27 October 2020

Board Committee

Nil

Mr Adrian Lum was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2018.

Mr Lum currently serves as Director, Property Development of Lum Chang Holdings Limited ("LCH"). He oversees the property division of LCH and is responsible for formulating business strategy and identifying investment opportunities for the real estate and also the non-real estate segments, potential joint ventures and business acquisitions for LCH.

Prior to joining LCH in 2006, Mr Lum held management positions whilst working locally and abroad.

Mr Lum holds a Master's Degree in Engineering with First-Class Honours from The Imperial College, United Kingdom, and was awarded the Governor's MEng Prize for academic excellence.

Current directorship(s) in other listed company(ies)

– Lum Chang Holdings Limited (*Alternate Director*)

Past 3 years' directorship(s) in other listed company(ies)

Nil

KEY MANAGEMENT



**CHOW
CHING SIAN**
*Chief Financial
Officer
Corporate Office*

**JOSEPH KANG
BOON TECK**
*Head of Corporate
Development &
Operations
Corporate Office*

Ms Chow Ching Sian was appointed the Chief Financial Officer of Ellipsiz Ltd on 8 August 2018. She is responsible for the finance function including accounting, taxation, audit, treasury, compliance, legal and corporate secretarial functions of the Group. Ms Chow has over 20 years of experience in the areas of financial and management reporting, taxation, compliance, risk management, audit, acquisitions & divestments and equity fund-raising activities.

Prior to joining Ellipsiz Ltd, Ms Chow held various finance positions within Keppel Capital, the asset management arm of Keppel Corporation Limited. She was the Chief Financial Officer at Keppel DC REIT Management Pte Ltd, the Manager of Keppel DC REIT since August 2017, Senior Vice President at Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust from May 2016 and Vice President at Keppel REIT Management Limited, the Manager of Keppel REIT, from December 2010.

Ms Chow started her career as an auditor with Deloitte & Touche LLP Singapore and held various finance positions in other listed corporations in Singapore.

Ms Chow holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore. She is a member of the Institute of Singapore Chartered Accountants.

Mr Joseph Kang joined as Vice President, Operations of Ellipsiz Ltd on 5 September 2018. He was subsequently appointed as Head of Corporate Development & Operations of Ellipsiz Ltd on 16 December 2019. He assists the Chief Executive Officer of the Company in overseeing the strategic planning and development of the Group as well as the operational functions of the various business units. Mr Kang has over three decades of experience in semiconductor-related sales and marketing in Asia.

Mr Kang was previously driving business development in Wireless Solutions Group at Microchip Technology and was responsible for the strategic planning and product line management in the Asia Pacific region. He had held sales and marketing positions in Sicon Semiconductor Asia Pacific and Zarlink Semiconductor Asia Pacific, where he established and managed extensive sales and distribution networks.

Mr Kang graduated with an Honours Degree in Business Management (Marketing) from the University of Bradford. He also holds a Graduate Diploma in Marketing Management from the Singapore Institute of Management and a Diploma in Electrical Engineering from the Ngee Ann Polytechnic.

KEY MANAGEMENT



Mr Tony Gung joined the Group as President, Distribution & Services Solutions (“DSS”) on 3 February 2020. He oversees the strategic and operational functions of the DSS division of the Group.

Mr Gung was previously Vice President of the Group’s DSS division in China and Taiwan as well as General Manager of the Group’s probe card solutions division in Taiwan, prior to the Group’s divestment of its probe card business in 2017. Following the divestment, Mr Gung joined SV Probe Technology Taiwan Co., Ltd as General Manager and Vice President.

Mr Gung has accumulated considerable sales, engineering and business management expertise in the electronics manufacturing test industry, particularly in China and Taiwan. He had held numerous engineering and managerial positions in Agilent Technologies, Hewlett Packard and one of IBM’s strategically invested R&D company in Taiwan.

Mr Gung holds a Master’s Degree in Control Engineering from the National Chiao Tung University, Taiwan.



OPERATIONS REVIEW

The world has been living with Covid-19 for more than two years now. Most countries have gradually reopened their borders and resumed travel and business activities. Whilst countries work to rebuild their economies, the economic outlook is still uncertain with the on-going geopolitical tensions, the war in Ukraine as well as global inflation.

Nevertheless, the Group will continually monitor and evaluate the market situation and business environment to strategise and overcome challenges that may arise.



In the SEMI's report 'Mid-Year Total Semiconductor Equipment Forecast – OEM Perspective' released in July 2022, global sales of semiconductor manufacturing equipment by original equipment manufacturers are forecasted to reach a record of US\$117.5 billion in 2022, rising 14.7% from the previous industry high of US\$102.5 billion in 2021 and to further increase to US\$120.8 billion in 2023. Both the front-end and back-end semiconductor equipment segments are contributing to the market expansion. The wafer fab equipment segment, which includes wafer processing, fab facilities and mask/reticle equipment, is projected to expand 15.4% to a new industry record of US\$101.0 billion in 2022, followed by a 3.2% increase to US\$104.3 billion in 2023.

DISTRIBUTION & SERVICES SOLUTIONS ("DSS")

Our DSS business focuses on distributing a wide range of manufacturing, testing and inspection/measurement equipment and providing engineering and service solutions to customers in the semiconductor and electronics manufacturing industries.

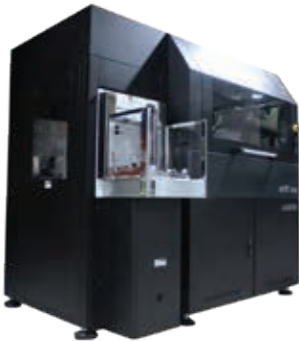
According to the World Semiconductor Trade Statistics, the world semiconductor market expects another year of double-digit growth with a forecast of US\$646.5 billion, up 16.3% following a strong growth year in 2021. For 2023, the global semiconductor market is projected to grow by 5.1% to US\$679.7 billion, driven by growth in the Logic and Analog categories.



OPERATIONS REVIEW

DSS recorded an operating profit of \$2.7 million in both the year under review and the preceding financial year. It continues to make progress in its business development and sales efforts in China as Chinese semiconductor companies increase capital expenditures by expanding their semiconductor fabrication plants to break a dependence on global chips. Additionally, DSS also continues to seek expansion of its product portfolio by forging new partnerships with strategic partners to offer a variety of products to customers.

Our team will continue to assess opportunities to expand DSS business. We will capitalise on the resources that DSS has built over the years to compete effectively and provide value-added solutions to our principals and customers.



AUTOMATED PRECISION SYSTEM SOLUTIONS (“APSS”)

APSS is in the business of providing customised systems and solutions for test automation, high precision automated assembly process for fibre and lens as well as full automated wafer testing solutions in the semiconductor and electronics manufacturing industries. It is also developing and building a portfolio of standard products under its own brand, with an aim to be an original equipment manufacturer. APSS and DSS collaborate to integrate their strengths and capabilities to create value for our stakeholders.

In the year under review, APSS recorded a revenue of \$3.5 million and incurred a small loss of \$0.07 million. Performance of APSS was weighed down by the ongoing supply chain disruptions and manpower constraints. It continues to strive to remain relevant and agile by keeping abreast of external conditions and aligning its product offerings to market demands.

OPERATIONS REVIEW



INVESTMENTS

The Group had diversified into the property sector with the acquisition of land in Bintan, Indonesia through PT Super Makmur Sejahtera ("PT SMS"), a subsidiary in which the Group has a 75% interest. The remaining 25% interest is held by Lum Chang Holdings Limited. To date, PT SMS had acquired 86 hectares of land. As the largest island in the Riau province, Bintan is well known for its high-end resorts, world-class golf courses and magnificent coastal beauty and is strongly promoted by Indonesia as the next best tourist destination after Bali. Strategically located in the northeastern coast of Bintan Island, the land presents a wide variety of potential tourism-related options and opportunities that the Group can capitalise on.

On 30 June 2022, the Group acquired a 40% interest in ISE Capital Management Pte Ltd ("ICM") which holds a 70% interest in ISE Foods Holdings Pte Ltd ("IFH"). IFH will be developing and operating the 4th egg farm in Singapore.

In August 2022, IFH took possession of 3 plots of land with a total approximate land area of 121,000 square metres for the development of an egg layer farm, a day-old-chick hatchery and a parent layer farm. The lease term of the 3 plots of land is 30 years. The acquisition in ICM marks the Group's foray into the agri-food industry. It allows the Group to collaborate with one of the world's largest egg producers to produce high quality eggs for Singapore's local consumption. This acquisition also serves as a foothold from which there could be potential opportunities for the Group to consider the agri-food sector and increasing its investment in this business in the future.

FINANCIAL REVIEW

PERFORMANCE

The Group's revenue of \$55.6 million for the financial year ended 30 June 2022 ("FY2022") was marginally higher than \$54.5 million recorded in the previous financial year ("FY2021"). The increase in revenue was attributable to higher sales of equipment and consumables by the Distribution and Services Solutions segment, which was partially offset by its lower commission income. Gross profit margin was 22% for both financial years.

Other income recorded in FY2022 was \$1.3 million compared to \$1.5 million in FY2021 mainly because of lower government grants, subsidies and rebates, partially offset by higher dividend income received.

The Group had recognised fair value gains on the land it owns in Bintan, Indonesia of \$1.9 million and \$2.9 million in FY2022 and FY2021 respectively based on valuations carried out by an independent valuer.

Both distribution and administrative expenses and finance income in FY2022 were comparable to FY2021. The other expenses incurred in FY2021 comprised foreign exchange loss of \$0.9 million and impairment loss on intangible assets and goodwill pertaining to the vending solutions segment of \$0.3 million.

In FY2021, the Group had recorded a share of profit of an associate of \$3.5 million and a loss on disposal of an associate of \$2.8 million in relation to its 10% investment in RMDV Investments Pte

Ltd ("RMDV"). Following the Company's exercise of the option in June 2021 to request RMDV to distribute 13,755,922 Lum Chang Holdings Limited shares (equivalent to the Company's proportionate 10% interest in RMDV) to it by way of repayment of \$4.8 million shareholder's loan given by the Company to RMDV, in kind, RMDV had bought back all of the Company's 10 shares in RMDV for a consideration of \$10 and ceased to be an associate of the Company.

Overall, the Group recorded a net profit after tax of \$3.2 million in FY2022 which was 15% lower than the net profit after tax of \$3.7 million in FY2021.

FINANCIAL POSITION

The shareholders' funds of the Group stood at \$113.6 million as at 30 June 2022. This was comparable to \$113.7 million as at 30 June 2021.

The Group's total assets was \$144.1 million as at 30 June 2022 compared to \$137.8 million as at 30 June 2021. The increase was mainly due to the recognition of provisional goodwill arising from the acquisition of ISE Capital Management Pte Ltd ("ICM") and the acquisition of additional plots of land in Bintan, Indonesia which were partially offset by a decrease in cash and cash equivalents.

The Group's total liabilities was \$22.3 million as at 30 June 2022 compared to \$17.0 million as at 30 June 2021. The increase was mainly due to the higher trade and other payables and amounts due to related parties.

FINANCIAL REVIEW

CASH FLOWS AND LIQUIDITY

The Group's cash and cash equivalents of \$61.7 million as at 30 June 2022 was lower by \$2.7 million compared to \$64.4 million as at 30 June 2021.

The decrease was mainly attributable to:

- (a) net cash used of \$3.5 million in investing activities; and
- (b) net cash used of \$3.6 million in financing activities; which were partially offset by
- (c) net cash generated of \$4.4 million from operating activities.

Net cash used in investing activities of \$3.5 million was mainly for acquisition of ICM and purchases of financial assets and additional plots of land in Bintan, Indonesia. These outflows were partially offset by the proceeds from disposal of and dividends received from financial assets.

Net cash used in financing activities of \$3.6 million was mainly for payment of FY2021 final dividend approved at the Annual General Meeting in October 2021 and payment of lease liabilities.

The Group generated net cash of \$4.4 million from its operating activities in FY2022 compared to \$0.1 million in FY2021. The increase in net cash from operating activities was due to higher cash generated from operations and lower tax paid in FY2022.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (the "Board") of Ellipsis Ltd ("Ellipsis" or the "Company", and together with its subsidiaries, the "Group") is pleased to present its Sustainability Report for the financial year ended 30 June 2022 ("FY2022"). This report sets out our Group's environmental, social and governance ("ESG") initiatives, plans and performances, and our ongoing commitment to sustainable development, with a focus on ESG topics which are material to the Group and our key stakeholders.

The Board is responsible for overseeing the business and corporate affairs of the Group, including sustainability matters. As part of its strategic formulation, the Board has considered sustainability issues and determined the ESG factors which are material to the Group. The Board believes that a responsible business approach is integral to our long-term success and considers sustainability as part of our business strategy. We are committed to adopting sustainable practices across our operations, empowering individuals, enriching communities, and thereby creating a positive impact on the environment and society.

As a business that strives towards growth and development, we remain vigilant in emerging trends and new developments that may present business opportunities. The changing business environment may offer opportunities for us to improve our sustainability and business performance. Our sustainability approach recognises the need to enhance our sustainability performance in order to increase our competitiveness. We are aware of the increasing importance of ESG factors among our key stakeholders and the business landscape, and we aim to align our sustainability initiatives with our business strategy.

It has been over two years since the COVID-19 pandemic first struck. The global economy is facing slow and piecemeal signs of recovery. FY2022 was a year marked by continued uncertainty and rapidly evolving external environments, underscoring the need for organisations to remain agile and resilient. In FY2022, we forayed into the agri-food industry by investing in ISE Foods Holdings Pte Ltd, to develop and operate the 4th egg farm in Singapore which will deploy state-of-the-art technologies and environmentally-sustainable practices. We believe the investment will enable us to, amongst others, contribute positively and directly to the nation-wide movement in Singapore towards sustainability development.

In line with the requirement of Rule 720(7) of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), all our Board members had attended sustainability training course(s) as prescribed by the SGX-ST, to better equip themselves with the knowledge on sustainability matters.

The Group has in place internal controls to ensure the accuracy and completeness of our disclosures in the report and moving forward, we will also subject our sustainability reporting process to internal review in compliance with Rule 711B(3) of the listing manual of the SGX-ST.

We thank our staff, partners and stakeholders for their continuous support in our sustainability journey over the years. As we continue on our sustainability drive, we aim to build a sustainable business for generations to come. We continue to keep abreast of developments in our industry, actively and regularly engaging our key stakeholders, build upon our existing sustainability framework, and seek to further inculcate good sustainable practices within our business so as to improve our overall sustainability performance.

SUSTAINABILITY REPORT

ABOUT US

Ellipsiz was founded as a leading provider of integrated solutions in the electronics industry. Over the years, it has become one of the leading engineering and service solutions providers, serving customers in the semiconductor and electronics manufacturing industries across Asia. Our current key business is in providing distribution and services solutions ("DSS") and distributing a wide range of manufacturing, testing and inspection/measurement equipment to customers in the semiconductor, electronics manufacturing and telecommunication industries.

The Group operates its DSS business via a basic supply chain structure, where the lead company forms a series of relationships with companies that buy and sell a wide range of equipment and products. We operate and provide our product and service solutions to customers in various countries, including Singapore, Taiwan, China and Malaysia. As a result, our business and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. The Group's efforts to streamline, consolidate and integrate various distribution and service solutions business over the past few years have unlocked further cross-marketing and cross-leveraging opportunities between East Asia and Southeast Asia operations. This has created invaluable synergies across markets and distribution networks.

To establish a foothold in the agri-food industry, we invested in ISE Foods Holdings Pte Ltd in June 2022, to develop and operate the 4th egg farm in Singapore with a view to, amongst others, provide for long-term sustainable growth for the Group. The investment is also in line with Singapore's "30 by 30" food security goal to produce 30% of its nutritional needs locally by 2030 and the vision to strengthen and safeguard food security and sustainability in Singapore.

Our Vision and Mission

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in. To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions.

VISION

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in

MISSION

To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions

SUSTAINABILITY REPORT

Our values

Our core values keep the inner workings of our brand in check. They shape our culture and define our beliefs and practices, allowing us to achieve the results we desire and to continually develop and improve our services for our customers.

VALUES



RESPECT FOR
INDIVIDUAL



INTEGRITY



CUSTOMER FOCUS



ENTREPRENEURSHIP



MERITOCRACY



ACHIEVEMENT
ORIENTATED



PROFIT & LIQUIDITY
FOCUS

ABOUT THIS REPORT

This report provides an overview of our approach towards sustainability as well as our sustainability performance and progress in FY2022, with a focus on the Group's material ESG topics, set out in the section entitled "*Our Sustainability Approach*". It is prepared in line with the sustainability reporting requirements of the listing manual of the SGX-ST, and is developed with reference to the Global Reporting Initiative ("GRI") Standards. We have selected GRI Standards as our sustainability reporting framework as we believe it provides robust guidance, is highly relevant and reflects global best practice for sustainability reporting.

Reporting Scope

Our reporting scope covers the Company and the Group's DSS operations in Singapore, Taiwan, China and Malaysia, which is consistent with our report for the previous financial years. We also provide information on the process adopted for identification of the material ESG topics covered by this report. Data presented in this report has been drawn from the Group's operations included within the reporting scope. Moving forward, we will continually review our reporting framework and reporting scope so as to improve and enhance our overall sustainability reporting.

If you wish to provide feedback on this report, please reach out to us at ir@ellipsiz.com.

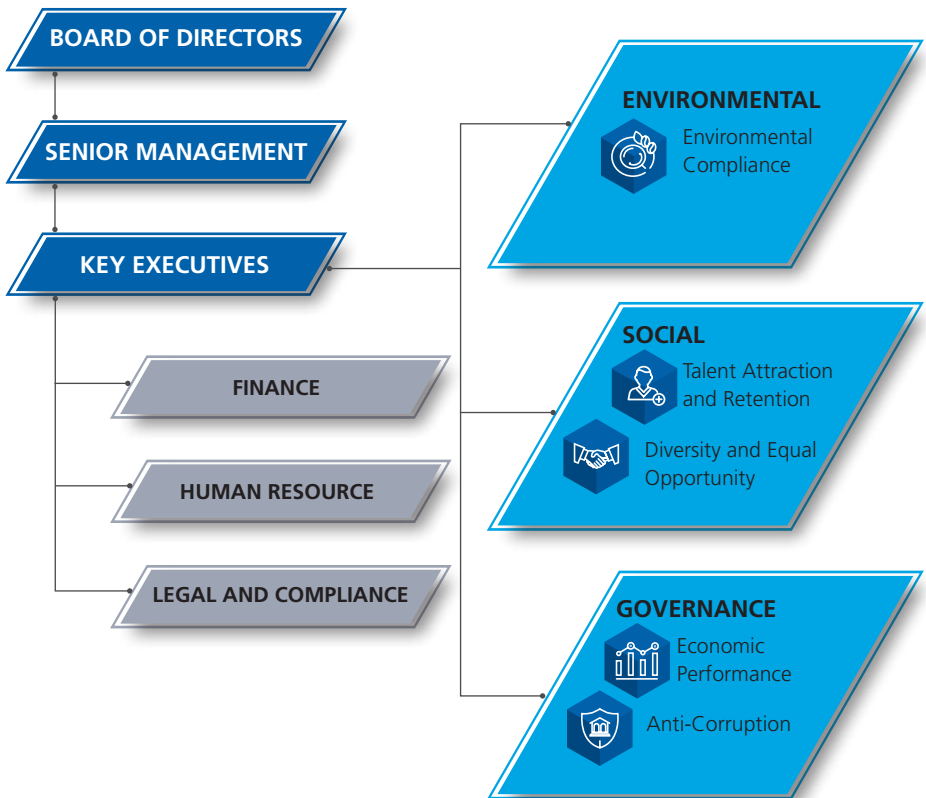
SUSTAINABILITY REPORT

OUR SUSTAINABILITY APPROACH

Sustainability Governance

The Board is responsible for overseeing sustainability matters, and is supported by a team comprising certain senior management and key executives of the Group. The team reviews, assesses and makes recommendations to the Board on sustainability matters. It initiates, drives, and monitors various aspects of the Group's sustainability practices to ensure effective integration of ESG initiatives into the business operations and corporate objectives.

Figure 1 Group's Sustainability Governance



SUSTAINABILITY REPORT

Stakeholder Engagement

One of the keys to building an effective organisation is to uphold a healthy company culture, which amongst others, places emphasis on interaction with key stakeholders. We treat our key stakeholders as assets and constructive communication with our key stakeholders generates new ideas and encourages co-operation which will improve the organisation's sustainability performance as well as increase the organisation's overall effectiveness in the long run. We define our key stakeholders as groups of people or entities whom we consider may be significantly affected by our business operations and outcomes, or who may significantly influence our business. The following are identified as the key stakeholders of the Group:

- Customers
- Suppliers
- Employees
- Shareholders & Investors
- Government & Regulators

We believe it is necessary to make time and effort in acknowledging and understanding our key stakeholders' material concerns and expectations. Through regular formal and informal engagements with our key stakeholders, we are able to develop mutually beneficial relationships and ensure a smooth operation within the organisation.

The COVID-19 pandemic has caused various impacts to our customers, suppliers and employees. We made continuing efforts in engaging our customers during this period, and these include providing additional on-site service supports to customers that need to operate from different locations due to operating restrictions imposed by

the relevant government authorities. As part of our efforts to safeguard our customers' and employees' health and safety during this period, our employees are required to carry out COVID-19 swab tests regularly, at the Group's expense, so as to minimise the risk of COVID-19 transmission at workplace and our customers' premises. We maintain our strong commitment to our stakeholders during these challenging times.

We also continue to maintain active and regular engagements and discussions with our suppliers during this period, to understand and assess the impact of lockdowns and potential lockdowns so as to minimise the risk of disruption to our supply chain.

The COVID-19 pandemic has resulted in many organisations placing increased focus on the health and safety of employees by implementing rapid changes to their operations. In this regard, we took precautionary measures since January 2020 by executing our Group's business continuity plan to protect the well-being of our employees, and to ensure our business continues with minimum disruption. Please also refer to the section entitled "*Talent Attraction and Retention*" in this report for more details on the Group's engagement with our employees.

SUSTAINABILITY REPORT

The Company has ceased quarterly reporting and adopted half-yearly announcement of its financial statements following amendments made to the listing manual of the SGX-ST in February 2020. We believe that the adoption of half-yearly announcement of the Company's financial statements will enable us to reduce compliance costs and allow our management to be more focused on the Group's business. We continue to regularly engage with shareholders and investors through, *inter alia*, our continuing disclosures of material information relating to the Group from time to time.

During FY2022, the annual general meeting of the Company ("AGM") in October 2021 was conducted and held by electronic means. Alternative arrangements relating to attendance of shareholders at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions by shareholders to the chairman of the meeting in advance of the AGM, addressing substantial and relevant questions at, or prior to, the AGM and shareholders' voting at the AGM by appointing the chairman of the meeting as proxy, were put in place for the AGM.






In view of the ease of COVID-19 safe management measures in Singapore, we will provide for shareholders' physical attendance at the forthcoming AGM in October 2022, allowing shareholders to interact directly with our Board and management, ask questions and vote in real-time just as the pre-COVID-19 times. We will nevertheless continue to closely monitor and adhere to any changes in relevant government regulations on safe management measures to safeguard public health and safety promptly.



SUSTAINABILITY REPORT

The following figure summarises our approach in engaging our key stakeholders:

Figure 2 Key Stakeholders' Engagement Mechanism

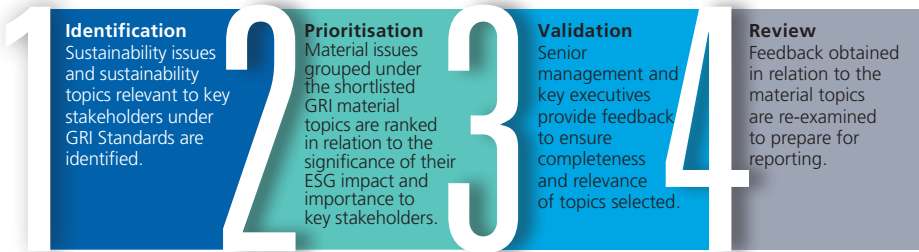
KEY STAKEHOLDERS	MATERIAL CONCERNS	ENGAGEMENT MECHANISMS
<p>Customers</p> 	<p>Quality of products and services provided</p>	<ul style="list-style-type: none"> • Regular dialogue with customers to understand their needs and collect their feedback • Designated representatives to handle customers' orders and requests
<p>Suppliers</p> 	<p>Loss of key products distributorships and service contracts</p>	<ul style="list-style-type: none"> • Regular meetings with suppliers to exchange ideas and areas of concern • Routine and ongoing communication with suppliers to keep them informed on strategies and plans
<p>Employees</p> 	<p>Manpower risk</p>	<ul style="list-style-type: none"> • Orientation conducted for new employees to familiarise them with the Group's business, management and policies • Training and career development plans • Social and team-building activities • Annual employee performance appraisal • Employees' welfare and benefits
<p>Shareholders & Investors</p> 	<p>Economic and industry trends, Group performance and corporate governance</p>	<ul style="list-style-type: none"> • Shareholders and investors are kept abreast of the Company's key developments through press releases, corporate website, announcements via SGX website and Annual Reports • Annual General Meetings are conducted to engage our shareholders • Dedicated investor relations page on the Company's corporate website
<p>Government & Regulators</p> 	<p>Regulatory and compliance risk</p>	<ul style="list-style-type: none"> • Board and management are kept abreast of new policies, regulations and guidelines launched and implemented by government and regulators such as Ministry of Manpower, SGX-ST, National Environment Agency and Health Sciences Authority • Seminars or courses attended by Board/management on developments in relevant laws and regulations

SUSTAINABILITY REPORT

Materiality Assessment

Materiality is a critical input in our corporate sustainability strategy as we strive to provide our key stakeholders with the sustainability information most relevant to them, and to our business. In determining the material factors of the Group, we carried out a materiality assessment exercise. The process includes interviews with our key stakeholders and internal workshops to identify the material sustainability issues taking into account our operations in Singapore, Taiwan, China and Malaysia.

We adopt a systematic four-step approach in determining the material topics:



For our FY2022's reporting, the five material ESG factors shown in Figure 3 below continued to be relevant to our business. We will continue to assess and review our material ESG factors annually to ensure their relevance and clear reflection of our business and our key stakeholders' concerns.

Figure 3 Material ESG Factors of the Group



SUSTAINABILITY REPORT

ENVIRONMENTAL PERFORMANCE

The Group is committed to being a socially responsible organisation and strives to take measures to manage its environmental impact. We make effort to reduce our environmental footprint by encouraging our employees to observe green practices in conserving energy, reducing and recycling waste, saving paper, and minimising negative impact on the environment overall. We believe that every little step goes a long way towards sustaining a clean and green environment and developing a greener society which, at the same time, will help to improve efficiencies and deliver cost reductions for the Group.

In line with our effort in contributing positively to the environment, we have discontinued the practice of mailing printed copies of Ellipsiz's annual reports and circulars (unless otherwise required under the listing manual of the SGX-ST) to shareholders. The annual reports and circulars are available for download at a dedicated investor relations page of our corporate website at <https://www.ellipsiz.com/investor-relations/newsroom/> as well as the SGX website. We encourage shareholders to support our sustainability efforts and embrace e-communications.

Our employees mostly telecommute since the spread of COVID-19 in early 2020 and have accustomed to changes in the ways to carry out their daily tasks. These include moving towards e-paper or going paperless in performing their work. We have embarked on digital transformation by digitising paper-based processes and documents, with a view to contributing positively towards a clean and green environment as well as in increasing productivity through reducing time spent on physical activities such as filing, photocopying and keeping paper trail. We have substantially reduced our paper consumption following this transformation initiative.

We constantly identify and implement energy conservation measures to reduce our environmental footprint. To-date, we have implemented various green initiatives such as the use of LED lights which are made of non-toxic materials, with a view to lowering the environmental impact of lighting as well as to improve energy efficiency and reduce energy consumption cost.

Environmental Compliance

As a socially responsible organisation, the Group is committed to complying with all environmental laws and/or regulations in places where it operates. A breach of any environmental law or regulation may affect our ability to continue with our operations.

In FY2022, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. For the financial year ending 30 June 2023 ("FY2023"), we target to maintain our healthy record of zero incident of significant fines or non-monetary sanctions for non-compliance with applicable environmental laws and/or regulations.

Target for FY2022	Target Met?	Target for FY2023
Maintain zero incident of significant fines or non-monetary sanctions for non-compliance with applicable environmental laws and/or regulations	Yes	Continue to maintain zero incident of significant fines or non-monetary sanctions for non-compliance with applicable environmental laws and/or regulations

SUSTAINABILITY REPORT

SOCIAL PERFORMANCE

(a) Talent Attraction and Retention

We recognise that employees are one of our most valuable assets. They are the backbone and foundation of our business, and the main driving force behind our successes and achievements. With the competitive landscape in hiring, talent attraction and retention remain a key concern for the Group. We believe in creating a safe and inclusive working environment for our employees, where we continually invest in them and reward them for outstanding performance.

At Ellipsiz, we are committed to providing an environment where the dedication and commitment of our people are recognised. In recognising the contributions and efforts of our employees who have performed beyond the call of duties and showed their commitment towards Ellipsiz's vision and mission, the Company makes it a point to award such employees with the Outstanding Staff Award. Additionally, in recognition of the long-term commitment and loyalty of employees who have achieved significant milestones in the Group, the Company awards such employees with the Long-Service Award. The Long-Service Award recognises years of employment starting from the fifth year, in five-year intervals.



SUSTAINABILITY REPORT

In an effort to remain as an attractive employer, we ensure that all our employees are well provided with competitive welfare and benefits such as medical and dental benefits, relevant insurance coverage and annual leave entitlement as well as additional leave entitlement on eligibility such as marriage, compassionate, maternity and paternity leaves. We adhere strictly to the basic terms of employment stipulated by national laws in the countries where we operate to safeguard the legitimate rights and benefits of our employees.

Since the COVID-19 pandemic first struck, we have put in place precautionary measures against COVID-19 to ensure the safety and well-being of our employees. As a responsible employer, we adhere strictly to all advisories on COVID-19 issued by the relevant government authorities. During FY2022, at the organisation level, we required employees to submit their health and travel declarations for those who are travelling, to allow us to identify individuals who might have a higher risk of exposure to COVID-19. Our employees carried out COVID-19 swab test on a weekly basis, and all our visitors were required to produce a negative COVID-19 swab test result prior to entering our work premises. We have also implemented staggered working hours to minimise our employees' exposure to public during working hours. Other safe management measures taken by the Group include distribution of face masks and hand sanitizers to employees on a regular basis, requiring employees to telecommute and implementing safe distancing measures at workplace. Cleaning service providers are also engaged to deep clean and sanitise workplaces thoroughly from time to time.

We encourage our employees to get vaccinated when vaccination is made available to them by the relevant authorities. In support of this, we grant our employees 2 off-days (on the day of vaccination and the following day) in addition to their leave entitlements for them to have sufficient rest on receiving each dose of vaccination. As restrictions ease, we will continue to monitor the changes in relevant government regulations closely and adhere to the changes on safe management measures promptly.

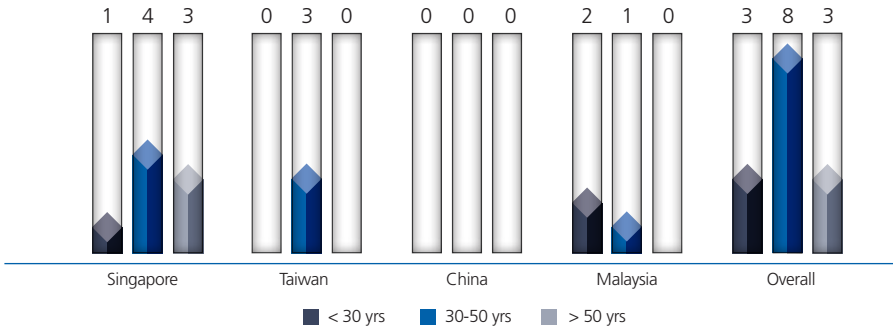
Each employee is appraised at least once a year through an annual performance appraisal, which includes an open discussion of the employee's performance, training, development and long-term career goals. With the rapid technological and market changes in our industry, it is vital for our employees to keep themselves abreast of the latest industry developments. To this end, we encourage and support our employees to constantly develop and improve their knowledge and skillsets through participating in various upgrading and career development programs. We aim to groom and train dedicated individuals and invest time and effort in them so as to enable them to take on more responsibilities and grow with the Group.

SUSTAINABILITY REPORT

New Employee Hires

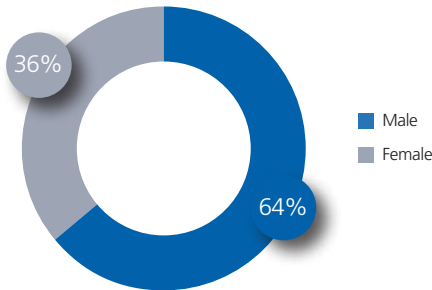
Figures 4 and 5 below show the number of employee hires by region and age group and by gender in FY2022 respectively.

Figure 4 Employee hires by region and age group in FY2022



The total number of new employees hired in FY2022 was 14 with the majority from the age group of 30-50 years old.

Figure 5 Employee hires by gender in FY2022



The total number of new employees hired in FY2022 comprised 64% male and 36% female.

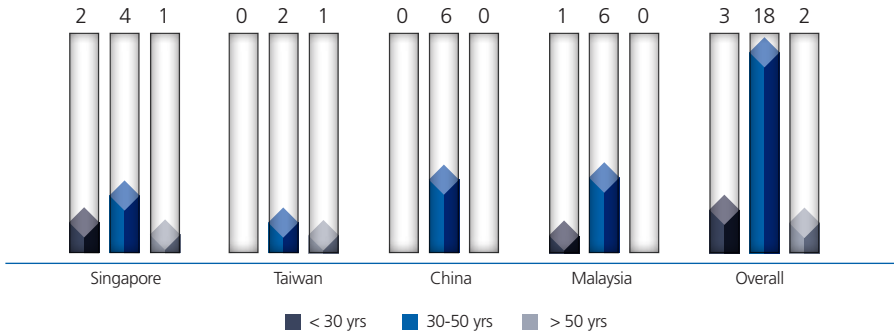
Employee Turnover

Employee turnover refers to employees who have left the Group voluntarily or due to dismissal, retirement, or death in service.

Figures 6 and 7 below show the employee turnover by region and age group and by gender in FY2022 respectively.

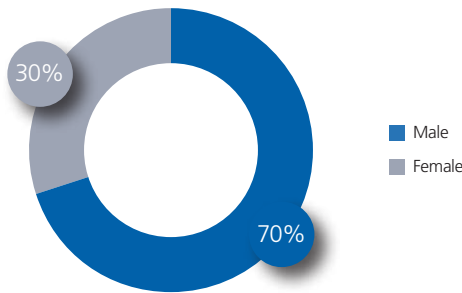
SUSTAINABILITY REPORT

Figure 6 Employee turnover by region and age group in FY2022



The total employee turnover in FY2022 was 23 or 19.5% of the total number of employees of 118 as at 30 June 2021. We did not achieve the target rate of 15% set for employee turnover in respect of FY2022.

Figure 7 Employee turnover by gender in FY2022



The total employee turnover in FY2022 comprised 70% male and 30% female.

For FY2023, we continue to target to achieve an employee turnover rate of not more than 15% of the total number of employees of 109 as at 30 June 2022.

Target for FY2022	Target Met?	Target for FY2023
Achieve an employee turnover rate of not more than 15% of the total number of employees as at 30 June 2021	No	Achieve an employee turnover rate of not more than 15% of the total number of employees as at 30 June 2022

SUSTAINABILITY REPORT

(b) Diversity and Equal Opportunity

At Ellipsis, we believe that the success and growth of our business depends on the continued efforts and abilities of our employees. We place emphasis on implementing inclusive recruitment practices and optimising the use of available labour and talent in different regions. We embrace diversity as the differences in background and experience of each employee will make our Group more vibrant and innovative. We recognise the importance of creating an all-inclusive environment where our people can treat each other respectfully and equally. We are committed to creating an environment that provides non-discrimination and equal opportunities and benefits to each employee, regardless of race, religion, gender or age. This is implemented through our Employees' Code of Conduct and Ethics Policy ("Code of Conduct"), which sets our position against discrimination in any form.

We select and recruit employees on the basis of merit (such as skills, experience or ability to perform the job) regardless of their age, race, gender, religion, marital status and family responsibilities. Employees are hired based on individual competencies, skillsets, organisational and job fit. A fair appraisal system, which is carried out annually, supports our remuneration practices, opportunities for advancement and promotion, recognition of achievements, training requirements and other conditions of employment.

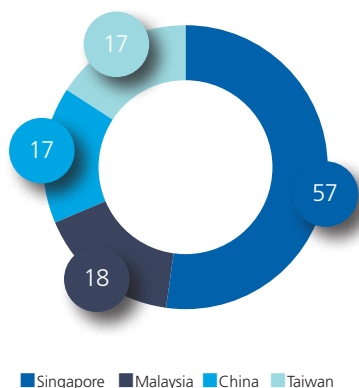
As at 30 June 2022, the total number of employees of the Group under the reporting scope was 109, with diversity in terms of age and gender. There were no cases of discrimination reported within the Group in FY2022.

Figures 8, 9 and 10 below show the total number of employees by region, the distribution of employees by gender and employee category, and the distribution of employees by age group and employee category, respectively, as at 30 June 2022.

The four employee categories are as follows:

- Employee Category 1 – General Manager/Director level
- Employee Category 2 – Manager level
- Employee Category 3 – Executive level
- Employee Category 4 – Non-executive level

Figure 8 Total number of employees by region as at 30 June 2022



SUSTAINABILITY REPORT

Figure 9 Distribution of employees by gender and employee category as at 30 June 2022

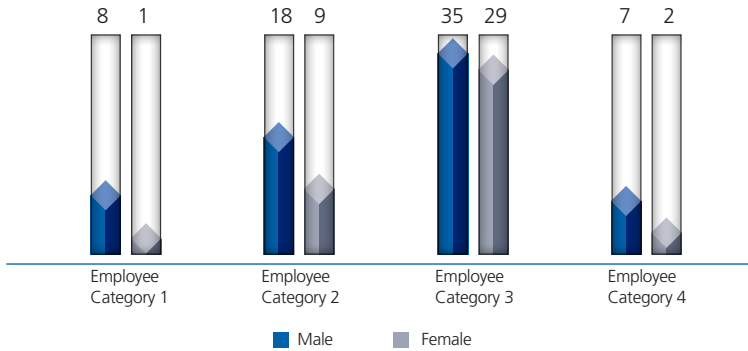
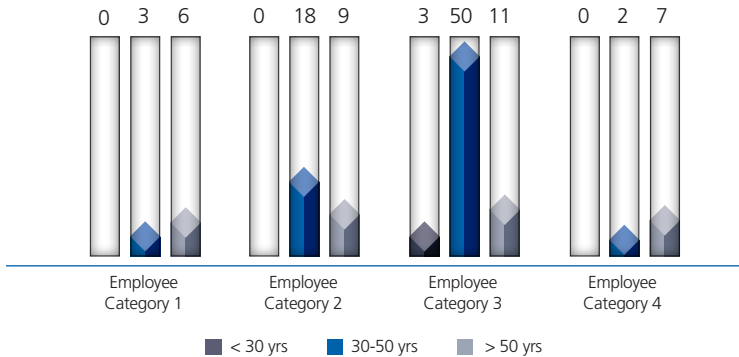


Figure 10 Distribution of employees by age group and employee category as at 30 June 2022



The disclosure on composition and diversity of the Board is set out in the section entitled “Corporate Governance Report – Principle 2, Provision 2.4” of this Annual Report.

For FY2023, we target to maintain the record of zero discrimination case within the Group.

Target for FY2022	Target Met?	Target for FY2023
Maintain zero discrimination case within the Group	Yes	Continue to maintain zero discrimination case within the Group

SUSTAINABILITY REPORT

(c) Corporate Social Responsibility

One of our goals as a responsible and caring organisation is to give back to the society. We actively integrate corporate social responsibility into our sustainable business practices, with an aim to generate a positive outcome and to make a difference for our community. Ellipsiz supports corporate social responsibility programs through various community and charitable causes. We believe that every act of kindness goes a long way, and everyone has a part to play in building a gracious society.

We encourage our employees to engage in corporate social responsibility programs, with the intent of raising awareness and cultivating a sense of social responsibility towards the less privileged in our society. Amid the COVID-19 pandemic, we believe that we have an even bigger part to play in providing support to the community. In December 2021, a total of 4,500 boxes of disposable masks were donated to Transient Workers Count Too (TWC2), Migrant Workers' Centre (MWC) and ItsRainingRaincoats (IRR) in Singapore. These are non-profit organisations which aim to improve and champion the well-being of migrant workers in Singapore. Moving forward, we hope to continue doing our part for the society.

GOVERNANCE PERFORMANCE

(a) Economic Performance

The Group sees economic performance as one of the material factors as we believe our business economic viability is important to our key stakeholders. We aim to attain long-term sustainable growth to provide sustainable returns to our shareholders.

Our financial performance for FY2022 can be found in the sections entitled "*Financial Review*" and "*Financial Statements*" of this Annual Report.

(b) Anti-Corruption

As an organisation that upholds business integrity, we have zero tolerance towards any forms of corruption. All our employees are expected to strictly observe integrity and to conduct themselves in a professional and ethical manner in their course of work. Corrupt practices could subject the Group and individuals concerned to criminal and civil liabilities, and may adversely affect the Group's reputation.



SUSTAINABILITY REPORT

The Group’s Code of Conduct sets out, *inter alia*, the guidelines for acceptable codes of ethics in a workplace and for dealings with suppliers and customers. As part of our yearly exercise, the Code of Conduct is sent to all employees to read and refresh themselves of the guidelines set out therein. All employees (other than those who are non-executive such as delivery staff) are required to complete an online declaration form to confirm that he or she is in compliance with the Code of Conduct during the financial year. Where there is any non-compliance with the Code of Conduct, employees will be required to disclose the details of such non-compliance.

In addition, the Group has a whistleblowing policy (“Whistleblowing Policy”) in place to promote good ethical standards, integrity and governance in the corporate conduct and business practices of the Group. The Whistleblowing Policy provides an avenue for our employees to raise in confidence, concerns about actual or suspected improprieties about, amongst others, financial reporting, internal controls, corruption, bribery and fraud, and offer assurance that employees raising such concerns in good faith will be protected from reprisals for whistleblowing. The Independent Directors of the Company are responsible for oversight and monitoring of whistleblowing, including investigation of whistleblowing reports (including reports made anonymously) which are made in good faith. Whistleblowing concerns received will be handled in accordance with the procedures set out in the Whistleblowing Policy, including appropriate course of actions. Our Whistleblowing Policy is made available to all employees through an employees’ portal, and is reviewed and updated from time to time to ensure that it remains current and applicable.

Internal audits of our Group entities are conducted periodically to monitor, amongst others, the risk of corruption. In the event any of such risk arises, it will be reported to the management and the Audit and Risk Committee of the Company. There were no reported incidents of corruption in FY2022. Whilst there is no risk of corruption presently, we will continue to remain vigilant in ensuring that our employees conduct themselves with the highest standards of integrity and accountability.

We target to continue to maintain the record of zero incident of corruption in FY2023.

Target for FY2022	Target Met?	Target for FY2023
Maintain zero incident of corruption	Yes	Continue to maintain zero incident of corruption

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of Ellipsiz Ltd (the “Company” and together with its subsidiaries, the “Group”) is committed in its continuing efforts to achieve high standards of corporate governance and business conduct to enhance long-term shareholder value and safeguard the interests of its stakeholders. This report describes the Company’s corporate governance practices for the financial year ended 30 June 2022 (“FY2022”), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “Code”). The Board is pleased to report that the Company had adhered closely to the principles and provisions of the Code in FY2022. Where there are deviations from any provision of the Code, explanations as to how the Company’s practices conform to the intent of the particular principle of the Code are provided in the relevant paragraphs of this report.

I. 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.*

Provisions 1.1, 1.3, and 1.4

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. Its roles include, approving the overall strategies and initiatives of the Group; providing entrepreneurial leadership and setting objectives; regularly reviewing the Group’s financial performance; overseeing processes for evaluating the adequacy of internal controls; ensuring the implementation of appropriate systems to manage the principal risks of the Group’s business (including safeguarding of shareholders’ interests and Group’s interests); setting standards and values (including ethical standards); ensuring that obligations to shareholders and other key stakeholders are understood and met; considering sustainability issues as part of its strategic formulation; and assuming responsibility for corporate governance.

The Company’s internal guidelines stipulating matters that require the Board’s approval are communicated to management. Matters requiring the Board’s approval include:

- (a) strategic investments, acquisitions and divestments;
- (b) annual budget and business plans of the Group;
- (c) issuance of shares, payment of interim dividends, proposal of final dividends for shareholders’ approval and any other returns to shareholders;
- (d) matters as specified under Chapter 9 of the listing manual of Singapore Exchange Securities Trading Limited (“SGX-ST Listing Manual”) in relation to interested person transactions;

CORPORATE GOVERNANCE REPORT

- (e) announcements issued by the Company including the release of the Group’s financial results and the Annual Report;
- (f) sustainability issues including the determination of the environmental, social and governance factors which are material to the Group as part of its strategic formulation; and
- (g) any other corporate actions and matters as prescribed under the relevant legislations and regulations and the provisions of the Company’s Constitution.

Where a director of the Company (“Director”) faces conflicts of interest, he or she will recuse himself or herself from discussions and decisions on the relevant matter. In accordance with the Company’s Constitution, a Director who has personal material interest, directly or indirectly, in respect of any contract or proposed contract or arrangement or any other proposal will not be allowed to vote on any of such matters.

To facilitate the Board in the discharge of its oversight function and ensuring good corporate governance, Board committees comprising the Audit and Risk Committee (“ARC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”) are established with clear written terms of reference. The members of the Board committees are set out below. Each Board committee has the authority to examine issues relevant to its written terms of reference and to make recommendations to the Board for its consideration and approval. A summary of the terms of reference and the activities of each Board committee is disclosed in the relevant paragraphs of this report.

Audit and Risk Committee	Nominating Committee	Remuneration Committee
<ul style="list-style-type: none"> • Amos Leong Hong Kiat (Chairman) • David Ong Kim Huat • Clement Leow Wee Kia • Iris Wu Hwee Tan 	<ul style="list-style-type: none"> • Clement Leow Wee Kia (Chairman) • David Ong Kim Huat • Amos Leong Hong Kiat • Kelvin Lum Wen-Sum 	<ul style="list-style-type: none"> • Clement Leow Wee Kia (Chairman) • David Ong Kim Huat • Amos Leong Hong Kiat

Provision 1.5

The Board meets regularly and the Directors attend and participate actively in Board and Board committees meetings. The meetings of the Board and Board committees are planned and scheduled in advance to facilitate meaningful participation. In FY2022, the Board conducted four scheduled meetings on a quarterly basis. In addition, the Board had conducted ad-hoc meetings and discussions during the year to address specific significant matters or developments. The Company’s Constitution permits the Board to conduct meetings by, *inter alia*, telephone conference or electronic means so as to enhance efficiency and allow for timely meetings. The Board may also make decisions by way of circular resolutions in writing.

CORPORATE GOVERNANCE REPORT

The attendance of each Director at meetings of the Board and of the Board committees in FY2022, as well as the Annual General Meeting of the Company ("AGM") held in October 2021 is set out in the table below.

	Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee	AGM
Number of meetings held	5	2	3	2	1
Director	Number of meetings attended in FY2022				
Chng Hee Kok ¹	1	1	1	1	1
David Ong Kim Huat ²	3	1	1	1	NA
Kelvin Lum Wen-Sum	5	NA	3	NA	1
Amos Leong Hong Kiat	5	2	3	2	1
Clement Leow Wee Kia	5	2	3	2	1
Iris Wu Hwee Tan	5	2	NA	NA	1
Adrian Lum Wen-Hong	5	NA	NA	NA	1

¹ Mr Chng Hee Kok retired as a Director at the close of the AGM held on 22 October 2021.

² Mr David Ong Kim Huat was appointed as a Director on 27 January 2022.

Directors with multiple board representations have not compromised the time and attention given to the affairs of the Group. Please also refer to additional disclosures under *Principle 4, Provision 4.5* of this report.

Provision 1.6

Management provides the Directors with relevant, complete and timely information prior to Board and Board committees meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Senior management is invited to participate at the meetings to provide the background and explanatory information relating to matters brought before the Board and Board committees. Relevant information with the necessary explanations cover matters including business plans, operations updates, budgets, forecasts, half-year and full-year financial statements, internal audit and enterprise risk assessment reports. In respect of budgets, any material variances between projections and actual results are disclosed and explained.

CORPORATE GOVERNANCE REPORT

Notice of meeting setting out the agenda and reports and materials for the Board and Board committees meetings are circulated in advance of each meeting to allow sufficient lead time for Directors to review the matters before the meetings. If a Director is unable to attend a Board or Board committee meeting, he or she will still receive all the materials for discussion at the meeting. He or she will advise the Chairman of the Board (the "Chairman") or the relevant Board committees of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting.

Provision 1.7

All Directors have separate and independent access to the senior management team, the Company Secretary and external professional advisers such as lawyers, external and internal auditors (where necessary and at the Company's expense) at all times. Directors are entitled to request from senior management additional information as and when needed to make informed decisions and senior management is obliged to provide such information on a timely basis. The Company Secretary attends the Board and Board committees meetings and ensures that meeting procedures are followed, relevant legislations, rules and regulations relating to company are complied, and minutes of the meetings are fairly recorded. The Company's Constitution provides that the appointment and the removal of Company Secretary are subject to the approval of the Board.

Provision 1.2

A formal letter is issued to newly appointed Directors upon their appointment explaining their duties and obligations as a Director. Newly appointed Directors will undergo an orientation programme, which includes briefings by the chairman of the NC, the Chief Executive Officer of the Company ("CEO") and management on the businesses and activities of the Group, its investments, any pending merger and acquisition projects, its strategic directions as well as its corporate governance practices so as to facilitate the new Director's understanding of the Group. A new Director who has no prior experience as a director of a listed issuer on the Singapore Exchange Securities Trading Limited ("SGX-ST") will be required to undergo mandatory training on the roles and responsibilities of a listed issuer director as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he or she has other relevant experiences, in which case, the basis of its assessment will be disclosed.

Directors are provided with opportunities to develop and maintain their skills and knowledge and to keep abreast of new developments. They attend seminars and training courses including those organised by the Singapore Institute of Directors ("SID") at the Company's expense. In addition to updates at each Board meeting on the business and strategic developments pertaining to the Group's business, Directors also receive regular updates from management and/or external consultants on developments in relevant laws and regulations such as those relating to finance, corporate governance and rules of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

In FY2022, training programmes attended by some of the Directors include:

- (a) The New Capitalism & ESG at the Core organised by SID;
- (b) Hyper Digitalisation & ESG at the Core organised by SID;
- (c) SID Directors Conference 2021 organised by SID;
- (d) Roadmap to mandate Climate-related Disclosures organised by SGX RegCo-GCNS;
- (e) ACRA-SGX-SID Audit Committee Seminar 2022;
- (f) Finance Leaders Web-Bitez Learning Series organised by ISCA; and
- (g) LED – Environmental, Social and Governance Essentials (Core) organised by SID.

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.*

Provisions 2.2 and 2.3

As at the date of this report, the Board comprises six members, three of whom are independent Directors, including the Chairman. Other than Mr Kelvin Lum Wen-Sum who is an executive Director and the CEO, the remaining members of the Board are non-executive Directors, making up a majority of the Board.

Provision 2.1

The Board determines the independence of each Director on an annual basis, taking into account the assessment of the NC, the guidelines on independence specified in the Code (including the Code's Practice Guidance), the circumstances set out in Rule 210(5)(d) of the SGX-ST Listing Manual and each Director's confirmation of his or her independence based on the aforesaid.

The Company's independent Directors are Mr David Ong Kim Huat (who is the Chairman), Mr Amos Leong Hong Kiat (who is the chairman of ARC) and Mr Clement Leow Wee Kia (who is the chairman of both NC and RC).

Each of Mr David Ong Kim Huat and Mr Clement Leow Wee Kia has confirmed his independence. They have no business relationship with the Group and are independent from the substantial shareholder and the officers of the Company. There are also no other circumstances which would deem them to be non-independent.

CORPORATE GOVERNANCE REPORT

Mr Amos Leong Hong Kiat who was first appointed to the Board on 1 May 2009 is the only independent Director who has served on the Board for more than nine years. In this respect, the NC (except Mr Leong who had recused himself on this matter) undertook a more rigorous review on the independent status of Mr Leong. In its review, the NC took into consideration that:

- (a) Mr Leong has consistently demonstrated strong independence in character and judgement in the discharge of his responsibilities as a Director;
- (b) he does not have any relationship with the Company, its related corporations, its substantial shareholder and/or officers that could interfere, or be reasonably perceived to interfere, with his independent business judgement in the best interests of the Company;
- (c) during his term as a Director, there was a change in the senior management of the Company. The former CEO and the former Chief Financial Officer of the Company (“CFO”) who had served the Company for more than nine years had retired in financial year 2018 and new management was put in place;
- (d) other than his annual Director’s fees, neither he nor his immediate family member, in the current or immediate past financial year, provided to or received from the Group any significant payments or material services;
- (e) neither he nor his immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a partner in, or an executive officer of, or a director of, any organisation which provided to or received from the Group any significant payments or material services;
- (f) he is not and has not been directly associated with the substantial shareholder of the Company; and
- (g) there are no other circumstances (including circumstances under Rule 210(5)(d)(i) and (ii) of the SGX-ST Listing Manual) which would deem him to be non-independent.

From its assessment, the NC was of the view that though Mr Leong has served on the Board for more than nine years, he shall nonetheless be considered independent. The Board, taking into account the view of the NC, also concurred that Mr Leong’s independent judgement and ability to act in the interests of all shareholders of the Company as a whole would not be impeded and thus, he is able to continue in his role as an independent Director.

CORPORATE GOVERNANCE REPORT

Under Rule 210(5)(d)(iii) of the SGX-ST Listing Manual (which came into effect on 1 January 2022), if a Director has served on the Board for an aggregate period of more than nine years, his continued appointment as an independent Director must be approved by shareholders in separate resolutions through a two-tier voting process in accordance with Rule 210(5)(d)(iii)(A) and (B) of the SGX-ST Listing Manual. The Company had sought the relevant shareholders' approvals at the AGM held in October 2021 in respect of the continued appointment of Mr Leong as an independent Director from 1 January 2022. Mr Leong's continued appointment as an independent Director was approved by shareholders through the two-tier voting process at the said AGM. Such approvals will continue in force until the retirement or resignation of Mr Leong as a Director or the conclusion of the third AGM of the Company following the passing of the two-tier resolutions at the AGM held in October 2021, whichever is the earlier. Accordingly, Mr Leong continues to be regarded as an independent Director notwithstanding that he has served for more than nine years on the Board.

Mr Kelvin Lum Wen-Sum and Mr Adrian Lum Wen-Hong are not independent as they are both sons of Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, the controlling shareholder of the Company.

Ms Iris Wu Hwee Tan is considered not independent by reason of her appointment by the Company as a consultant providing consultancy services on corporate matters to the Group where she receives an aggregate payment in excess of \$50,000 in a financial year for the provision of such services.

Provision 2.4

To foster open and constructive debate and avoid groupthink for effective decision-making, the Company's diversity policy endorses the principle that the Board and the Board committees comprise members with the appropriate mix of expertise and experience and, who as a group, collectively possesses the relevant and necessary skill sets and core competencies. The policy also considers other aspects of diversity such as age and gender. All Board appointments are based on the merit of candidates, having due regard to the diversity policy and core values of the Company. The NC reviews the size and composition of the Board and the Board committees annually.

The current make-up of the Board reflects the Company's commitment to the relevant diversity in knowledge, experience, skills, gender and age. The Board is made up of members with diverse background and varied experience in the fields of finance, business and management, marketing and tourism, and industry knowledge. This allows for an appropriate balance of perspectives and ideas which are essential and valuable to the decision-making and direction setting of the Group.

CORPORATE GOVERNANCE REPORT

Mr David Ong Kim Huat’s marketing and tourism experience and leadership positions spanned across various international companies. He established a company that specialises in providing media solutions to the tourism industry and has been the managing director of the said company since then. Mr Kelvin Lum Wen-Sum was formerly the managing director of an issuer listed on the SGX-ST where he oversaw the group’s strategic investments and global operations. Mr Amos Leong Hong Kiat, a veteran in the electronics manufacturing industry, has in-depth knowledge and experience in the same industry the Group is in. Mr Clement Leow Wee Kia has over 20 years of corporate finance experience in initial public offering, mergers and acquisitions including corporate advisory transactions. Ms Iris Wu Hwee Tan has over 30 years of financial and management experience which includes overseeing an extensive corporate affairs portfolio covering financial, taxation, corporate secretarial and legal matters. Mr Adrian Lum Wen-Hong has held various management positions previously whilst working locally and abroad, and has wide experience in formulating business strategy and identifying investment opportunities in the real estate segment. Please refer to the section entitled “*Board of Directors*” on pages 5 to 9 of this Annual Report for more information on each Director.

The Board’s composition in terms of age and gender is set out below.

Age Group	Number of Directors	Percentage (%)
30-50	3	50
>50	3	50
Total	6	100

Gender	Number of Directors	Percentage (%)
Male	5	83
Female	1	17
Total	6	100

The NC had conducted its assessment for FY2022 and is of the view that the Company had met its diversity objectives. The Board will exercise its best endeavours to continue maintaining the appropriate criteria to facilitate effective decision-making, taking into consideration the scope and nature of the Group’s current operations.

Provision 2.5

The non-executive Directors meet at the end of each Board committee meeting as and when necessary, without the presence of management. Their feedback and views are communicated to the Board from time to time, as appropriate.

CORPORATE GOVERNANCE REPORT

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.*

Provision 3.1

There is a clear segregation of the roles and responsibilities of the Chairman and the CEO as the roles are separately held by Mr David Ong Kim Huat, an independent Director, and Mr Kelvin Lum Wen-Sum. This ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not immediate family members.

Provision 3.2

The Chairman's primary responsibility is to lead the Board and in ensuring its effective function. He sees to it that Board meetings are held as and when necessary and that Directors receive accurate, clear and timely information. He encourages constructive relations between management and the Board, as well as between executive and non-executive Directors; and ensures effective communication with shareholders.

The CEO is primarily responsible for the operations and performance of the Group; execution of corporate directions and strategies, including overseeing its financial planning and investment activities; and reporting to the Board on the Group's operations and performance.

Provision 3.3

The Board does not appoint a lead independent director as the Chairman is an independent Director. The NC is of the view that there is an appropriate balance of power and accountability to ensure independent decision-making given that half of the Board members are independent.

Board Membership

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

Provisions 4.1 and 4.2

The NC comprises four Directors, namely, Mr Clement Leow Wee Kia (as chairman), Mr David Ong Kim Huat, Mr Amos Leong Hong Kiat and Mr Kelvin Lum Wen-Sum. The majority members of the NC, including the chairman of the NC, are independent Directors.

CORPORATE GOVERNANCE REPORT

Under its written terms of reference, the NC is tasked to assist the Board with its oversight responsibilities in the following matters:

- (a) review of the structure, size and composition of the Board and the Board committees;
- (b) review of the succession plans for the Chairman, Directors and key management personnel (including the CEO);
- (c) development of processes and criteria for evaluating the performance of the Board, each Board committee and each individual Director;
- (d) review of the training programmes for the Board;
- (e) appointment and re-appointment of Directors; and
- (f) review of the independence of each Director.

Provision 4.3

When the need for a new Director arises, either to replace a Director who has resigned or to enhance the Board's composition, the NC will shortlist potential candidates. The NC may seek external assistance such as from external consultants and the SID to source for potential candidates. Directors as well as management may also put forward names of potential candidates, for the NC's consideration. The NC will evaluate, amongst others, the needs of the Board taking into consideration the need for diversity including skills sets, expertise, experience of the candidates and the value that each can contribute to the Board before making any recommendation to the Board. The NC also reviews and approves nominations for key management positions in the Group, in particular, the CEO and CFO, and makes its recommendations to the Board for approval.

Succession planning is an important part of governance process. The NC reviews the Board membership in an orderly manner, and progressively reviews the succession and leadership development plans for senior management. Mr David Ong Kim Huat was appointed as the Chairman of the Board in January 2022 following the retirement of Mr Chng Hee Kok at the AGM held in October 2021.

CORPORATE GOVERNANCE REPORT

The NC is tasked under its terms of reference to, *inter alia*, make recommendations on the re-election of Directors who are subject to retirement by rotation. A Director who is the CEO will also be subject to re-election. The Company's Constitution requires one-third of the Directors for the time being to retire by rotation at every AGM, and all Directors to retire at least once every three years. In deciding whether to nominate Directors to stand for re-election at each AGM, the NC will assess and evaluate the contribution of each individual Director to the effectiveness of the Board. The review parameters for evaluating each Director include, *inter alia*, attendance at Board and Board committees meetings, participation and involvement in decision-makings, individual expertise, management skills, business knowledge and experience of the Director, and such other relevant attributes which are valuable to the effective decision-making of the Board as a whole. Each member of the NC abstains from voting on any resolution, making any recommendation and participating in any deliberation of the NC in respect of the assessment of his own performance and nomination for re-election as a Director.

A newly appointed Director must submit himself or herself for re-election at the next AGM following his or her appointment to the Board pursuant to the Company's Constitution.

At the forthcoming AGM, each of Mr Kelvin Lum Wen-Sum and Mr Clement Leow Wee Kia will be retiring as Director pursuant to Article 101 of the Company's Constitution. Mr David Ong Kim Huat will also be retiring as Director pursuant to Article 107 of the Company's Constitution. The NC has reviewed and is satisfied with their contribution and performance as Directors and has endorsed their nomination for re-election. Please refer to the section entitled "*Additional Information on Director Seeking Re-Election*" on pages 174 to 187 of this Annual Report for information relating to Mr David Ong Kim Huat, Mr Kelvin Lum Wen-Sum and Mr Clement Leow Wee Kia provided pursuant to Rule 720(6) of the SGX-ST Listing Manual.

Provision 4.4

The NC reviews and assesses annually and as and when circumstances require to determine if there is a change to the independent status previously accorded to a relevant Director based on the guidelines on independence disclosed under *Principle 2, Provision 2.1* of this report. Please refer to the disclosures under *Principle 2, Provision 2.1* of this report for the Board's determination of the independence of each Director.

Provision 4.5

The NC ensures that newly appointed Directors are aware of their duties and obligations. As disclosed under *Principle 1, Provision 1.2* of this report, new and existing Directors are provided with, *inter alia*, training and developments opportunities by the Company in support of their roles as Directors.

CORPORATE GOVERNANCE REPORT

The listed company directorships held by, and the principal commitments of, each Director, if any, are disclosed on pages 5 to 9 of this Annual Report. Taking into account, *inter alia*, the attendance records of the Directors at the respective Board and Board committees meetings and their contributions towards the deliberations and decision-makings of the Board and the Board committees, the NC is satisfied that sufficient time and attention are being given by each Director to the affairs of the Group, notwithstanding that some of the Directors serve on the board of other listed companies and/or have other principal commitments. The number of directorships in other listed companies and/or other principal commitments held by each of the Directors, if any, does not give rise to material concern and in fact, the experience such Directors have in other listed companies benefits the Group as they bring with them relevant knowledge and experience from their involvement in such other appointments.

No alternate Director was appointed during FY2022.

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.*

Provisions 5.1 and 5.2

The NC develops the objective performance criteria and processes for evaluating the performance and effectiveness of the Board as a whole, each Board committee as well as each individual Director which are approved by the Board.

A formal assessment process, based on evaluation questionnaires that contain both qualitative and quantitative performance criteria to assess the effectiveness of the Board and the Board committees is carried out at least once every financial year. The confidential questionnaire completed by each Director individually, covers areas such as the effectiveness of the Board/ Board committees in its monitoring role, various aspects of diversity including diversity of background, experiences and skills represented on the Board/Board committees, and access to information and communication with management. Such input is collated and reviewed by the chairman of NC, who presents a summary of the overall assessment (together with any feedback received) to the NC for review. As part of the annual assessment process, each Board committee is also required to complete a checklist, to ensure that the roles and duties set out in its written terms of reference are carried out during the financial year. The completed checklists are submitted to the NC for it to carry out its evaluation process.

The NC evaluates each individual Director's performance through a separate questionnaire dealing with various aspects including attendance records, contributions during Board and Board committees meetings, as well as individual performance of principal functions and fiduciary duties. Where a particular Director is also a member of the NC, such Director abstains from participating in the discussions and decision-making during the evaluation process.

CORPORATE GOVERNANCE REPORT

The results of the evaluation exercise carried out by the NC are reported to the Board. Recommendations on areas where the Board or Board committees performance and effectiveness could be enhanced are submitted to the Board for discussion and where appropriate, approval for implementation. No external facilitator was engaged for the evaluation process in FY2022.

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provisions 6.1 and 6.2

The RC comprises three Directors, namely, Mr Clement Leow Wee Kia (as chairman), Mr David Ong Kim Huat and Mr Amos Leong Hong Kiat. All of them, including the chairman of the RC, are independent Directors. They are familiar with, and have the relevant experience in, executive compensation matters as they are or previously were performing executive functions in companies where they are or were employed.

The RC plays a crucial role in the recruitment and retention of talents to drive the Group's business forward. It sets the remuneration guidelines of the Group.

Under its written terms of reference, the RC is responsible for:

- (a) reviewing and recommending to the Board a remuneration framework and policies for the Directors and key management personnel (including the CEO);
- (b) reviewing and recommending to the Board the specific remuneration package for each Director and each key management personnel; and
- (c) ensuring that the remuneration package is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Group for the long-term.

CORPORATE GOVERNANCE REPORT

Provisions 6.3 and 6.4

The RC reviews all aspects of remuneration of the Directors and key management personnel of the Group, including the terms of service contracts of the executive Director who is the CEO and key management personnel, to ensure that they are fair and reasonable. There is no provision for payment of compensation upon termination of service, retirement or any post-employment benefits in the service contracts of the CEO and key management personnel. Save for Ms Iris Wu Hwee Tan (as disclosed under *Principle 2, Provision 2.1* of this report) whose consultancy agreement is reviewed annually by the NC, RC and ARC, all non-executive Directors have no written service contracts with the Company and are paid Director's fees, subject to shareholders' approval at the AGMs.

No individual Director fixes his or her own remuneration. Any Director who has an interest in the matter in question is required to abstain from participating in the deliberations and decision-making.

The RC is empowered under its written terms of reference to, *inter alia*, obtain professional advice and appoint consultants where necessary in the discharge of its duties and functions. No remuneration consultant was engaged by the RC in FY2022.

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.*

Provisions 7.1 and 7.3

The framework of remuneration for the executive Director and key management personnel is linked to the development of management bench strength to ensure continual development of talent and renewal of strong leadership for the continued success of the Group.

The RC ensures that remuneration for the executive Director and key management personnel of the Group are in line with the Group's strategies and performance as well as individual performance, and that the remuneration is appropriate to attract, retain and motivate the executive Director and key management personnel to successfully manage the Group for its long-term success. In determining remuneration packages, the RC also takes into consideration industry practices and norms in compensation. The RC's recommendations are submitted to the Board for its endorsement.

CORPORATE GOVERNANCE REPORT

Provision 7.2

The non-executive Directors are paid a basic Director's fee and do not receive any salary, performance-related income, business or other long-term incentives for their role as non-executive Director. The RC recommends non-executive Directors' fees to the Board that are appropriate to the level of contribution, taking into account factors such as frequency of meetings, effort and time spent, and responsibilities. The aggregate fees payable to non-executive Directors for each financial year is subject to the approval of shareholders at the AGM.

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.*

Provisions 8.1 and 8.3

Non-executive Directors

The remuneration paid to non-executive Directors in FY2022 are set out below.

Director	Directors' fees (\$) ¹	Consultancy fees (\$)
Chng Hee Kok ²	21,640	–
David Ong Kim Huat ³	29,580	–
Amos Leong Hong Kiat	59,000	–
Clement Leow Wee Kia	59,000	–
Iris Wu Hwee Tan	55,000	92,700
Adrian Lum Wen-Hong	55,000	–
Total	279,220	92,700

¹ Directors' fees were paid quarterly in arrears.

² Mr Chng Hee Kok retired as a Director at the close of the AGM held on 22 October 2021.

³ Mr David Ong Kim Huat was appointed as a Director on 27 January 2022. Approval will be sought at the forthcoming AGM for the payment of his proportionate Director's fee for FY2022.

Directors' fees of \$249,640 was approved by shareholders at the last AGM held on 22 October 2021.

CORPORATE GOVERNANCE REPORT

Executive Director (who is the CEO) and Key Management Personnel

The remuneration (rounded to the nearest thousand) of the executive Director (who is also the CEO) in FY2022 is disclosed in the table below.

Executive Director and CEO	Total (\$)	Salary and Allowance (%)	Bonus (%)
Kelvin Lum Wen-Sum	852,000	76	24

The remuneration package of Mr Kelvin Lum Wen-Sum consists of basic and variable components, and other appropriate benefits-in-kind. Mr Lum does not receive any Director’s fee. His performance is evaluated by the RC based on a formal employee evaluation process. Mr Lum’s bonus is determined based on financial and non-financial criteria that are aligned with the strategic directions set by the Board for the Group. The RC is satisfied that Mr Lum had met most of the criteria for FY2022.

In respect of key management personnel, the Group adopts a remuneration policy comprising fixed and variable components in the form of base salary and variable bonus that are tied to the performance of the Group as well as individual performance, taking into consideration financial budgets that were approved by the Board. For FY2022, the performance conditions set were met. This structure/framework enables the Group to align key management personnel’s compensation with the interests of shareholders and promotes the long-term success of the Group. In relation to long-term incentives, the Company currently does not have any employees’ share incentive plan.

Provision 8.1 of the Code requires the Company to disclose the names, amounts and breakdown of remuneration of at least the top five key management personnel (who are not Directors or the CEO) of the Group in bands no wider than \$250,000 and in aggregate the total remuneration paid to these key management personnel. The Board had considered this matter carefully and decided against such detailed disclosure in relation to the key management personnel (who are not Directors or the CEO) due to the confidential and commercial sensitivities associated with remuneration matters. The Board is of the view that such disclosure is not in the interests of the Group as it 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. The Company is making available, however, the aggregate remuneration of the top five key management personnel and the number of these key management personnel in remuneration bands of \$250,000.

CORPORATE GOVERNANCE REPORT

The Company believes that the disclosures provided are meaningful and transparent in giving an overall understanding of the remuneration of the key management personnel. The Board and/or the RC will respond to questions from shareholders on remuneration policy and framework of the executive Director and key management personnel, if raised at AGMs. The Company is therefore of the view that its corporate governance practice on this aspect conforms to the intent of Principle 8 of the Code.

The aggregate remuneration (rounded to the nearest thousand) of the top five key management personnel of the Group (who are not Directors or the CEO) in FY2022 was \$1,515,000 and the number of these key management personnel in remuneration bands of \$250,000 are set out below.

	Number of key management personnel
\$250,000 to \$499,999	3
Below \$250,000	2

Provision 8.2

Save for Mr Kelvin Lum Wen-Sum, the CEO, who is the son of Mr David Lum Kok Seng (the controlling shareholder of the Company) and the brother of Mr Adrian Lum Wen-Hong (a Director), the Group does not employ any other immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds \$100,000 during FY2022. Mr Kelvin Lum Wen-Sum's remuneration is disclosed under *Principle 8, Provisions 8.1 and 8.3* of this report.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1

The Board is overall responsible for the governance and oversight of material risk of the Group. It ensures that management has in place sound systems of internal controls and risk management practices to make sure that proper accounting records are kept, information is reliable, assets are safeguarded and significant business risks are identified and contained. The Board reviews and assesses annually the adequacy and effectiveness of the key internal controls and risk management function.

CORPORATE GOVERNANCE REPORT

The Board recognises that no system of internal controls can provide absolute assurance against the occurrence of material errors, misjudgement, human errors, losses, fraud or other irregularities. However, the system of internal controls maintained by the Group provides reasonable assurance on the proper maintenance of accounting records, reliability of financial information, prevention of material financial misstatements, safeguarding of assets, compliance with relevant laws and regulations and identification of significant business risks.

The ARC assists the Board in the oversight of the Group's risk management function. Together with senior management, it seeks to identify areas of significant business risks, including revenue loss, asset loss and breach of information security, as well as takes appropriate measures to control and mitigate these risks with an aim to achieve the overall strategic objectives and value creation of the Group. In determining the appropriate measures, the cost of control and the impact of risks will be balanced with the benefits of reducing risks.

Risks are reviewed and managed at each level of reporting and consolidated for review at overall Group level. On-going reviews and assessments are carried out by the Board, the ARC, senior management and internal auditor, and continuing efforts are made at enhancing controls and processes that require improvement.

The key risks faced by the Group in FY2022 are summarised below.

Geopolitical and Macroeconomic Risk

The Group operates and provides product and service solutions to customers including those in Singapore, Malaysia, China and Taiwan. As a result, the Group's businesses and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. The Group's businesses are also affected by macroeconomic factors such as geopolitical tensions, inflation and the performance of the United States, China and other major economies in Asia. These factors have an impact on the end market consumption, supply chains, consumer sentiments, and consequently, the market demand for our product and service solutions. The Group monitors the changes and developments closely and adopts strategies to adapt to such changes to minimise unfavourable impact on its businesses.

Loss of Key Distributorships and Service Contracts

The Group's DSS segment constantly faces intense competition from other leading players, and it is imperative to identify, secure and expand exclusive distributorships for leading products and/or brands crucial to the manufacturing processes of the semiconductor and electronics manufacturing services industries, and to provide unparalleled services to our customers through service contracts. Loss of key product distributorships and service contracts as well as the inability to boost our product and service offerings would have a material adverse impact on our business as well as financial results. The DSS's staff conducts regular dialogues and meetings with both its suppliers and customers to maintain strong and healthy relationships with these stakeholders and to ensure their requirements and needs are promptly addressed.

CORPORATE GOVERNANCE REPORT

Cyber Security Risk

The Group recognises that cyber threat is one of the key concerns as cyber attackers are becoming increasingly creative in targeting system vulnerabilities. The on-going business digitalisation exposes the Group's businesses to IT-related threats, which may result in compromising the confidentiality, integrity and availability of the Group's information assets and/or systems. The Group has in place policies and procedures to manage these risks and to ensure that the confidentiality, integrity and availability of the Group's information assets and/or systems are protected. These include a disaster recovery strategy, backup and restore procedures, and email security to prevent social engineering attacks such as phishing. Regular reminders are disseminated to employees to heighten awareness of cyber threats.

Financial Risks

The Group is also exposed to financial risks, including credit, liquidity, currency and market price risks. Please refer to pages 147 to 154 of this Annual Report for details of these risks.

Provision 9.2

The Board has received assurance from:

- (a) the CEO and the CFO that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and
- (b) the CEO, the CFO and other relevant key management personnel on the adequacy and effectiveness of the Group's internal controls and risk management systems.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the ARC and management, and the assurances set out above, the Board, with the concurrence of the ARC, is of the opinion that, in respect of FY2022, the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group were adequate and effective as at 30 June 2022 to meet the needs of the Group in its current business scope and environment.

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, the Board also provided a negative assurance confirmation for the Group's half-year financial statements.

CORPORATE GOVERNANCE REPORT

Audit Committee

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

Provisions 10.1, 10.2, 10.3 and 10.5

The ARC comprises four Directors, namely, Mr Amos Leong Hong Kiat (as chairman), Mr David Ong Kim Huat, Mr Clement Leow Wee Kia and Ms Iris Wu Hwee Tan. All the members of the ARC are non-executive Directors and the majority of whom including the chairman of the ARC, are independent Directors. The ARC does not comprise any former partner or director of the Company's existing audit firm.

By training and/or with their many years of relevant experience through assuming roles as executive directors and/or senior management of companies, all members of the ARC (including the chairman of the ARC) have sufficient accounting or financial management expertise or experience to discharge the ARC's functions. The ARC is kept abreast of changes to financial reporting standards and issues which may have a direct impact on financial statements by management and the external auditor.

In assisting the Board to fulfil its responsibilities in ensuring the integrity of financial reporting and that sound internal control systems are in place, the ARC met periodically during the financial year with management, the internal and external auditors, as appropriate. The ARC performs its roles and duties in accordance with the requirements of the Companies Act 1967 of Singapore and the guidelines of the Code relating to audit committee. The functions of the ARC set out in its written terms of reference include the following:

- (a) to review significant financial reporting issues and judgements so as to ensure the integrity of financial statements and announcements relating to the Group's financial performance;
- (b) to review the assurance provided by the CEO and CFO on the financial records and financial statements of the Group;
- (c) to review at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of the Group;
- (d) to review the adequacy, effectiveness, independence, scope and results of the internal and external audit functions of the Group;
- (e) to review and recommend to the Board (i) the proposals to shareholders for the appointment, re-appointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of the external auditor;

CORPORATE GOVERNANCE REPORT

- (f) to review the nature and extent of non-audit services provided by the external auditors and the aggregate fees paid to external auditors for audit and non-audit services to ensure that the external auditors' independence is not compromised;
- (g) to review and recommend to the Board the appointment, re-appointment and removal of the internal auditor and the remuneration and terms of engagement of the internal auditor;
- (h) to review interested person transactions; and
- (i) to review policy and arrangements that are in place by which employees of the Group may raise, in confidence, concerns about possible improprieties in financial reporting or any other matters; reviewing and investigating such concerns raised through the whistleblowing channel and reporting its findings and course of actions taken to the Board.

The ARC has full access to and co-operation from management. It has also been given the resources required to discharge its functions properly and has full discretion to invite any Director and/or senior management to attend its meetings. The external and internal auditors have unrestricted access to the ARC. The ARC met two times in FY2022. The details of the members' attendance are disclosed under *Principle 1, Provision 1.5* of this report. The ARC meets with the external auditor and the internal auditor without the presence of management at least once in each financial year.

In the course of the financial year, the ARC carried out independent reviews of the financial statements of the Group before announcements of the Group's half-year and full-year results were released. In the process, the ARC considered the reasonableness of estimates, judgements and assumptions made and applied by management and any significant matters which would have a material impact on the financial statements.

In its review of the financial statements for FY2022, the ARC also reviewed together with management, the following key audit matters ("KAMs") reported by the external auditor. The ARC had concurred with management on the methodologies, accounting treatments and estimates adopted, as well as the disclosures made in the financial statements, in respect of such KAMs raised.

CORPORATE GOVERNANCE REPORT

KAMs	How the KAMs were addressed by the ARC
<p>Impairment assessment of goodwill</p>	<p>The ARC considered and evaluated the valuation methodology applied by management, focusing on the key assumptions applied in determination of the value-in-use of the cash-generating units (“CGUs”).</p> <p>The ARC considered the findings of the external auditor, including their assessment of the suitability of the valuation methodology and the underlying key assumptions applied in determining the value-in-use of the CGUs.</p> <p>The ARC was satisfied with the impairment review process, the valuation methodology applied and the assessment that no impairment in goodwill was required.</p>
<p>Valuation of investment property</p>	<p>The valuation of the investment property as at 30 June 2022 was carried out by KJPP Wilson dan Rekan in association with Knight Frank, an independent professional valuer. The ARC had considered the standing of the valuer, its independence, expertise and relevant experience in valuing the investment property.</p> <p>The ARC considered the valuation technique and the underlying key assumptions and adjustments applied by the valuer. The ARC also considered the findings of the external auditor, including their assessment of the appropriateness of the valuation technique and key assumptions and adjustments applied in the valuation.</p> <p>The ARC was satisfied with the valuation process, appropriateness of the valuation technique and key assumptions applied for the investment property as disclosed in the financial statements.</p>

The Company is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to the appointments of external auditors. The current external auditor of the Company is Ernst & Young LLP, a firm registered with the Accounting and Corporate Regulatory Authority. The ARC is satisfied that Ernst & Young LLP has maintained their independence and had therefore recommended to the Board that they be nominated for re-appointment as external auditor of the Company at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 1207(6)(b) of the SGX-ST Listing Manual, the ARC had undertaken a review of the nature and extent of all non-audit services provided by the external auditors and confirmed that they did not affect the independence and objectivity of the auditors. Please refer to page 112 of this Annual Report for details of fees paid/payable to the external auditors in respect of audit and non-audit services.

Whistleblowing Policy

The Group has in place a whistleblowing policy pursuant to which any employee of the Group may, in confidence and without fear of reprisal, raise concerns about possible improprieties in matters of financial reporting, internal controls or other matters which may have an adverse effect on the Group. The policy sets out the procedures for a whistleblower to make a report (including anonymous reporting) on misconduct or wrongdoing and ensures that the identity of the whistleblower is kept confidential and protected. The independent Directors (all of whom are ARC members) are responsible for oversight and monitoring of whistleblowing, including investigation of whistleblowing reports which are made in good faith. The whistleblowing policy is disseminated and made available to all employees of the Group through an employees' portal. The whistleblowing policy is reviewed and updated from time to time to ensure that it remains current and applicable.

Provision 10.4

The Group outsources its internal audit function to a professional internal audit firm, Virtus Assure Pte Ltd. The internal audit firm reported to the ARC that their team members involved in carrying out the internal audit function of the Group are equipped with relevant qualifications and experience, and meet the standards set by The Institute of Internal Auditors in the discharge of their duties. The activities of the internal audit firm are guided by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC evaluates and decides on the appointment, termination and remuneration of the internal auditor, and makes its recommendation to the Board for approval. It reviews and approves the audit plans presented by the internal auditor. The internal auditor is independent of the activities that it audits and it reports its findings and conclusions directly to the ARC. It reviews the Group's material internal controls including financial, operational, compliance and information technology controls as well as risk management system, and has unfettered access to all the Group's documents and personnel, including the ARC.

The ARC is of the view that the internal audit function of the Group is independent, effective and adequately resourced for FY2022.

CORPORATE GOVERNANCE REPORT

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1

The Company is committed to treat all shareholders fairly and equitably. It maintains regular and effective communications with its shareholders by keeping shareholders updated on the business and performance of the Group through issuing announcements of the Group's financial results, publication of the Company's annual report and dissemination of material, price and/or trade sensitive information via the SGX website on a timely and non-selective basis. The Company also maintains a corporate website at www.ellipsiz.com through which shareholders are able to access information on the Group, including the Group's financial results and annual reports. Shareholders are encouraged to participate at general meetings and are given opportunity to express their views and make enquiries regarding the Group at physical general meetings of the Company.

In view of the COVID-19 pandemic, the AGM in October 2021 was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements including attending the AGM electronically (via live audio-visual webcast or live audio-only stream), submission of questions to the chairman of the meeting in advance, addressing substantial and relevant questions prior to the AGM and voting at the AGM by appointing the chairman of the meeting as proxy, were put in place. The notice of meeting and documents relating to the business of the AGM were circulated to shareholders by electronic means via publication on SGX website and the Company's corporate website. The Company had provided shareholders with 21 calendar days' notice (exclusive of the day on which the notice was served and of the day on which the meeting was held) for the AGM held in October 2021. In addition, responses to questions submitted by shareholders prior to the meeting were uploaded to SGX website as well as the Company's corporate website prior to the AGM.

In view of the ease of COVID-19 safe management measures in Singapore, the Company will provide for shareholders' physical attendance at the forthcoming AGM in October 2022. Safe management measures will be put in place by the Company in compliance with applicable laws and regulations to safeguard public health and safety and minimise the risk of community spread of COVID-19.

CORPORATE GOVERNANCE REPORT

Information on general meetings is disseminated through notice in the Company's annual report and/or circular together with the relevant explanatory notes to all shareholders, at least 14 days or 21 days (as the case may be) before the meeting. The notice of general meeting is also released via the SGX website and published in a local newspaper as well as posted on the Company's corporate website. In line with the Company's sustainability effort, annual reports and circulars of the Company are now made available to shareholders through electronic communications released via the SGX website and posted on the Company's corporate website. Subject to applicable laws, shareholders may request for a printed copy of such documents by submitting a request form to the Company. Printed copies of the notice of general meeting, proxy form and such request form are sent to shareholders subject to applicable laws.

Shareholders are informed of the rules, including voting procedures governing general meetings, during the general meetings. Subject to any alternative arrangements permitted by law, all resolutions are put to the vote by electronic poll voting at general meetings. Voting by poll allows for a transparent voting process as shareholders will be able to demonstrate their concerns in a manner that reflect their shareholdings. Independent scrutineers are appointed to conduct the voting process at all general meetings. The number of votes for and against each resolution and their respective percentages of the total votes cast are made known to shareholders at the end of voting for each resolution before the chairman of the meeting declares the results of each poll. The results of the poll for each resolution at a general meeting, showing the number of votes cast for and against each resolution and their respective percentages of the total votes cast and the name of the scrutineers are also announced via the SGX website after each general meeting.

Provision 11.2

Separate resolutions are tabled at general meetings on each substantially separate issue. The Company treats resolutions requiring shareholders' approval, such as, re-election of directors and approval of directors' fees, as distinct subjects and submits them to the general meetings as separate resolutions.

Provision 11.3

All the Directors, relevant management personnel, external auditor and professional advisors (if necessary) are present at the general meetings to address any questions that shareholders may have concerning the Group. All Directors attended the AGM held in October 2021 as disclosed under *Principle 1, Provision 1.5* of this report.

CORPORATE GOVERNANCE REPORT

Provision 11.4

The Company's Constitution allows for shareholders to vote in absentia by appointment of proxy. Under the Company's Constitution, a shareholder may appoint up to two proxies to attend, speak and vote at general meetings through the deposit of a proxy form with the Company at least 72 hours before the meeting. A member who is a relevant intermediary (such as banks and the Central Provident Fund Board) may appoint more than two proxies for the meeting. Voting in absentia by mail, facsimile or electronic mail will not be implemented by the Company for the time being as the integrity of the information and/or proper authentication of the identity of the shareholders remain a concern.

Provision 11.5

Minutes of general meetings, which record substantial and relevant comments and queries from shareholders and the responses from the Board and management, are made available on the Company's corporate website and SGX website.

Provision 11.6

The Company does not have a formal policy on the payment of dividends. Nevertheless, the Company had consistently declared and paid dividends to its shareholders in the past few years. The past 3 years' dividend payouts are set out in the section entitled "*Financial Highlights*" on page 2 of this Annual Report. In considering the level of dividend payments, the Board takes into account various factors, including but not limited to, the performance and financial position of the Company and/or the Group as well as projected levels of capital expenditure and other investment plans. The Company aims to balance cash return to shareholders and investment for sustainable growth while maintaining an efficient capital structure. All dividend declarations or recommendations are announced on the SGX website and the Company's corporate website. In the event the Board decides not to declare or recommend any dividend or if there is a material variation in the dividend rate compared to the previous corresponding period, the Company discloses the reason(s) for such decision or variation in its financial statements pursuant to Rule 704(24) of the SGX-ST Listing Manual. The Company is therefore of the view that it gives its shareholders a balanced and understandable assessment of its dividend policy through disclosures in its financial statements and other announcements, and accordingly its practices conform to the intent of Principle 11 of the Code.

CORPORATE GOVERNANCE REPORT

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.*

Provisions 12.1, 12.2 and 12.3

The Board believes in maintaining regular communication with shareholders to gather their views and to address their concerns, if any. The Board engages shareholders at the AGM and other general meetings. During these meetings, shareholders are given the opportunity to share their views and to raise relevant questions pertaining to the Group. Shareholders and potential investors are encouraged to visit the Company's corporate website at www.ellipsiz.com for information on the Group. They are also encouraged to write to the Company's investor relations department if they have questions.

The Company's policy on investor relations encourages an on-going exchange of views with shareholders. The Company's corporate website has a dedicated investor relations page, which provides guidance on ways for shareholders to contact the Company for any questions pertaining to the Group. Shareholders may also communicate with the Company through the Company's designated electronic mail address at ir@ellipsiz.com. Shareholders' questions received by electronic mail are promptly addressed in consultation with management and/or the Board and where appropriate, the Company may issue an announcement and publish the same on the SGX website and its corporate website in response to questions raised, so that information is available to all shareholders.

Though the Company had ceased quarterly reporting and adopted half-yearly announcement of its financial statements as permitted under the SGX-ST Listing Manual, it continues to observe and comply with its continuing disclosure obligations to keep shareholders promptly updated, as and when there are any material developments relating to the Group.

V. 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.*

Provisions 13.1 and 13.2

The Board has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company has identified the Group's material stakeholders in the course of preparation of its Sustainability Report. This is also done on an on-going basis through internal discussions and reviews by different business units of the Group.

CORPORATE GOVERNANCE REPORT

The Company's strategy and key areas of focus in relation to the management of material stakeholder relationships in FY2022 are disclosed in the Sustainability Report on pages 17 to 33 of this Annual Report.

Provision 13.3

The Company maintains a current corporate website at www.ellipsiz.com to communicate and engage with its shareholders and other stakeholders. The corporate website is updated regularly to keep shareholders and other stakeholders aware of the developments in relation to the Group.

DEALINGS IN SECURITIES

The Company has adopted a set of internal guidelines on dealings in the securities of the Company by the Directors and employees of the Group, and by the Company in the case of share buy-back. The guidelines set out the implications of insider trading, prohibiting the Directors and employees of the Group from dealing in the securities of the Company on short-term considerations and whilst in possession of unpublished price and/or trade sensitive information. The guidelines also prohibit the Company, the Directors and employees of the Group from dealing in the Company's securities during the "black-out" periods which are as prescribed under the SGX-ST Listing Manual, that is, for a period of one month before the announcement of its half-year and full-year financial statements.

The Company also highlights to the Directors and employees of the Group the importance of safeguarding confidential information as well as the consequences of misusing insider information.

INTERESTED PERSON TRANSACTIONS ("IPTs") IN FY2022

The Company's Constitution provides that a Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal in which he or she has personal material interest, directly or indirectly.

The ARC is tasked under its terms of reference to review all IPTs to ensure that all such transactions are transacted on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

As part of the Company's corporate governance, all IPTs (including those below \$100,000) involving the Group will be reviewed by the ARC, taking into account, *inter alia*, the rationale and the value of transaction. All such transactions approved by the ARC will be submitted to the Board for its consideration and approval. Any member of the ARC or the Board who has direct or indirect interest in the transaction will abstain from voting.

CORPORATE GOVERNANCE REPORT

The Group's transactions with interested persons in FY2022 disclosed pursuant to Rule 907 of the SGX-ST Listing Manual are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2022 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$'000) ¹	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (\$'000)
Bluesky Real Estate Investment Pte Ltd ("Bluesky REI") – Capital injection into PT Super Makmur Sejahtera ("PT SMS")	Bluesky REI is an associate of Mr David Lum Kok Seng ² , the controlling shareholder of the Company	1,031	Not applicable

¹ The amount disclosed represent the Group's 75% shareholding interest in PT SMS.

² Mr David Lum Kok Seng is the legal and beneficial owner of Bevrian Pte Ltd, the controlling shareholder of the Company.

MATERIAL CONTRACTS

Save as disclosed in this Annual Report, there were no material contracts or loans entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder of the Company, either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

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DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Ellipsiz Ltd (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 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 30 June 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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 in office at the date of this statement are:

David Ong Kim Huat	Chairman (appointed on 27 January 2022)
Kelvin Lum Wen-Sum	
Amos Leong Hong Kiat	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	
Adrian Lum Wen-Hong	

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 object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

According to the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as stated below:

	Deemed interest	
	At the beginning of financial year	At the end of financial year
Name of Director and corporation in which interest was held		

The Company

Ordinary shares

Amos Leong Hong Kiat	30,000	30,000
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There was no change in the above-mentioned interest in the Company between the end of the financial year and 21 July 2022.

Except as disclosed in this statement, no Director who held office at the end of the financial year had an interest in the shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning, or date of appointment if later, or at the end of the financial year.

As at the end of the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted, and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries.

Audit and risk committee

The members of the Audit and Risk Committee at the date of this statement are:

Amos Leong Hong Kiat	Chairman
David Ong Kim Huat	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	

DIRECTORS' STATEMENT

The Audit and Risk Committee carries out its functions in accordance with Section 201B(5) of the Act and these include reviewing:

- (a) the independent auditor's audit plan, its evaluation of the system of internal accounting controls and audit report;
- (b) the assistance given by the Company's management and/or officers to the independent auditor;
- (c) the scope and results of the internal audit procedures with the internal auditor; and
- (d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors.

The Audit and Risk Committee has recommended to the Board of Directors that the independent auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor


The independent auditor, Ernst & Young LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

David Ong Kim Huat
Director

Kelvin Lum Wen-Sum
Director

15 September 2022



INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ellipsiz Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 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, 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)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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* (the "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 the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

We have fulfilled our 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.

Impairment Assessment of Goodwill

As at 30 June 2022, the Group had \$21,094,000 of goodwill, which represents 14.6% of its total assets in the statement of financial position.

The Group estimates the recoverable value of the goodwill using the value-in-use ("VIU") calculations. The identification of the cash-generating units ("CGUs") and the recoverable amounts of the CGUs is judgemental and subjective as it involves making assumptions relating to estimates on business projections, revenue growth rates, gross margins and discount rates. Any material changes to the assumptions used in the VIU calculations could affect the recoverable amounts of the CGUs. As a result, we have identified this as a key audit matter.

Our audit procedures included the following:

- Reviewed management's evaluation of the CGUs identification against the requirements of SFRS(I)1-36 *Impairment of Assets*.
- Reviewed the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results.
- Assessed the reasonableness of the key assumptions used in the discounted cash flow projections approved by management, in particular the revenue growth rates and gross margins, by comparing them to industry information and past performance.
- Engaged our internal valuation specialist to review and assess the reasonableness of the discount rates and terminal growth rates used in the VIU by comparing against comparable companies and external economic data such as customer price indexes.
- Tested the mathematical accuracy of the VIU computations and agreed relevant data to the most recent approved financial budgets.
- Performed stress test on certain key assumptions used in the cash flow projections and evaluate the impact on the recoverable values.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

- Reviewed the management's assessment of the business's feasibility of this investment.
- Assessed the accuracy and adequacy of the Group's disclosures on goodwill impairment in Note 12 to the consolidated financial statements.

Valuation of Investment Property

As at 30 June 2022, the carrying value of the Group's investment property stated at fair value was \$24,202,000, representing 16.8% of the Group's total assets. The fair value was determined based on independent external valuation.

The valuation of the investment property was significant to our audit due to the use of estimates in the valuation technique and the valuation is based on certain key assumptions such as the price of comparable properties.

Our audit procedures included the following:

- Discussed with management to obtain an update of the rationale for the acquisition and management's plans for future development.
- Evaluated independence, competency and objectivity of the independent external valuer engaged by the Group and held discussion with the valuer and management to understand their valuation method and key assumptions used.
- Involved our internal valuation specialist to support us to review and assess the reasonableness of the key assumptions, such as price of comparable lands used in the estimation process adopted by the management and the external valuer by comparing them against available market data, taking into consideration comparability and market factors.
- Obtained understanding and assessed the key drivers of the fair value and checked, on a sample basis, the reference price to the relevant source data.
- Assessed the accuracy and adequacy of the Group's disclosures on investment property in Note 11 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2022

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 controls 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulation preclude 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 Yong Kok Keong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

15 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2022

		Group	
	Note	2022 \$'000	2021 \$'000
Revenue	4	55,595	54,511
Cost of revenue		(43,447)	(42,365)
Gross profit		12,148	12,146
Other income	5	1,262	1,465
Fair value gain on investment property		1,916	2,901
Distribution expenses		(3,757)	(3,671)
Administrative expenses		(7,982)	(7,993)
Loss on disposal of an associate	9	–	(2,781)
Other expenses	5	–	(1,198)
Results from operating activities	5	3,587	869
Finance costs		(26)	(36)
Finance income	6	130	106
Share of results of an associate (net of tax)	9	–	3,455
Share of results of joint venture (net of tax)		110	(27)
Profit before tax		3,801	4,367
Tax expense	7	(614)	(626)
Profit for the year		3,187	3,741
Other comprehensive income			
<i>Item that is or may be reclassified subsequently to profit or loss (net of tax)</i>			
Exchange differences arising from translation of financial statements of foreign operations		(17)	(607)
<i>Items that will not be reclassified to profit or loss (net of tax)</i>			
Net change in fair value of financial assets at fair value through other comprehensive income		548	915
Share of other comprehensive income of an associate		–	(53)
		548	862
Total other comprehensive income for the year, net of tax		531	255
Total comprehensive income for the year		3,718	3,996

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 30 June 2022

	Note	2022 \$'000	Group 2021 \$'000
Profit attributable to:			
Owners of the Company		2,751	3,050
Non-controlling interests		436	691
Profit for the year		3,187	3,741
Total comprehensive income attributable to:			
Owners of the Company		3,258	3,535
Non-controlling interests		460	461
Total comprehensive income for the year		3,718	3,996
Earnings per share			
	8		
– Basic (cents)		1.65	1.83
– Diluted (cents)		1.65	1.83

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

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 30 June 2022

	Note	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets					
Plant and equipment	10	1,978	1,596	4	5
Investment property	11	24,202	20,632	–	–
Intangible assets and goodwill	12	22,375	18,339	101	29
Right-of-use assets	13	993	853	–	–
Subsidiaries	14	–	–	31,385	31,385
Joint venture	15	121	8	–	–
Financial assets	16	12,896	13,243	9,704	11,311
Amounts due from related parties	20	–	–	14,296	7,704
Deferred tax assets	17	13	67	–	–
		62,578	54,738	55,490	50,434
Current assets					
Trade and other receivables	18	14,919	14,368	52	30
Inventories	19	4,540	3,947	–	–
Amounts due from related parties	20	334	316	631	1,950
Cash and cash equivalents	21	61,681	64,404	47,900	54,292
		81,474	83,035	48,583	56,272
Total assets		144,052	137,773	104,073	106,706
Equity attributable to owners of the Company					
Share capital	22	89,566	89,566	89,566	89,566
Treasury shares	22	(126)	(126)	(126)	(126)
Reserves	23	(12,165)	(11,962)	107	29
Retained earnings		36,365	36,237	11,849	14,683
		113,640	113,715	101,396	104,152
Non-controlling interests		8,142	7,045	–	–
Total equity		121,782	120,760	101,396	104,152
Non-current liabilities					
Lease liabilities	13	525	336	–	–
Provisions	25	176	176	–	–
Deferred tax liabilities	17	804	711	–	–
		1,505	1,223	–	–
Current liabilities					
Trade and other payables	24	18,150	14,279	1,486	1,391
Amounts due to related parties	20	1,539	575	1,191	1,163
Lease liabilities	13	480	572	–	–
Provisions	25	119	38	–	–
Income tax payable		477	326	–	–
		20,765	15,790	2,677	2,554
Total liabilities		22,270	17,013	2,677	2,554
Total equity and liabilities		144,052	137,773	104,073	106,706

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 30 June 2022

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance as at 1 July 2021	89,566	(126)	(11,648)	105	(419)	36,237	113,715	7,045	120,760
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	2,751	2,751	436	3,187
Other comprehensive income									
Exchange differences arising from translation of financial statements of foreign operations	-	-	-	-	(41)	-	(41)	24	(17)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	548	-	-	548	-	548
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	(710)	-	710	-	-	-
Total other comprehensive income, net of tax	-	-	-	(162)	(41)	710	507	24	531
Total comprehensive income for the year									
	-	-	-	(162)	(41)	3,461	3,258	460	3,718

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 30 June 2022

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Final dividend of 2.00 cents per share in respect of 2021	-	-	-	-	-	(3,333)	(3,333)	-	(3,333)
Total contributions by and distributions to owners	-	-	-	-	-	(3,333)	(3,333)	-	(3,333)
Changes in ownership interests in subsidiaries									
Capital injection by non-controlling interest	-	-	-	-	-	-	-	344	344
Acquisition of a subsidiary	-	-	-	-	-	-	-	293	293
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	637	637
Total transactions with owners	-	-	-	-	-	(3,333)	(3,333)	637	(2,696)
Balance as at 30 June 2022	89,566	(126)	(11,648)	(57)	(460)	36,365	113,640	8,142	121,782

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 30 June 2022

Group	Share capital	Treasury shares	Capital reserve	Fair value reserve	Share-based compensation reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020	89,566	(126)	(11,648)	(690)	2,290	(42)	32,496	111,846	6,774	118,620
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	3,050	3,050	691	3,741
Other comprehensive income										
Exchange differences arising from translation of financial statements of foreign operations	-	-	-	-	-	(377)	-	(377)	(230)	(607)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	915	-	-	-	915	-	915
Share of other comprehensive income of an associate	-	-	-	(53)	-	-	-	(53)	-	(53)
Share of transfer of loss on disposal of financial assets at fair value through other comprehensive income to retained earnings of an associate	-	-	-	53	-	-	(53)	-	-	-
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	(120)	-	-	120	-	-	-
Total other comprehensive income, net of tax	-	-	-	795	-	(377)	67	485	(230)	255
Total comprehensive income for the year										
	-	-	-	795	-	(377)	3,117	3,535	461	3,996

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 30 June 2022

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to owners of the Company \$'000		Non-controlling interests \$'000	Total equity \$'000
								Company \$'000	interests \$'000		
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Final dividend of 0.50 cent per share in respect of 2020	-	-	-	-	-	-	(833)	(833)	-	-	(833)
Interim dividend of 0.50 cent per share in respect of 2021	-	-	-	-	-	-	(833)	(833)	-	-	(833)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(491)	(491)
Transfer to retained earnings	-	-	-	-	(2,290)	-	2,290	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	(2,290)	-	624	(1,666)	(491)	-	(2,157)
Changes in ownership interest in a subsidiary											
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-	-	301	301
Total changes in ownership interest in a subsidiary	-	-	-	-	-	-	-	-	-	301	301
Total transactions with owners	-	-	-	-	(2,290)	-	624	(1,666)	(190)	(190)	(1,856)
Balance as at 30 June 2021	89,566	(126)	(11,648)	105	-	(419)	36,237	113,715	7,045	7,045	120,760

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 30 June 2022

Company	Share capital	Treasury shares	Fair value reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2021	89,566	(126)	29	14,683	104,152
Total comprehensive income for the year					
Loss for the year	-	-	-	(211)	(211)
Other comprehensive income					
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	788	-	788
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	(710)	710	-
Total other comprehensive income, net of tax	-	-	78	710	788
Total comprehensive income for the year	-	-	78	499	577
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Final dividend of 2.00 cents per share in respect of 2021	-	-	-	(3,333)	(3,333)
Total contributions by and distributions to owners	-	-	-	(3,333)	(3,333)
Total transactions with owners	-	-	-	(3,333)	(3,333)
Balance as at 30 June 2022	89,566	(126)	107	11,849	101,396

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 30 June 2022

Company	Share capital \$'000	Treasury shares \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2020	89,566	(126)	(690)	2,290	2,475	93,515
Total comprehensive income for the year						
Profit for the year	–	–	–	–	11,517	11,517
Other comprehensive income						
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	839	–	–	839
Share of other comprehensive income of an associate	–	–	(53)	–	–	(53)
Share of transfer of loss on disposal of financial assets at fair value through other comprehensive income to retained earnings of an associate	–	–	53	–	(53)	–
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	–	–	(120)	–	120	–
Total other comprehensive income, net of tax	–	–	719	–	67	786
Total comprehensive income for the year	–	–	719	–	11,584	12,303
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Final dividend of 0.50 cent per share in respect of 2020	–	–	–	–	(833)	(833)
Interim dividend of 0.50 cent per share in respect of 2021	–	–	–	–	(833)	(833)
Transfer to retained earnings	–	–	–	(2,290)	2,290	–
Total contributions by and distributions to owners	–	–	–	(2,290)	624	(1,666)
Total transactions with owners	–	–	–	(2,290)	624	(1,666)
Balance as at 30 June 2021	89,566	(126)	29	–	14,683	104,152

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	Group 2022 \$'000	2021 \$'000
Cash flows from operating activities			
Profit for the year		3,187	3,741
Adjustments for:			
Amortisation of intangible assets	12	198	231
Depreciation of plant and equipment	10	465	427
Depreciation of right-of-use assets	13	567	564
Dividend income from financial assets	5	(781)	(183)
Fair value gain on investment property	11	(1,916)	(2,901)
Finance costs		26	36
Finance income	6	(130)	(106)
Impairment loss on intangible assets and goodwill	12	–	319
Impairment loss on trade and other receivables	18	86	92
Inventories written down	19	50	230
Provision for onerous contracts	25	81	–
Gain on disposal of plant and equipment, net	5	(20)	(283)
Gain on disposal of right-of-use assets	5	(13)	–
Loss on disposal of an associate	9	–	2,781
Share of results of an associate (net of tax)	9	–	(3,455)
Share of results of joint venture (net of tax)	15	(110)	27
Tax expense	7	614	626
Operating cash flows before working capital changes		2,304	2,146
Changes in:			
Amounts due from/(to) related parties		946	782
Inventories		(655)	(185)
Trade and other receivables		(219)	(1,172)
Trade and other payables		2,295	(899)
Cash generated from operations		4,671	672
Interest received		120	117
Tax paid		(415)	(733)
Net cash generated from operating activities		4,376	56

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Note	Group 2022 \$'000	2021 \$'000
Cash flows from investing activities			
Dividends received from financial assets	5	781	183
Return of capital from a financial asset		155	52
Investment in an associate		–	*
Advance to an associate		–	(4,813)
Net cash (outflow)/inflow on acquisition of subsidiaries	14	(3,204)	17
Purchase of intangible assets	12	(132)	(114)
Purchase of investment property		(1,415)	(1,237)
Purchase of plant and equipment	10	(412)	(604)
Purchase of financial assets		(3,833)	(3,302)
Proceeds from disposal of plant and equipment		34	65
Proceeds from disposal of financial assets	16	4,573	891
Net cash used in investing activities		<u>(3,453)</u>	<u>(8,862)</u>
Cash flows from financing activities			
Capital injection by non-controlling interest		344	301
Dividends paid		(3,333)	(1,666)
Proceeds from bank borrowing		–	268
Repayment of bank borrowing		–	(268)
Payment of principal portion of lease liabilities		(597)	(577)
Interest paid		(26)	(36)
Net cash used in financing activities		<u>(3,612)</u>	<u>(1,978)</u>
Net decrease in cash and cash equivalents		(2,689)	(10,784)
Cash and cash equivalents at beginning of year		64,404	74,950
Effects of exchange rate fluctuations on cash held		(34)	238
Cash and cash equivalents at end of year	21	<u>61,681</u>	<u>64,404</u>

* Amount less than \$1,000

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 30 June 2022

1. CORPORATE INFORMATION

Ellipsiz Ltd (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. Its registered office is at 54 Serangoon North Avenue 4 #05-02 Singapore 555854. The Company's immediate and ultimate holding company is Bevrian Pte Ltd, a company incorporated in Singapore.

The principal activities of the Company are the holding of investments and the provision of management services. The principal activities of its significant subsidiaries are disclosed in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (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 \$), which is the Company's functional currency, and all values are rounded to the nearest thousand (\$'000) unless otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these standards did not have any material effect on the financial performance or financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 1-12 <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.4 Basis of consolidation and business combination

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses, if any.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.4 Basis of consolidation and business combination (Cont'd)

(a) *Subsidiaries (Cont'd)*

(ii) *Acquisitions and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

Goodwill on acquisitions of subsidiaries is recognised separately as an intangible asset and is carried at cost less accumulated impairment losses, if any. The goodwill is tested for impairment as described in Note 2.9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.4 Basis of consolidation and business combination (Cont'd)

(a) *Subsidiaries (Cont'd)*

(ii) *Acquisitions and goodwill (Cont'd)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or when additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. However, the measurement period shall not exceed one year from the acquisition date.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date when control is lost, and its fair value is recognised in profit or loss.

(b) *Transactions with non-controlling interests*

Non-controlling interest represents the equity in a subsidiary not attributable, directly or indirectly, to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.4 Basis of consolidation and business combination (Cont'd)

(b) Transactions with non-controlling interests (Cont'd)

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 interests 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.

(c) Investments in associates and joint ventures (equity-accounted investees)

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

A joint venture is a contractual arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the investee.

Investments in associates and joint ventures are accounted for using the equity method less impairment losses, if any.

(i) Acquisitions and goodwill

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates or joint ventures over the Group's share of the fair value of the identifiable net assets of the associates or joint ventures and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.4 Basis of consolidation and business combination (Cont'd)

(c) *Investments in associates and joint ventures (equity-accounted investees) (Cont'd)*

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associates or joint ventures' post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from the associates or joint ventures are recognised as a reduction of the carrying amount of the investments.

When the Group's share of losses in an associate or joint venture equals to or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate or joint venture includes any long-term loans for which settlement is neither planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. The accounting policies of associates and joint ventures have been changed where necessary to align them with the policies adopted by the Group.

(iii) *Disposals*

Investments in associates or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associate or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained equity interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.5 Foreign currencies

The financial statements are presented in Singapore dollars, 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 rates 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 dates 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 profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rates of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

However, if a foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the foreign currency translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss, as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.5 Foreign currencies (Cont'd)

(b) Consolidated financial statements (Cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold improvements	1 to 10 years
Furniture and fittings	3 to 10 years
Office equipment	3 to 10 years
Computers	3 to 5 years
Motor vehicles	5 to 10 years
Plant and machinery	3 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

An item of plant and equipment is derecognised when no future economic benefits are expected from its use upon disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.7 Investment properties

Investment properties are properties owned by the Group that are either held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and future economic benefit is no longer expected to flow to the Group thereafter. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Intangible assets with finite useful lives are amortised on a straight-line basis 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 effects of any such changes are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.8 Intangible assets (Cont'd)

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.

An intangible asset is derecognised when no future economic benefits are expected from its use upon disposal. Any gain or loss arising upon derecognition of the asset is included in the profit or loss.

(a) *Computer software*

Computer software which has a finite useful life and does not form an integral part of the related hardware is initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software are amortised to profit or loss on a straight-line basis over the estimated useful lives of 1 to 10 years.

(b) *Technology licence*

Technology licence acquired separately is amortised to profit or loss on a straight-line basis over the estimated useful life of 5 years.

(c) *Customer relationships and backlog orders*

Customer relationships and backlog orders acquired in a business combination are identified and recognised separately from goodwill. The costs of such intangible assets are their fair values at the acquisition date. Customer relationships and backlog orders are amortised to profit or loss on a straight-line basis over their estimated useful lives of 1 to 9 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.9 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 such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use ("VIU") and 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. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss relating to goodwill cannot be reversed in future periods.

2.10 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset that is not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.10 Financial instruments (Cont'd)

(a) *Financial assets (Cont'd)*

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.10 Financial instruments (Cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities that are not carried at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset has exceeded the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, except for those inventories relating to certain equipment, where costs are determined on a first-in first-out method.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

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.

2.14 Leases

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

As 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 representing the obligations to make lease payments and right-of-use assets representing the rights to use the underlying leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.14 Leases (Cont'd)

As lessee (Cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement dates of the leases (i.e. the dates the underlying assets are 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 costs of right-of-use assets include the amounts of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement dates less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 5 years
Warehouse	3 years
Office equipment	4 to 5 years
Others	2 years

If ownership of a 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 assessment as set out in Note 2.9.

Lease liabilities

At the commencement date of a 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 less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of any purchase option reasonably certain to be exercised by the Group and the penalties for terminating a lease, if the Group is reasonably certain in exercising an option to terminate.

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 or to terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.14 Leases (Cont'd)

As lessee (Cont'd)

Short-term leases and leases of low-value assets

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

2.15 Provisions

(a) *General*

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 estimates. 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 interest 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.

(b) *Warranties*

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(c) *Restoration costs*

The provision relates to the Group's obligations to restore the office premises and warehouse to their original state and condition. A provision for restoration cost is recognised when an obligation to restore site conditions arises on the initial recognition of the asset. The provision is based on present value of the best estimate of the expenditure required to settle the obligation at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.15 Provisions (Cont'd)

(d) *Restructuring costs*

A provision for restructuring cost is recognised when the Group has approved a detailed and formal restructuring plan, and the plan either has commenced or has been announced.

(e) *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.16 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with.

Government grants related to an asset is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset through depreciation charge.

When the grant relates to an expense item, it is recognised as income in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants recognised as income are presented as a credit in profit or loss under "Other income".

2.17 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Contributions to defined contribution schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.17 Employee benefits (Cont'd)

(b) Employee leave entitlement

Employees' entitlement to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 and involves the payment of termination benefits.

2.18 Share capital

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

2.19 Treasury shares

When the Company's ordinary shares are repurchased ("treasury shares"), the consideration paid, including any directly attributable costs, is presented as a component within equity, until they are cancelled, sold or transferred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.19 Treasury shares (Cont'd)

When treasury shares are subsequently cancelled, the cost of the treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or transferred, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or transfer, net of any directly attributable costs, is taken to the share capital account.

Voting rights related to treasury shares are nullified and no dividends are allocated to them.

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(a) *Sale of goods*

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual stand-alone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction prices to goods with observable stand-alone selling prices.

Revenue from sale of goods is recognised at a point in time when the Group satisfies a PO by transferring control of a promised good to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.20 Revenue (Cont'd)

(b) *Service income*

Service income from engineering, repair and maintenance services is recognised over time when the customer accepts the services performed over the contractual periods.

(c) *Commission income*

The Group acts as an agent to provide services of arranging for other parties to transfer goods or services to customers. The Group recognises a commission income at a point in time when a PO is satisfied, and the Group has an enforceable right to payment.

2.21 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 countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.21 Taxes (Cont'd)

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

Deferred tax liabilities are recognised for all taxable 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 subsidiaries, associates and joint ventures, 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 investments in subsidiaries, associates and joint ventures, where 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 assets to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.21 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 assets are realised or the liabilities are 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. Such 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.

(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.

The net amount of sales tax receivable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 Financial guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument. Where a financial guarantee is given with respect to a banking facility, that facility must be drawn down before the definition of financial guarantee is met as a debt.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

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

2.22 Financial guarantees (Cont'd)

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the 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 Judgement made in applying accounting policies

Management has made the following judgement in the process of applying the Group's accounting policies that have significant effects on the amounts recognised in the financial statements.

Determination of lease term of contracts with extension options

In determining the lease terms of its leases, the Group considers the non-cancellable term of the leases and any periods covered by an option to extend the leases if it is reasonably certain to be exercised. The Group has several lease contracts that include extension options and the Group has applied judgement in evaluating whether it is reasonably certain these options to extend the leases would be exercised. In making the assessment, the Group considers all relevant factors that create an economic incentive for it to exercise the extension.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgement made in applying accounting policies (Cont'd)

Determination of lease term of contracts with extension options (Cont'd)

The Group had included the extension options for the leases of certain office premises as the management is reasonably certain that the options will be exercised. The extension options for leases of certain other office premises and office equipment are not included as part of the lease terms as the management is not reasonably certain that these options will be exercised.

As at 30 June 2022, potential future (undiscounted) cash outflows of approximately \$344,000 (2021: \$344,000) have not been included in lease liabilities because the Group is not reasonably certain that the leases will be extended.

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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment assessment of goodwill

In performing the impairment assessments of the carrying amounts of goodwill, the recoverable amounts of the CGUs in which goodwill is attributable to, are determined using the VIU method. The VIU calculation is based on a Discounted Cashflow ("DCF") model. The cash flows are derived from the forecasts for the next five years and did not include restructuring activities that the Group has not yet committed to or significant future investments that would enhance the performance of the assets of the CGUs being tested. The recoverable amounts are sensitive to the discount rates used for the DCF models as well as the expected future cash inflows and the growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for each CGU, including a sensitivity analysis, are disclosed and further explained in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(b) *Revaluation of investment property*

The Group carries its investment property at fair value with changes in fair value being recognised in profit or loss. The Group engaged an independent professional valuer to assess the fair value as at the reporting date. In determining the fair value, the valuer had used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of the investment property are disclosed in Note 29(c) to the financial statements. The carrying amount of the investment property as at 30 June 2022 was \$24,202,000 (2021: \$20,632,000).

4. REVENUE

	Group	
	2022	2021
	\$'000	\$'000
Sale of goods (transferred at a point in time)	51,074	48,361
Service income (transferred over time)	4,252	5,009
Commission (transferred at a point in time)	269	1,141
	55,595	54,511

Contract assets and contract liabilities

Information on contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	As at 30 June	
	2022	2021
	\$'000	\$'000
Contract assets (Note 18)	409	241
Contract liabilities (Note 24)	6,753	3,227

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

4. REVENUE (CONT'D)

Contract assets and contract liabilities (Cont'd)

Contract assets

Contract assets are recorded when revenue recognised on a contract exceeds the billings. Significant changes in contract assets relating to contract assets being reclassified to trade receivables (third parties) amounted to \$241,000 (2021: \$720,000).

Contract liabilities

Contract liabilities are recognised as revenue as the Group performs its obligations under the contracts. Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year amounted to \$2,987,000 (2021: \$1,950,000).

5. RESULTS FROM OPERATING ACTIVITIES

The following items have been included in arriving at profit before tax:

	Group	
	2022	2021
	\$'000	\$'000
<i>Other income</i>		
Dividend income from financial assets	781	183
Exchange gain, net	188	–
Gain on disposal of plant and equipment, net	20	283
Gain on disposal of right-of-use assets	13	–
Government grants, subsidies and rebates	231	966
Sundry income	29	33
	1,262	1,465

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

5. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

	Group	
	2022	2021
	\$'000	\$'000
<i>Employee benefits expense</i>		
Salaries and bonuses	10,546	10,146
Defined contribution plans	1,156	1,061
Other short-term benefits	886	839
	12,588	12,046
<i>Other expenses</i>		
Exchange loss, net	–	879
Impairment loss on intangible assets and goodwill	–	319
	–	1,198
Audit fees paid/payable to:		
– auditor of the Company	149	119
– other auditors	13	16
Non-audit fees paid/payable to:		
– auditor of the Company	23	22
– other auditors	1	1
Amortisation of intangible assets (Note 12)	198	231
Depreciation of plant and equipment (Note 10)	465	427
Depreciation of right-of-use assets (Note 13)	567	564
Impairment loss on trade and other receivables (Note 18)	86	92
Inventories written down (Note 19)	50	230
Operating lease expenses	22	89
Provision of onerous contracts (Note 25)	81	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

6. FINANCE INCOME

	2022 \$'000	Group	2021 \$'000
Interest income from:			
– financial institutions	130		106
– joint venture	–		*
	<u>130</u>		<u>106</u>

* Amount less than \$1,000

7. TAX EXPENSE

Major components of tax expense

The major components of tax expense for the financial years ended 30 June 2022 and 30 June 2021 were:

	2022 \$'000	Group	2021 \$'000
Current tax expense			
Current year	437		402
Withholding tax	20		2
Under provision in respect of prior years	14		147
	<u>471</u>		<u>551</u>
Deferred tax expense			
Origination and reversal of temporary differences	143		75
Tax expense recognised in profit or loss	<u>614</u>		<u>626</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

7. TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 30 June 2022 and 30 June 2021 were as follows:

	2022 \$'000	Group 2021 \$'000
Profit before tax	3,801	4,367
Income tax at 17%	646	742
Effect of different tax rates in foreign jurisdictions	131	175
Effect of results of equity-accounted investees presented net of tax	(19)	5
Income not subject to tax	(563)	(1,358)
Non-deductible expenses	406	949
Withholding tax	20	2
Deferred tax assets not recognised	15	22
Utilisation of previously unrecognised deferred tax assets	(36)	(58)
Under provision in respect of prior years	14	147
Tax expense recognised in profit or loss	614	626

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year.

As there were no share options or warrants granted, the basic and diluted earnings per share were the same.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

8. EARNINGS PER SHARE (CONT'D)

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June 2022 and 30 June 2021:

	2022 \$'000	Group 2021 \$'000
Profit for the year attributable to owners of the Company	2,751	3,050
Weighted average number of ordinary shares ('000)	166,668	166,668

9. SHARE OF RESULTS OF AN ASSOCIATE AND LOSS ON DISPOSAL OF AN ASSOCIATE

In October 2020, the Company, together with Mr Raymond Lum and Mr David Lum, incorporated RMDV Investments Pte Ltd ("RMDV"), a single purpose company in which the Company held a 10% interest. The board of directors of RMDV comprised Mr Raymond Lum, Mr David Lum and Mr Kelvin Lum (who was the Company's nominee).

In November 2020, RMDV announced a mandatory cash offer (the "Offer") for all of the issued ordinary shares in the capital of Lum Chang Holdings Limited ("LCH" and the ordinary shares, "LCH Shares") at an offer price of \$0.38 for each LCH Share. At the close of the Offer on 18 January 2021, RMDV held approximately 36.5% interest in LCH.

The Company, Mr Raymond Lum, Mr David Lum and RMDV had entered into an investors' agreement which sets out the respective rights and obligations of the shareholders of RMDV and provides a list of reserved matters requiring the unanimous approval of the shareholders of RMDV (the "Investors' Agreement"). One of the terms in the Investors' Agreement provides that each of the Company, Mr Raymond Lum and Mr David Lum has an option to request RMDV to distribute LCH Shares owned by RMDV to them (the "Share Option") in accordance with their respective proportionate shareholding percentages in RMDV.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

9. SHARE OF RESULTS OF AN ASSOCIATE AND LOSS ON DISPOSAL OF AN ASSOCIATE (CONT'D)

In June 2021, the Company exercised the Share Option and requested RMDV to distribute to the extent of the Company's 10% shareholding percentage in RMDV, 13,755,922 LCH Shares owned by RMDV to the Company, by way of a repayment of approximately \$4,800,000 shareholder's loan given by the Company to RMDV, in kind. Following the distribution of 13,755,922 LCH Shares to the Company, RMDV bought back all of the Company's 10 shares, representing its 10% interest in RMDV, for a consideration of \$10.

In the prior financial year, the Company had accounted for its interest in RMDV as an investment in associate in compliance with SFRS(I). Accordingly, it had recognised its share of results of RMDV which amounted to \$3,455,000 including the share of a provisional negative goodwill of approximately \$4,000,000. Upon repayment of the shareholder's loan and completion of the share buyback in June 2021, RMDV ceased to be an associate of the Company and the loss on disposal of an associate recorded by the Group was \$2,781,000. The aforesaid transactions had resulted in a net gain of \$674,000 for the Group.

The Company holds the 13,755,922 (2021: 13,755,922) LCH Shares directly for long-term investment purposes and has, in accordance with SFRS(I), accounted for them as financial assets at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

10. PLANT AND EQUIPMENT

Group	Leasehold improvements \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Asset under construction \$'000	Total \$'000
Cost								
At 1 July 2020	408	160	115	408	1,230	395	–	2,716
Additions	212	50	7	26	77	5	227	604
Disposals	(49)	(41)	(12)	(13)	(43)	(288)	–	(446)
Write-offs	–	–	–	(3)	–	–	–	(3)
Exchange differences	3	1	1	3	–	4	–	12
At 30 June 2021 and 1 July 2021	574	170	111	421	1,264	116	227	2,883
Acquisition of a subsidiary (Note 14(d))	–	–	–	–	–	–	560	560
Additions	–	–	2	36	–	275	99	412
Disposals	–	–	–	–	–	(41)	–	(41)
Reclassifications	–	–	–	–	–	203	(203)	–
Adjustments	–	–	–	–	–	(107)	–	(107)
Exchange differences	(3)	*	*	(2)	–	(6)	–	(11)
At 30 June 2022	571	170	113	455	1,264	440	683	3,696
Accumulated depreciation								
At 1 July 2020	355	154	83	272	114	242	–	1,220
Charge for the year	36	8	10	79	233	61	–	427
Disposals	(49)	(40)	(11)	(12)	(42)	(210)	–	(364)
Write-offs	–	–	–	(3)	–	–	–	(3)
Exchange differences	2	–	1	2	–	2	–	7
At 30 June 2021 and 1 July 2021	344	122	83	338	305	95	–	1,287
Charge for the year	71	20	9	61	235	69	–	465
Disposals	–	–	–	–	–	(27)	–	(27)
Exchange differences	(3)	–	–	(2)	–	(2)	–	(7)
At 30 June 2022	412	142	92	397	540	135	–	1,718
Carrying amounts								
At 30 June 2021	230	48	28	83	959	21	227	1,596
At 30 June 2022	159	28	21	58	724	305	683	1,978

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

10. PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
Cost				
At 1 July 2020	12	4	32	48
Additions	–	–	3	3
At 30 June 2021 and 1 July 2021	12	4	35	51
Additions	–	–	2	2
At 30 June 2022	12	4	37	53
Accumulated depreciation				
At 1 July 2020	11	3	25	39
Charge for the year	1	*	6	7
At 30 June 2021 and 1 July 2021	12	3	31	46
Charge for the year	–	1	2	3
At 30 June 2022	12	4	33	49
Carrying amounts				
At 30 June 2021	–	1	4	5
At 30 June 2022	–	–	4	4

* Amount less than \$1,000

Depreciation for the year was included in the following line items in the profit or loss:

	Group	
	2022 \$'000	2021 \$'000
Cost of revenue	87	86
Distribution expenses	27	28
Administrative expenses	351	313
	465	427

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

11. INVESTMENT PROPERTY

	Group	
	2022 \$'000	2021 \$'000
At 1 July	20,632	17,423
Additions	1,357	1,216
Direct costs	127	81
Gain from fair value adjustment recognised in profit or loss	1,916	2,901
Exchange differences	170	(989)
At 30 June	24,202	20,632

During the financial year, the Group acquired additional vacant land comprising 13 (2021: 14) plots of girik land (Alas Hak) with a total land area of approximately 115,000 (2021: 158,000) square metres located at Desa Berakit, Kecamatan Teluk Sebong, Kabupaten Bintan, Kepulauan Riau Province, Indonesia.

Alas Hak is an unregistered right over the land. This right-of-use asset arises as a result of occupation, residence on land, or by renouncement of right by the previous holder of land covered by Alas Hak.

Valuation of investment property

The investment property is stated at fair value, which was determined based on a valuation performed as at 30 June 2022. The valuation was carried out by KJPP Wilson dan Rekan in association with Knight Frank, an independent professional valuer. Details of valuation techniques and inputs used are disclosed in Note 29(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. INTANGIBLE ASSETS AND GOODWILL

Group	Computer software \$'000	Technology licence \$'000	Customer relationships and backlog orders \$'000	Goodwill \$'000	Total \$'000
Cost					
At 1 July 2020	418	161	1,481	17,202	19,262
Additions	114	–	–	–	114
Exchange differences	2	–	–	(3)	(1)
At 30 June 2021 and 1 July 2021	534	161	1,481	17,199	19,375
Acquisition of a subsidiary (Note 14(d))	2	–	–	4,103	4,105
Additions	132	–	–	–	132
Write-offs	–	(161)	–	–	(161)
Adjustments	–	–	(61)	–	(61)
Exchange differences	–	–	–	(2)	(2)
At 30 June 2022	668	–	1,420	21,300	23,388
Accumulated amortisation					
At 1 July 2020	297	16	172	–	485
Charge for the year	41	32	158	–	231
Impairment loss	–	113	–	206	319
Exchange differences	1	–	–	–	1
At 30 June 2021 and 1 July 2021	339	161	330	206	1,036
Charge for the year	40	–	158	–	198
Write-offs	–	(161)	–	–	(161)
Adjustments	–	–	(61)	–	(61)
Exchange differences	1	–	–	–	1
At 30 June 2022	380	–	427	206	1,013
Carrying amounts					
At 30 June 2021	195	–	1,151	16,993	18,339
At 30 June 2022	288	–	993	21,094	22,375

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

During the financial year, the Company purchased software amounting to \$72,000 (2021: \$29,000) which, at the reporting date, was not yet available for use. As at 30 June 2022, the carrying amount of the Company's software was \$101,000 (2021: \$29,000).

Amortisation expense

Amortisation for the year was included in the "Administrative expenses" line item in the profit or loss.

Annual impairment tests for CGUs containing goodwill

Goodwill is allocated to the Group's CGUs as follows:

	Group	
	2022 \$'000	2021 \$'000
Distribution and Services Solutions ("DSS")	15,391	15,393
Automated Precision System Solutions ("APSS")	1,600	1,600
Agri-food (Note 14(d))	4,103	–
	<u>21,094</u>	<u>16,993</u>

The recoverable amounts of the CGUs are determined annually based on VIU calculation. The VIU calculation uses cash flow projections covering a five-year period, based on financial budgets and forecasts approved by management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Key assumptions used for VIU calculation

For the purpose of estimating the recoverable amounts of the CGUs, management had used the following key assumptions for the cash flow projections:

Group	Revenue growth rate %	Pre-tax discount rate %
2022		
DSS	5.5	12.9
APSS	10.3	15.6
2021		
DSS	5.5	13.8
APSS	5.5	16.1

The calculations of VIU for both the CGUs are most sensitive to the following assumptions:

Revenue growth rates

The weighted average revenue growth rates per annum used are based on the forecasts included in industry reports. Management determined gross profit growth rate per annum based on past performance and its expectations of market developments.

Pre-tax discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, in relation to 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 calculations are based on the specific circumstances of the Group and its CGUs and are derived from its weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

12. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Sensitivity to changes in assumption

DSS

If the revenue growth rate decreased to 0.3% (2021: 3.3%) per annum, the estimated recoverable amount would be equal to the carrying amount.

APSS

If the revenue growth rate decreased to 9.6% (2021: 0.6%) per annum, the estimated recoverable amount would be equal to the carrying amount.

13. LEASES

As lessee

The Group has lease contracts for its office premises, warehouse and office equipment with lease terms ranging from 2 to 5 years. The Group's obligations under the leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of office premises, office equipment and motor vehicles with lease terms of 12 months or less and applies the short-term lease recognition exemption for these leases. The Group has no leases of low-value assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. LEASES (CONT'D)

As lessee (Cont'd)

(a) *Right-of-use assets*

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

Group	Office premises \$'000	Warehouse \$'000	Office equipment \$'000	Others \$'000	Total \$'000
At 1 July 2020	587	429	35	7	1,058
Additions	361	-	-	-	361
Depreciation charge for the year	(373)	(172)	(18)	(1)	(564)
Lease termination	-	-	-	(6)	(6)
Exchange differences	4	-	-	-	4
At 30 June 2021 and 1 July 2021	579	257	17	-	853
Acquisition of a subsidiary (Note 14(d))	-	-	-	76	76
Additions	573	-	62	-	635
Depreciation charge for the year	(387)	(166)	(14)	-	(567)
Lease termination	-	-	(3)	-	(3)
Exchange differences	(2)	-	1	-	(1)
At 30 June 2022	763	91	63	76	993

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. LEASES (CONT'D)

As lessee (Cont'd)

(b) Lease liabilities

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

	Group	
	2022	2021
	\$'000	\$'000
At 1 July	908	1,125
Acquisition of a subsidiary (Note 14(d))	76	–
Additions	635	361
Accretion of interest	26	36
Payments	(623)	(613)
Lease termination	(16)	(6)
Exchange differences	(1)	5
At 30 June	1,005	908
Represented by:		
Current	480	572
Non-current	525	336
Total lease liabilities	1,005	908

The maturity analysis of lease liabilities is disclosed in Note 28(b) to the financial statements.

(c) Amounts recognised in profit or loss

	Group	
	2022	2021
	\$'000	\$'000
Depreciation of right-of-use assets	567	564
Interest expense on lease liabilities	26	36
Lease expenses not capitalised in lease liabilities:		
Expense relating to short-term leases	22	89
Total amount recognised in profit or loss	615	689

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. LEASES (CONT'D)

As lessee (Cont'd)

(d) Total cash outflows

During the financial year, the Group had total cash outflows for leases (including short-term leases) of \$645,000 (2021: \$702,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of \$635,000 (2021: \$361,000).

(e) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3.1).

The Group had included extension options in the lease terms for leases of certain office premises because of the additional costs that would arise from relocation of the assets. There are no extension options for leases of the remaining assets.

A reconciliation of lease liabilities to the Group's financing activity is as follows:

	1 July 2021 \$'000	Repayment of principal portion \$'000	Acquisition of a subsidiary (Note 14(d)) \$'000	Additions \$'000	Lease termination \$'000	Exchange differences movement \$'000	Others \$'000	30 June 2022 \$'000
Lease liabilities								
- Current	572	(597)	65	184	(16)	(1)	273	480
- Non-current	336	-	11	451	-	-	(273)	525
Total	908	(597)	76	635	(16)	(1)	-	1,005

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

13. LEASES (CONT'D)

As lessee (Cont'd)

	1 July 2020 \$'000	Repayment of principal portion \$'000	Acquisition of a subsidiary (Note 14(d)) \$'000	Additions \$'000	Lease termination \$'000	Exchange differences movement \$'000	Others \$'000	30 June 2021 \$'000
Lease liabilities								
– Current	540	(577)	–	156	(6)	(5)	464	572
– Non-current	585	–	–	205	–	10	(464)	336
Total	1,125	(577)	–	361	(6)	5	–	908

The “Others” column comprised the reclassification of non-current portion of lease liabilities to current-portion due to passage of time.

14. SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'000
Unquoted equity shares, at cost	74,670	74,670
Less: Impairment loss	(43,285)	(43,285)
	31,385	31,385

The movement in impairment loss is as follows:

	Company	
	2022 \$'000	2021 \$'000
At 1 July and 30 June	43,285	43,285

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(a) *Composition of the Group*

The Group has the following significant investments in subsidiaries:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Proportion of ownership interest	
			2022 %	2021 %
<i>Held by the Company</i>				
Ellipsiz DSS Pte. Ltd. ⁽¹⁾	Provision of solutions for in-circuit and functional testing, distribution and trading of scientific instruments and electronic equipment, provision of related technical services and support, and trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agent and provision of management services	Singapore	100	100
iNETest Resources Pte. Ltd. ⁽¹⁾	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100
Axis-Tec Pte. Ltd. ⁽¹⁾	Provision of customised systems and solutions for test automation, high precision automated assembly process for fibre and lens, and full automated wafer level testing	Singapore	51	51
Ellipsiz Investments Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
EIR Investments Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Ellipsiz Agro Investments Pte. Ltd. ⁽⁵⁾	Investment holding	Singapore	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(a) Composition of the Group (Cont'd)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Proportion of ownership interest	
			2022 %	2021 %
Held through iNETest Resources Pte. Ltd.				
Ellipsiz iNETest (Suzhou) Co., Ltd. ⁽²⁾	Provision of solutions for in-circuit and functional testing	China	100	100
Ellipsiz iNETest (Shanghai) Co., Ltd. ⁽²⁾	Provision of solutions for in-circuit and functional testing	China	100	100
Ellipsiz iNETest Co., Ltd. ⁽³⁾	Sales and service support for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100
iNETest Malaysia Sdn. Bhd. ⁽²⁾	Provision of solutions for in-circuit and functional testing, sales and marketing of scientific and industrial products, provision of sales, engineering and service support, and trading and distribution of equipment and facility works	Malaysia	100	100
Held through Axis-Tec Pte. Ltd.				
Axis2Tec Sdn. Bhd. ⁽²⁾	Provision of engineering services	Malaysia	51	51
Held through Ellipsiz Investments Pte. Ltd.				
Cyan Bay Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Held through Cyan Bay Pte. Ltd.				
PT Super Makmur Sejahtera ⁽²⁾⁽⁴⁾	Property investment and development	Indonesia	75	75
Held through EIR Investments Pte. Ltd.				
Indovend Pte. Ltd. ⁽¹⁾	Dormant	Singapore	60	60
Held through Indovend Pte. Ltd.				
PT Surya Indovend Jaya ⁽⁶⁾	Dormant	Indonesia	59.76	59.76

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(a) Composition of the Group (Cont'd)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Proportion of ownership interest	
			2022 %	2021 %
Held through Ellipsiz Agro Investments Pte. Ltd.				
ISE Capital Management Pte. Ltd. ⁽⁷⁾	Investment holding	Singapore	40	–
Held through ISE Capital Management Pte. Ltd.				
ISE Foods Holdings Pte Ltd ⁽⁷⁾⁽⁸⁾	Production and distribution of fresh eggs	Singapore	28	–

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

⁽²⁾ Audited by other accounting firms.

⁽³⁾ Not required to be audited under the laws of country of incorporation.

⁽⁴⁾ The remaining 25% interest is held by a related party.

⁽⁵⁾ Incorporated on 27 June 2022 with an issued and paid-up share capital of \$100 comprising 100 ordinary shares of \$1 each.

⁽⁶⁾ Undergoing voluntary liquidation.

⁽⁷⁾ Acquisitions of these companies were completed on 30 June 2022.

⁽⁸⁾ The development of the egg farm is at its planning stage.

(b) Interests in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries with NCI that are material to the Group:

Name of subsidiary	Proportion of ownership interest held by NCI		Accumulated NCI at the end of reporting period	
	2022 %	2021 %	2022 \$'000	2021 \$'000
Axis-Tec Pte. Ltd. ("ATPL")	49	49	1,626	1,661
PT Super Makmur Sejahtera ("PT SMS")	25	25	5,791	4,968

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(c) Summarised financial information of subsidiaries with material NCI

Set out below are the summarised financial information of each subsidiary with NCI material to the Group. These are presented before inter-company eliminations.

Summarised statements of financial position

	ATPL		PT SMS	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current				
Assets	4,513	5,246	8	74
Liabilities	(2,540)	(3,310)	(443)	(317)
Net current assets/ (liabilities)	1,973	1,936	(435)	(243)
Non-current				
Assets	1,706	1,607	24,202	20,632
Liabilities	(417)	(211)	(605)	(516)
Net non-current assets	1,289	1,396	23,597	20,116
Net assets	3,262	3,332	23,162	19,873

Summarised statements of total comprehensive income

	ATPL		PT SMS	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue	4,565	5,475	-	-
(Loss)/profit before tax	(74)	267	1,872	2,868
Tax credit/(expense)	4	9	(86)	(105)
(Loss)/profit for the year, representing total comprehensive income	(70)	276	1,786	2,763
Total comprehensive income allocated to NCI	(34)	135	446	691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(c) Summarised financial information of subsidiaries with material NCI (Cont'd)

Summarised statements of cash flows

	ATPL		PT SMS	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net cash generated from/ (used in) operating activities	762	(504)	16	(36)
Net cash used in investing activities	(65)	(225)	(1,426)	(1,207)
Net cash (used in)/ generated from financing activities	(1,126)	(125)	1,343	1,207

(d) Acquisition of a subsidiary

ISE Capital Management Pte Ltd

On 30 June 2022, Ellipsiz Agro Investments Pte Ltd ("EAIPL"), a wholly-owned subsidiary of the Company, acquired a 40% interest in ISE Capital Management Pte Ltd ("ICM") for a consideration of \$4,000,000. ICM holds a 70% interest in ISE Foods Holdings Pte Ltd ("IFH") which will be developing and operating the 4th egg farm in Singapore. This acquisition allows the Group to make its foray into the agri-food industry leveraging on agri-technologies and partnering with an established player and market leader in the egg business.

Pursuant to a shareholders' agreement, a director nominated by EAIPL will be appointed as the chairman of the board of ICM. The chairman shall have a casting vote and hence, EAIPL holds majority of the voting rights on the board of ICM. In addition, the passing of all resolutions of the directors and shareholders of ICM must include the affirmative vote of at least 1 director nominated by EAIPL or the affirmative vote of EAIPL respectively. Arising from its rights under the shareholders' agreement, EAIPL has control over ICM and had accounted for its interest in ICM as an investment in a subsidiary in accordance with SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(d) *Acquisition of a subsidiary (Cont'd)*

ISE Capital Management Pte Ltd (Cont'd)

The fair value of the identifiable net assets of ICM determined on a provisional basis as at the date of acquisition were as follows:

	Total \$'000
Assets	
Plant and equipment	560
Right-of-use assets	76
Intangible assets	2
Trade and other receivables	388
Cash and cash equivalents	796
	<u>1,822</u>
Liabilities	
Trade and other payables	(1,556)
Lease liabilities	(76)
	<u>(1,632)</u>
Total identifiable net assets at fair value	190
Less: Non-controlling interests measured at non-controlling interests' proportionate share of net assets	(293)
Add: Provisional goodwill arising from acquisition	4,103
	<u>4,000</u>
Total purchase consideration	(4,000)
Add: Cash and cash equivalents acquired	796
Net cash outflow	<u>(3,204)</u>

Transactions costs

Transaction costs relating to the acquisition of \$278,000 had been accrued and recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

14. SUBSIDIARIES (CONT'D)

(d) *Acquisition of a subsidiary (Cont'd)*

ISE Capital Management Pte Ltd (Cont'd)

Impact of acquisition on profit or loss

The acquisition took place on 30 June 2022. Consequently, the Group did not account for any revenue or results of ICM and its subsidiary, IFH, for the financial year ended 30 June 2022.

Goodwill arising from acquisition

EAIPL had recorded a provisional goodwill of approximately \$4,103,000 as at 30 June 2022 for the acquisition of ICM. EAIPL will be carrying out a purchase price allocation ("PPA") exercise within 12 months from 30 June 2022 whereupon, the provisional goodwill may be adjusted on completion of the PPA exercise.

EllipTech Solutions Pte Ltd ("EllipTech")

On 25 September 2020, Ellipsiz DSS Pte Ltd ("EDSS"), a wholly-owned subsidiary of the Company acquired all the shares representing a 50% interest in EllipTech held by its joint venture partner for a consideration of \$1. The net asset value for 50% of EllipTech as at 15 September 2020 was \$155 and the net cash inflow on this acquisition was \$17,000. EllipTech then became a wholly-owned subsidiary of EDSS.

EllipTech was struck off during the financial year ended 30 June 2022 and its activities are now subsumed under EDSS.

15. JOINT VENTURE

	Group	
	2022 \$'000	2021 \$'000
Unquoted equity investment, carrying amount	121	8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

15. JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Name of joint venture	Principal activity	Principal place of business/ Country of incorporation	Proportion of ownership interest	
			2022 %	2021 %
Adell Solutions Pte. Ltd. ⁽¹⁾	Sale and purchase of used semiconductor equipment	Singapore	50	50

⁽¹⁾ Held through Ellipsiz DSS Pte Ltd and audited by Ernst & Young LLP, Singapore.

The joint venture was not material to the Group.

The Group's share of results of the joint venture was as follows:

	Group	
	2022 \$'000	2021 \$'000
Share of joint venture's profit/(loss)	110	(27)
Share of joint venture's total comprehensive income	110	(27)

16. FINANCIAL ASSETS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Non-current assets				
<i>At FVOCI:</i>				
– Equity securities (quoted)	11,130	11,311	9,704	11,311
– Equity security (unquoted)	1,766	1,932	–	–
	12,896	13,243	9,704	11,311

The Group has elected to designate these financial assets at FVOCI as the Group intends to hold them for long-term investment purposes to generate returns and for capital appreciation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

16. FINANCIAL ASSETS (CONT'D)

During the financial year, the Group had disposed of certain quoted equity securities at an aggregate proceeds of \$4,573,000 (2021: \$891,000). The cumulative gain arising on the disposals of \$710,000 (2021: \$120,000) was reclassified from fair value reserve to retained earnings.

The fair value gain for quoted securities of \$714,000 (2021: \$839,000) and fair value loss for unquoted security of \$166,000 (2021: fair value gain of \$76,000), held as at the end of the reporting period, were recognised in OCI.

17. DEFERRED TAX

Movements in deferred tax of the Group during the year were as follows:

Group	At 1 July 2021 \$'000	Recognised in profit or loss \$'000	Exchange differences \$'000	At 30 June 2022 \$'000
<i>Deferred tax assets</i>				
Provisions	22	–	–	22
Others	75	(66)	–	9
	97	(66)	–	31
<i>Deferred tax liabilities</i>				
Differences in depreciation for tax purposes	(29)	7	–	(22)
Fair value gain on investment property	(516)	(86)	(4)	(606)
Differences in amortisation of intangible assets	(196)	27	–	(169)
Others	–	(25)	–	(25)
	(741)	(77)	(4)	(822)
Deferred tax expense, net		(143)		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

17. DEFERRED TAX (CONT'D)

Group	At 1 July 2020 \$'000	Recognised in profit or loss \$'000	Exchange differences \$'000	At 30 June 2021 \$'000
<i>Deferred tax assets</i>				
Provisions	28	(6)	–	22
Others	61	14	–	75
	<u>89</u>	<u>8</u>	<u>–</u>	<u>97</u>
<i>Deferred tax liabilities</i>				
Differences in depreciation for tax purposes	(24)	(5)	–	(29)
Fair value gain on investment property	(436)	(105)	25	(516)
Differences in amortisation of intangible assets	(223)	27	–	(196)
	<u>(683)</u>	<u>(83)</u>	<u>25</u>	<u>(741)</u>
Deferred tax expense, net		<u>(75)</u>		

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deferred tax assets	13	67	–	–
Deferred tax liabilities	(804)	(711)	–	–
	<u>(791)</u>	<u>(644)</u>	<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

17. DEFERRED TAX (CONT'D)

Unrecognised temporary differences relating to investment in a subsidiary

The Group had not recognised deferred tax liability in respect of undistributed profits of an overseas subsidiary because the Group had determined that the undistributed earnings of this subsidiary would not be distributed in the foreseeable future. The deferred tax liability was estimated to be \$439,000 (2021: \$384,000).

Unrecognised tax losses and unutilised allowances

At the reporting date, the Group had tax losses and unutilised allowances of approximately \$726,000 (2021: \$859,000) and \$361,000 (2021: \$361,000) respectively which are available for offset against future taxable profits of the entities in which the losses and allowances arose. Deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom. The use of these tax losses and unutilised allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the countries in which the entities operate.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables (current)				
Third parties	10,393	12,101	–	–
Sales tax receivables	11	31	–	–
Contract assets	409	241	–	–
Unbilled receivables	463	358	–	–
Total trade receivables	11,276	12,731	–	–
Less: Impairment loss	(148)	(62)	–	–
Total trade receivables, net	11,128	12,669	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Other receivables (current)				
Sundry receivables	650	475	16	5
Grant receivables	–	19	–	–
Tax recoverables	119	25	–	–
Refundable deposits	342	204	–	–
Prepayments	2,770	1,096	36	25
Total other receivables	3,881	1,819	52	30
Less: Impairment loss	(90)	(120)	–	–
Total other receivables, net	3,791	1,699	52	30
Total trade and other receivables	14,919	14,368	52	30
Add: Cash and cash equivalents (Note 21)	61,681	64,404	47,900	54,292
Add: Amounts due from related parties (Note 20)	334	316	14,927	9,654
Less: Contract assets	(409)	(241)	–	–
Less: Grant receivables	–	(19)	–	–
Less: Tax recoverables	(119)	(25)	–	–
Less: Sales tax receivables	(11)	(31)	–	–
Less: Prepayments	(2,770)	(1,096)	(36)	(25)
Total financial assets carried at amortised cost	73,625	77,676	62,843	63,951

Trade receivables are unsecured, non-interest bearing and generally range from 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Contract assets primarily relate to the Group's conditional rights to consideration for goods or services delivered but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses ("ECLs")

The movements in the allowance for ECLs of trade and other receivables (excluding grant receivables, tax recoverables, sales tax receivables and prepayments) computed based on lifetime ECLs are as follows:

	Group	
	2022	2021
	\$'000	\$'000
Movements in allowance:		
At 1 July	182	90
Charge for the year (Note 5)	86	92
Write-offs	(30)	–
At 30 June	238	182

Apart from the above, based on historical default rates, the Group believed that no further impairment loss was necessary in respect of trade and other receivables. The Group's historical experience in the collection of trade and other receivables falls within the recorded impairment loss. Due to these factors, management believed that no further credit risk beyond the amounts provided for collection losses was inherent in the Group's trade and other receivables.

19. INVENTORIES

	Group	
	2022	2021
	\$'000	\$'000
Statements of financial position		
Work-in-progress	2,300	1,013
Finished goods	2,240	2,934
	4,540	3,947
Consolidated statement of comprehensive income		
Inventories recognised as an expense in the cost of revenue	37,715	35,877
Inventories written down recognised as an expense in the distribution expenses	50	230

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

20. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Amounts due from:				
– Subsidiaries (trade)	–	–	246	771
– Subsidiaries (non-trade)	–	–	385	1,179
– Joint venture (trade)	52	27	–	–
– Joint venture (non-trade)	276	270	–	–
– Related party (trade)	–	15	–	–
– Related party (non-trade)	6	4	–	–
	334	316	631	1,950
Loans due from:				
– Subsidiaries	–	–	14,296	7,704
	334	316	14,927	9,654
Represented by:				
Current	334	316	631	1,950
Non-current	–	–	14,296	7,704
	334	316	14,927	9,654
Amounts due to:				
– Subsidiaries (non-trade)	–	–	(1,191)	(1,163)
– Joint venture (trade)	(74)	(71)	–	–
– Related party (trade)	–	(13)	–	–
– Related parties (non-trade)	(1,465)	(491)	–	*
	(1,539)	(575)	(1,191)	(1,163)
Represented by:				
Current	(1,539)	(575)	(1,191)	(1,163)

* Amount less than \$1,000

The trade and non-trade amounts due from/(to) subsidiaries, joint venture and related parties are unsecured, non-interest bearing and repayable on demand.

Loans due from subsidiaries are unsecured and non-interest bearing. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future.

The Group is of the view that no impairment loss was necessary in respect of the amounts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at banks and in hand	18,314	24,756	5,496	14,916
Short-term deposits	43,367	39,648	42,404	39,376
	61,681	64,404	47,900	54,292

Cash at banks earns interest at floating deposit rates. Short-term deposits were placed with financial institutions for varying periods of between two weeks to three months (2021: two weeks to two months), depending on the cash requirements of the Group and the Company, earning interest ranging from 0.12% to 1.40% (2021: 0.01% to 1.40%) per annum and 0.12% to 1.25% (2021: 0.01% to 0.33%) per annum for the Group and the Company respectively.

22. SHARE CAPITAL AND TREASURY SHARES

	Company			
	No. of shares		Amount	
	Issued share capital '000	Treasury shares '000	Issued share capital \$'000	Treasury shares \$'000
At 1 July and 30 June	167,128	(460)	89,566	(126)

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

Treasury shares

Treasury shares are ordinary shares of the Company that are purchased and held by the Company and are presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

23. RESERVES

The reserves of the Group and the Company comprised the following balances:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Capital reserve	(11,648)	(11,648)	–	–
Fair value reserve	(57)	105	107	29
Foreign currency translation reserve	(460)	(419)	–	–
	(12,165)	(11,962)	107	29

The capital reserve comprises goodwill arising on acquisition of subsidiaries written off against shareholders' equity.

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI until the assets are derecognised.

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

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables (current)				
Third parties	5,322	5,292	–	–
Sales tax payables	162	92	31	–
Total trade payables	5,484	5,384	31	–
Other payables (current)				
Third parties	273	269	20	78
Accrued operating expenses	5,640	5,292	1,435	1,313
Deferred grant income	–	107	–	–
Contract liabilities	6,753	3,227	–	–
Total other payables	12,666	8,895	1,455	1,391

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

24. TRADE AND OTHER PAYABLES (CONT'D)

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Total trade and other payables	18,150	14,279	1,486	1,391
Add: Amounts due to related parties (Note 20)	1,539	575	1,191	1,163
Add: Lease liabilities (Note 13(b))	1,005	908	–	–
Less: Contract liabilities	(6,753)	(3,227)	–	–
Less: Deferred grant income	–	(107)	–	–
Less: Sales tax payables	(162)	(92)	(31)	–
Total financial liabilities carried at amortised cost	13,779	12,336	2,646	2,554

Trade and other payables are unsecured, non-interest bearing and are normally settled on 30 to 90 days' terms.

As at 30 June 2021, the deferred grant income comprised grant income received in advance from a government agency to provide support for product development. The amount had been deducted against the carrying amount of plant and equipment during the financial year ended 30 June 2022.

Contract liabilities primarily relate to advance consideration received from customers.

25. PROVISIONS

Group	Warranties \$'000	Restoration	Restructuring	Onerous	Total \$'000
		costs \$'000	costs \$'000	contracts \$'000	
At 1 July 2020	38	139	97	72	346
Provisions made	–	40	–	51	91
Provisions reversed	(38)	–	(62)	–	(100)
Provisions utilised	–	–	–	(123)	(123)
At 30 June 2021 and 1 July 2021	–	179	35	–	214
Provisions made	–	–	–	81	81
At 30 June 2022	–	179	35	81	295

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

25. PROVISIONS (CONT'D)

	Group	
	2022	2021
	\$'000	\$'000
Represented by:		
Current	119	38
Non-current	176	176
	295	214

Warranties

The provision for warranties relates to provision for after-sales warranty in respect of products and services sold. The provision has been estimated based on historical warranty data associated with similar products and services.

Restoration costs

The provision relates to the Group's obligations to restore the office premises and warehouse to their original state and condition. A provision for restoration cost is recognised when an obligation to restore site conditions arises on the initial recognition of the asset. The provision is based on the present value of the best estimate of the expenditure required to settle the obligation at the reporting date. The restoration amount is expected to be incurred at the end of the lease period of the office premises and warehouse.

Restructuring costs

The provision relates to a restructuring exercise carried out to rightsize the Group's DSS operations following the cessation of a manufacturer's representative and service provider agreement with one of its principals.

Onerous contracts

The provision is arrived at after taking into account estimated selling prices and estimated total cost. Estimated selling prices are based on customers' purchase orders and estimated total cost includes contract costs incurred to date plus the estimated costs to complete based on historical trends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

26. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2022	2021
	\$'000	\$'000
Sales and services income received/receivable from:		
– joint venture	25	61
– related parties	34	21
Purchases and service fee paid/payable to:		
– related parties	(2)	(45)
Consultancy fee paid/payable to a director	(93)	(93)

Related parties comprise companies which are controlled by the Company's controlling shareholder.

Compensation of key management personnel

Key management personnel compensation (including executive director's remuneration) comprised:

	Group	
	2022	2021
	\$'000	\$'000
Directors' fees	250	297
Salaries and other short-term employee benefits	2,301	2,148
Defined contribution plans	66	65
	2,617	2,510

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

27. COMMITMENTS

Corporate guarantees

At the reporting date, the Company had provided corporate guarantees amounting to \$15,867,000 (2021: \$15,451,000) to banks for banking facilities made available to certain subsidiaries and a joint venture, of which there was no utilisation for the financial years ended 30 June 2022 and 30 June 2021.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market price risk. The management reviews and agrees on the policies and procedures for managing these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which such risks are managed and measured.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposures to credit risk arise primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Management had evaluated the credit standing of customers with significant outstanding balances with the Group at the reporting date. As the majority of them are multinational corporations, management had reasonable grounds to believe that the Group was not exposed to significant credit risk at the reporting date. Credit risk arising from sales is evaluated on an on-going basis. The receivables are also monitored continually and hence, the Group does not expect to incur material credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (Cont'd)*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments or is in significant financial difficulties. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information on amounts arising from expected credit losses for trade and other receivables (excluding grant receivables, tax recoverables, sales tax receivables and prepayments).

Trade and other receivables

The Group uses a provision matrix to measure the ECLs of trade receivables and contract assets. The provision matrix is based on actual credit loss experience over the past 3 years and adjusted based on the Group's review of the conditions of the debtors and the economic conditions over the expected lives of the receivables, only if these factors have a significant impact on the credit loss.

The Group measures loss allowance for non-trade balances using the general approach (12-month ECL) which reflects the low credit risk of the exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Trade and other receivables (Cont'd)

Summarised below is the information on the credit risk exposures of the Group's and Company's trade and other receivables (excluding grant receivables, tax recoverables, sales tax receivables and prepayments) using a provision matrix:

Group	Not past due \$'000	Past due 1 – 30 days \$'000	Past due 31 – 120 days \$'000	Past due 121 – 365 days \$'000	More than one year \$'000	Total \$'000
2022						
Gross carrying amount	9,348	1,189	670	421	629	12,257
Allowance for ECLs	–	–	–	–	(238)	(238)
Total	9,348	1,189	670	421	391	12,019

Group	Not past due \$'000	Past due 1 – 30 days \$'000	Past due 31 – 120 days \$'000	Past due 121 – 365 days \$'000	More than one year \$'000	Total \$'000
2021						
Gross carrying amount	8,734	2,508	1,401	381	355	13,379
Allowance for ECLs	–	–	–	–	(182)	(182)
Total	8,734	2,508	1,401	381	173	13,197

Company	Not past due \$'000	Past due 1 – 30 days \$'000	Past due 31 – 120 days \$'000	Past due 121 – 365 days \$'000	More than one year \$'000	Total \$'000
2022						
Gross carrying amount	16	–	–	–	–	16
Allowance for ECLs	–	–	–	–	–	–
Total	16	–	–	–	–	16

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (Cont'd)*

Trade and other receivables (Cont'd)

Company	Not past	Past due	Past due	Past due	More than one year	Total
	due	1 – 30	31 – 120	121 – 365		
	\$'000	days \$'000	days \$'000	days \$'000	\$'000	\$'000
2021						
Gross carrying amount	5	–	–	–	–	5
Allowance for ECLs	–	–	–	–	–	–
Total	5	–	–	–	–	5

Information on loss allowance movements of trade and other receivables is disclosed in Note 18 to the financial statements.

Credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group's concentration of credit risk relating to trade and other receivables is limited due to its varied customer base. The Group's customers are globally dispersed, engaged in a wide spectrum of activities, and they transact in various end markets.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (Cont'd)*

At the reporting date, the Group had unutilised credit facilities of \$11,603,000 (2021: \$11,734,000).

Analysis of financial instruments by remaining contractual maturities

All the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on the contractual repayment obligations have maturity profile of one year or less (2021: one year or less), except for a non-current financial asset and non-current lease liabilities that have maturity profile of more than one year but within five years (2021: more than one year but within five years).

(c) *Foreign currency risk*

The Group is exposed to currency risk on financial assets and financial liabilities denominated in foreign currencies. It also incurs currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are mainly US dollar, Singapore dollar and Chinese renminbi.

The Group primarily relies on natural hedging between its sales and purchases, and trade receivables and trade payables. Should the need arise, the Group hedges any further foreign currency exposure through close monitoring by management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Foreign currency risk (Cont'd)

Other than as disclosed elsewhere in the financial statements, the Group's and the Company's exposures to currency risk (before inter-company eliminations) were as follows:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial assets				
– US dollar	1,766	1,932	–	–
Trade and other receivables				
– US dollar	6,397	5,488	–	–
Amounts due from related parties				
– US dollar	4,146	4,566	1,915	2,396
Cash and cash equivalents				
– US dollar	5,372	4,956	507	1,973
Trade and other payables				
– US dollar	(7,617)	(5,839)	–	–
– Singapore dollar	(319)	(316)	–	–
	(7,936)	(6,155)	–	–
Amounts due to related parties				
– US dollar	(4,022)	(4,443)	(1,191)	(1,157)
– Chinese renminbi	(3,430)	(3,250)	–	–
– Singapore dollar	(1,144)	(1,265)	–	–
	(8,596)	(8,958)	(1,191)	(1,157)
Net exposure	1,149	1,829	1,231	3,212

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Foreign currency risk (Cont'd)*

Sensitivity analysis for foreign currency risk

A 1% (2021: 1%) strengthening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would increase (2021: increase) profit before tax by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit before tax	11	18	12	32

A 1% (2021: 1%) weakening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would have had the equal but opposite effect on the profit before tax, on the basis that all other variables remain constant.

(d) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to market price risk arising from its investment in quoted equity securities. The market values of these securities are subject to fluctuations due to volatility of the equity markets.

The primary goal of the Group's investment strategy is to maximise investment returns so as to improve its overall return in general. The Group mitigates this risk through careful selection of its investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Market price risk (Cont'd)*

Sensitivity analysis for market price risk

If prices for quoted equity securities increased by 10% (2021: 10%) with all other variables held constant, the increase in equity would be:

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Equity	1,113	1,131	970	1,131

A 10% (2021: 10%) decrease in the underlying quoted equity securities prices would have had the equal but opposite effect on equity, on the basis that all other variables remain constant.

29. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

There has been no transfer between Level 1 and Level 2 and no transfer into or out of Level 3 during the financial years ended 30 June 2022 and 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) *Assets and liabilities measured at fair value*

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2022				
Financial assets				
Investments at FVOCI	11,130	–	1,766	12,896
Non-financial assets				
Investment property	–	–	24,202	24,202
	11,130	–	25,968	37,098
2021				
Financial assets				
Investments at FVOCI	11,311	–	1,932	13,243
Non-financial assets				
Investment property	–	–	20,632	20,632
	11,311	–	22,564	33,875
Company				
2022				
Financial assets				
Investments at FVOCI	9,704	–	–	9,704
2021				
Financial assets				
Investments at FVOCI	11,311	–	–	11,311

The fair value of investments at FVOCI categorised under Level 1 of the fair value hierarchy was based on respective last quoted market prices at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Level 3 fair value measurements*

The following table presents the valuation techniques and key inputs used to determine the fair values of investments at FVOCI and investment property categorised under Level 3 of the fair value hierarchy.

Description	Fair value at 30 June 2022 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investments – Equity security (unquoted)	1,766	Quoted market prices, valuations or quotes adjusted to reflect market spreads or modelled prices	Adjustments to quotes	Not applicable
Investment property	24,202	Market approach with percentage/plus and minus method	Price of comparable properties	Indonesian Rupiah 350,000 per sqm – Indonesian Rupiah 375,000 per sqm

Description	Fair value at 30 June 2021 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investments – Equity security (unquoted)	1,932	Quoted market prices, valuations or quotes adjusted to reflect market spreads or modelled prices	Adjustments to quotes	Not applicable
Investment property	20,632	Market approach with percentage/plus and minus method	Price of comparable properties	Indonesian Rupiah 350,000 per sqm – Indonesian Rupiah 375,000 per sqm

The fair value of investments categorised under Level 3 of the fair value hierarchy is generally sensitive to the unobservable inputs set out above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, amounts due from/ (to) related parties, cash and cash equivalents and trade and other payables) were assumed to approximate their fair values because of the short period to maturity or that they were repriced frequently.

30. OPERATING SEGMENTS

The Group determines its operating segments based on internal reports of the components of the Group that are regularly reviewed by the Group's Chief Executive Officer (the chief operating decision maker) for performance assessment and to determine resources allocation.

The following summary describes the operations of each of the Group's reportable segments:

- | | | |
|--------------------------------------|---|---|
| Distribution and Services Solutions | : | Provision of solutions for in-circuit and functional testing, distribution and trading of scientific instruments and electronic equipment, provision of related technical services and support, and trading of consumable products. |
| Automated Precision System Solutions | : | Provision of customised systems and solutions for test automation, high precision automated assembly process for fibre and lens, and full automated wafer level testing. |
| Property Investment and Development | : | Hold and/or develop properties for investment purposes to derive gains from capital appreciation and/or generate returns from operation or sale. |

Information regarding the results of each reportable segment is set out below. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the performance of the segments relative to other entities that operate within these industries. Inter-segment pricing is determined on mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

Group	Distribution and Services Solutions		Automated Precision System Solutions		Property Investment and Development		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and expenses										
Total revenue from external customers	52,036	49,614	3,535	4,867	-	-	-	-	55,571	54,481
Inter-segment revenue	28	30	1,030	608	-	-	(1,058)	(638)	-	-
	52,064	49,644	4,565	5,475	-	-	(1,058)	(638)	55,571	54,481
Unallocated corporate revenue									24	30
									55,595	54,511
Segment results	2,690	2,691	(71)	274	2,232	2,715	-	-	4,851	5,680
Unallocated corporate results									(1,264)	(4,811)
Share of results of an associate									3,587	869
Share of results of joint venture	110	(27)	-	-	-	-	-	-	-	3,455
Profit before finance income/(costs) and tax expense									110	(27)
Finance costs									3,697	4,297
Finance income									(26)	(36)
Tax expense									130	106
Non-controlling interests									(614)	(626)
Profit for the year									(436)	(691)
									2,751	3,050

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

Group	Distribution and Services Solutions		Automated Precision System Solutions		Property Investment and Development		Eliminations		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities										
Segment assets	45,543	40,153	7,347	8,274	29,843	26,210	(1,008)	(63)	81,725	74,574
Investment in a joint venture	121	8	-	-	-	-	-	-	121	8
Tax recoverables	119	25	-	-	-	-	-	-	119	25
Deferred tax assets	13	67	-	-	-	-	-	-	13	67
Unallocated corporate and other assets									62,074	63,099
Total assets									144,052	137,773
Segment liabilities	15,430	11,389	2,797	2,833	462	360	(1,004)	(63)	17,685	14,519
Tax liabilities	500	324	175	194	606	516	-	-	1,281	1,034
Unallocated corporate and other liabilities									3,304	1,460
Total liabilities									22,270	17,013
Capital expenditure										
- allocated to reportable segments	295	366	174	321	1,484	1,297	-	-	1,953	1,984
- unallocated corporate and others									75	31
Total capital expenditure									2,028	2,015

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

30. OPERATING SEGMENTS (CONT'D)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Group	Singapore		Malaysia		China		Taiwan		Indonesia		Other regions		Consolidated	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue from external customers	30,738	34,758	8,003	6,838	12,035	8,302	4,157	3,652	-	-	662	961	55,595	54,511
Non-current segment assets	25,096	20,495	29	64	85	115	257	122	-	-	-	-	25,467	20,796
Investment property	-	-	-	-	-	-	-	-	24,202	20,632	-	-	24,202	20,632
Investments in financial assets	12,896	13,243	-	-	-	-	-	-	-	-	-	-	12,896	13,243
Deferred tax assets	10	10	-	41	-	-	3	16	-	-	-	-	13	67
Total non-current assets	38,002	33,748	29	105	85	115	260	138	24,202	20,632	-	-	62,578	54,738
Capital expenditure	268	709	3	-	2	9	271	-	1,484	1,297	-	-	2,028	2,015

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

31. CAPITAL MANAGEMENT

Capital comprises all components of equity.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. There were no changes in the approach to capital management during the financial year.

The Group and the Company were not subject to any externally imposed capital requirements for the financial years ended 30 June 2022 and 30 June 2021.

32. DIVIDENDS

	Group and Company	
	2022	2021
	\$'000	\$'000
<i>Declared and paid during the financial year:</i>		
Final (tax-exempt one-tier) dividend for 2021:		
2.00 cents (2020: 0.50 cent) per share	3,333	833
Interim (tax-exempt one-tier) dividend for 2021:		
0.50 cent per share	–	833
	<u>3,333</u>	<u>1,666</u>

Subsequent to the reporting date, the Board proposed to declare the following dividend:

	Group and Company	
	2022	2021
	\$'000	\$'000
<i>Proposed but not recognised as a liability as at 30 June:</i>		
Final (tax-exempt one-tier) dividend for 2022:		
1.00 cent (2021: 2.00 cents) per share	1,666	3,333

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2022

33. SUBSEQUENT EVENTS

In July 2022, EAIPL entered into (a) a shareholders' agreement with Ise Hikonobu, Yayoi Yoshikawa and ICM; and (b) a shareholder loan agreement with ICM.

The shareholders' agreement governs the shareholders' respective rights and obligations and regulates their relationships in the conduct of the business and related affairs of ICM.

Subject to the fulfilment of certain conditions precedent provided in the shareholder loan agreement by ICM (or unless otherwise waived by EAIPL), EAIPL agreed to extend a shareholder loan of up to \$28,500,000 to ICM for the purposes of:

- (a) the subscription of such number of shares by ICM in IFH, amounting to 70% of the resultant enlarged issued and paid-up share capital of IFH;
- (b) partially financing the development and operation of the egg farm by way of a loan from ICM to IFH; and
- (c) ICM's working capital and research and development requirements.

EAIPL had to-date extended a sum of \$12,665,000 to ICM.

In August 2022, IFH took possession of 3 plots of land with a total approximate land area of 121,000 square metres for the development of an egg layer farm, a day-old-chick hatchery and a parent layer farm. The lease term of the 3 plots of land for 30 years commenced on 18 July 2022.

34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 15 September 2022.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2022

Number of shares (including treasury shares and subsidiary holdings)	: 167,128,185		
Number of shares (excluding treasury shares and subsidiary holdings)	: 166,668,285		
Class of shares	: Ordinary shares	Voting rights	: 1 vote per share
Number/percentage of treasury shares	: 459,900 (0.28% ⁽¹⁾)		
Number of subsidiary holdings	: Nil		

The Company cannot exercise any voting rights in respect of treasury shares.

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	% ⁽¹⁾
1 to 99	35	1.63	1,314	0.00
100 to 1,000	475	22.11	245,442	0.15
1,001 to 10,000	923	42.97	4,462,013	2.68
10,001 to 1,000,000	709	33.01	45,792,887	27.47
1,000,001 and above	6	0.28	116,166,629	69.70
Total	2,148	100.00	166,668,285	100.00

Based on information available to the Company as at 23 September 2022, approximately 39.71% of the issued shares of the Company (excluding treasury shares) is held by the public and Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	% ⁽¹⁾
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	99,675,700	59.80
2	DBS NOMINEES (PRIVATE) LIMITED	10,598,783	6.36
3	LEAP INTERNATIONAL PTE LTD	2,148,400	1.29
4	BEVRIAN PTE LTD	1,461,746	0.88
5	LEE LENG GHEE WILLIE	1,150,000	0.69
6	QUEK CHIN CHOO	1,132,000	0.68
7	IWAN RUSLI @ LIE TJIN VAN	950,000	0.57
8	RAFFLES NOMINEES (PTE) LIMITED	940,160	0.56
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	841,422	0.51
10	TAY BOON HUAT	804,900	0.48
11	PHILLIP SECURITIES PTE LTD	767,610	0.46
12	CITIBANK NOMINEES SINGAPORE PTE LTD	720,300	0.43
13	HONG LEONG FINANCE NOMINEES PTE LTD	716,700	0.43
14	NG THIAM SENG @ EUGENE NG	680,000	0.41
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	658,900	0.40
16	CHIA CHOI CHUN	650,000	0.39
17	MAYBANK KIM ENG SECURITIES PTE LTD	634,805	0.38
18	UOB KAY HIAN PRIVATE LIMITED	631,610	0.38
19	LIM & TAN SECURITIES PTE LTD	573,100	0.34
20	NG TIE JIN (HUANG ZHIREN)	561,000	0.34
Total		126,297,136	75.78

⁽¹⁾ Percentage is calculated based on 166,668,285 shares, excluding treasury shares.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2022

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Bevrian Pte Ltd ⁽²⁾	1,461,746	0.88	99,000,000	59.40	100,461,746	60.28
David Lum Kok Seng ⁽³⁾	–	–	100,461,746	60.28	100,461,746	60.28

⁽¹⁾ Percentage is calculated based on 166,668,285 shares, excluding treasury shares.

⁽²⁾ Bevrian Pte Ltd's deemed interest in the shares is held through a nominee account.

⁽³⁾ Mr David Lum Kok Seng is deemed interested in all the shares held by Bevrian Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

Ellipsiz Ltd

(Company Registration No. 199408329R)
(Incorporated in the Republic of Singapore)
(the “Company”)

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of the Company will be convened and held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Tuesday, 25 October 2022 at 3.00 p.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2022 together with the Auditor’s Report thereon.

(Resolution 1)

2. To re-elect Mr David Ong Kim Huat, a Director who was first appointed by the Board of Directors of the Company on 27 January 2022, in accordance with Article 107 of the Company’s Constitution.

(Resolution 2)

[See Explanatory Note (i)]

3. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 101 of the Company’s Constitution and who, being eligible, offer themselves for re-election:

(a) Mr Kelvin Lum Wen-Sum

(Resolution 3)

(b) Mr Clement Leow Wee Kia

(Resolution 4)

[See Explanatory Note (i)]

4. To declare a final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share for the financial year ended 30 June 2022.

(Resolution 5)

5. To approve the payment of additional Directors’ fees of \$29,580 for the financial year ended 30 June 2022.

(Resolution 6)

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

6. To approve the payment of Directors' fees of \$297,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears (2022: \$279,220, including additional Directors' fees referred to in item 5 above).

(Resolution 7)

[See Explanatory Note (iii)]

7. To re-appoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration.

(Resolution 8)

Special Business

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

8. That authority be and is hereby given to the Directors to:
- (a) (i) allot and issue shares in the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding that 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 while this Resolution was in force,

Provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to members of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the Company’s total number of issued shares, excluding treasury shares and subsidiary holdings, at the time this Resolution is passed, after adjusting for:
- (i) 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 this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST (the “**Listing Manual**”) for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 9)

[See Explanatory Note (iv)]

9. That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the “**Companies Act**”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchase(s) (each an “**On-Market Share Purchase**”) on the SGX-ST; and/or
 - (ii) off-market purchase(s) (each an “**Off-Market Share Purchase**”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

NOTICE OF ANNUAL GENERAL MEETING

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

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held; or
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or
- (iii) the date on which purchases of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

(c) in this Resolution:

“**Prescribed Limit**” means 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the passing of this Resolution; and

“**Maximum Price**”, in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Share Purchase, 110% of the Average Closing Price, where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days (“**Market Day**” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made (and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Days and the day on which the On-Market Share Purchase was made) or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) the Directors and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he or she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 10)

[See Explanatory Note (v)]

Notice of Record Date

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 7 November 2022 for the purpose of determining shareholders' entitlements to a proposed final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share for the financial year ended 30 June 2022 ("**FY2022 Final Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 7 November 2022 will be registered to determine shareholders' entitlements to the FY2022 Final Dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 7 November 2022 will be entitled to the FY2022 Final Dividend.

The FY2022 Final Dividend, if approved by the shareholders at the 27th Annual General Meeting of the Company, will be paid on 21 November 2022.

By Order of the Board

CHOW CHING SIAN

Company Secretary
Singapore, 10 October 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) **Ordinary Resolutions 2 to 4:** Detailed information of these Directors can be found under the sections entitled “*Board of Directors*” and “*Additional Information on Directors Seeking Re-election*” in the Company’s Annual Report 2022.
- (ii) **Ordinary Resolution 6:** At the Annual General Meeting of the Company held on 22 October 2021, shareholders approved Directors’ fees of \$249,640 for the financial year ended 30 June 2022, to be paid quarterly in arrears. The additional Directors’ fees of \$29,580 proposed to be approved at this Annual General Meeting of the Company arose due to the appointment of Mr David Ong Kim Huat as the Chairman and an independent Director of the Company during the financial year ended 30 June 2022, which took effect from 27 January 2022.
- (iii) **Ordinary Resolution 7:** The Company proposes to pay Directors’ fees for the financial year ending 30 June 2023 quarterly in arrears after the Annual General Meeting of the Company is held, instead of at the end of the aforesaid financial year. Information on Directors’ fees can be found under the section entitled “*Corporate Governance*” in the Company’s Annual Report 2022.
- (iv) **Ordinary Resolution 9:** Ordinary Resolution 9, if passed, will authorise the Directors, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, to issue shares, make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such Instruments, up to an amount not exceeding 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings, with a sub-limit of 20% for issues other than on a *pro rata* basis to members of the Company. For the purpose of 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 Company’s total number of issued shares, excluding treasury shares and subsidiary holdings, at the time that this 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 this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.
- (v) **Ordinary Resolution 10:** Ordinary Resolution 10, if passed, will empower the Directors to purchase, on behalf of the Company, ordinary shares in the capital of the Company in accordance with the terms set out in the Appendix to this Notice of Annual General Meeting as well as the rules and regulations set out in the Companies Act and the Listing Manual. Please refer to the Appendix to this Notice of Annual General Meeting for details.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting of the Company (“AGM”). Where a member appoints two proxies, he or she shall specify the proportion of the shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
- (b) A member of the Company which is a corporation is entitled to appoint its authorised representative(s) or proxy(ies) to vote on its behalf. The Proxy Form appointing the representative(s) or proxy(ies) must be executed under its common seal or executed as a deed in accordance with the Companies Act or signed on its behalf by its attorney or officer duly authorised.
- (c) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s Proxy Form appoints two or more proxies, the number and class of shares to which each proxy has been appointed shall be specified in the Proxy Form.

“relevant intermediary” has the meaning ascribed to it in Section 181(6) of the Companies Act.

2. A proxy need not be a member of the Company.
3. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if sent by post, it has to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4 #05-02 Singapore 555854; or
 - (b) if sent electronically, it has to be submitted via email to the Company at agm@ellipsiz.com,
in either case, not less than 72 hours before the time fixed for the AGM.

A member who wishes to submit a Proxy Form must 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 and signed Proxy Forms electronically via email.

4. Shareholders can submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner:
 - (a) via email to the Company at agm@ellipsiz.com; or

NOTICE OF ANNUAL GENERAL MEETING

(b) via post to the Company at 54 Serangoon North Avenue 4 #05-02 Singapore 555854,
in either case, by **3.00 p.m. on Monday, 17 October 2022**.

When submitting the questions, please provide the Company with the following details, for verification purpose:

- (i) full name (for individuals)/company name (for corporates);
- (ii) NRIC number/Passport number (for individuals)/company registration number (for corporates);
- (iii) the number of Shares held; and
- (iv) the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address all substantial and relevant questions submitted in advance of the AGM, either prior to or during the AGM. As there may not be sufficient time to address all questions during the AGM, the Company will publish the responses to the substantial and relevant questions which the Company will not be addressing during the AGM, on SGXNet and the Company's corporate website prior to the AGM. The Company will publish the minutes of the AGM on SGXNet and the Company's corporate website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the AGM.

- 5. All references to dates and times in this Notice of AGM are to Singapore dates and times.
- 6. The Company's Annual Report 2022 may be accessed at the Company's corporate website at <https://www.ellipsiz.com/investor-relations/annual-reports/> and the SGX website at <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following information relating to Messrs David Ong Kim Huat, Kelvin Lum Wen-Sum and Clement Leow Wee Kia, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 25 October 2022 (“**2022 AGM**”), is provided pursuant to Rule 720(6) of the listing manual of the Singapore Exchange Securities Trading Limited.

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Date of Appointment	27 January 2022	1 March 2016	8 May 2015
Date of last re-appointment (if applicable)	Not applicable	25 October 2019	25 October 2019
Age	61	47	48
Country of principal residence	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon review of the skills and experience of Messrs David Ong Kim Huat, Kelvin Lum Wen-Sum and Clement Leow Wee Kia as well as their performance and contributions to the effectiveness of the Board, the Nominating Committee had recommended, and the Board of Directors had approved, the recommendation for each of them to be re-elected at the 2022 AGM.		
Whether appointment is executive, and if so, the area of responsibility	The appointment is non-executive.	The appointment is executive. Mr Kelvin Lum Wen-Sum is the Chief Executive Officer of the Company. He provides leadership to management and oversees the operations of the Group. He is also responsible for charting the Group’s corporate directions and implementing growth strategies, including managing its investment activities.	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ol style="list-style-type: none"> Chairman and Independent Director Audit and Risk Committee Member Nominating Committee Member Remuneration Committee Member 	<ol style="list-style-type: none"> Chief Executive Officer Nominating Committee Member 	<ol style="list-style-type: none"> Independent Director Nominating Committee Chairman Remuneration Committee Chairman Audit and Risk Committee Member
Professional qualifications	Bachelor of Science Degree in Business Administration with double major in Marketing and Management from University of Oregon, USA	Bachelor of Commerce, University of Western Australia	<ol style="list-style-type: none"> Bachelor of Science in Applied Economics, Cornell University Master of Business Administration, University of Oxford Postgraduate Diploma in Financial Strategy, University of Oxford
Working experience and occupation(s) during the past 10 years	<u>1998 to present</u> Managing Director, Reddot Media Inc Pte Ltd	<ol style="list-style-type: none"> <u>August 2018 to present</u> Chief Executive Officer, Ellipsiz Ltd <u>November 2016 to present</u> Non-Independent Non-Executive Director, Lum Chang Holdings Limited 	<ol style="list-style-type: none"> <u>March 2019 to July 2022</u> Chief Executive Officer and Executive Director, Allied Technologies Limited <u>March 2017 to February 2019</u> Chief Executive Officer, Corporate Finance, Crowe Horwath Capital Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
		<p>3. <u>March 2016 to present</u> Executive Director, Ellipsiz Ltd</p> <p>4. <u>November 2015 to present</u> Consultant, Lum Chang Holdings Limited</p> <p>5. <u>April 2015 to October 2015</u> Executive, LCD Global Investments Ltd (now known as AF Global Limited)</p> <p>6. <u>August 2011 to April 2015</u> Managing Director, LCD Global Investments Ltd (now known as AF Global Limited)</p>	<p>3. <u>June 2009 to March 2017</u> Partner, Head of Corporate Finance, Partners Capital (Singapore) Pte Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	1. Son of Mr David Lum Kok Seng, the legal and beneficial owner of Bevrrian Pte Ltd, a substantial shareholder of the Company. 2. Brother of Mr Adrian Lum Wen-Hong, a Non-Independent Non-Executive Director of the Company.	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
<p>Other Principal Commitments Including Directorships</p> <p>Past (for the last 5 years)</p>	<p>Past Directorship(s):</p> <ol style="list-style-type: none"> Hon Corporation Limited MC Payment Limited (now known as OxPay Financial Limited) 	<p>Past Directorship(s):</p> <ol style="list-style-type: none"> CrystalTech Scientific Inc Ellipsiz Taiwan Second Source Inc EllipTech Solutions Pte Ltd Kalms (Singapore) Pte Ltd Kalms Investment Pte Ltd SV Probe Pte Ltd SV Technology Inc Tokyo Cathode Laboratory (S) Pte Ltd Veight Investments Pte Ltd 	<p>Past Directorship(s):</p> <ol style="list-style-type: none"> Allied Technologies Limited Crowe Horwath Capital Pte Ltd
	<p>Present Directorship(s):</p> <ol style="list-style-type: none"> Reddot Media Inc Pte Ltd New Toyo International Holdings Ltd 	<p>Present Directorship(s):</p> <ol style="list-style-type: none"> Axis-Tec Pte Ltd Beverian Holdings Pte Ltd Bevrian Pte Ltd EIR Investments Pte Ltd Ellipsiz Agro Investments Pte Ltd Ellipsiz DSS Pte Ltd Ellipsiz iNETest Co Ltd Ellipsiz Taiwan Inc iNETest Malaysia Sdn Bhd iNETest Resources Pte Ltd 	<p>Present Directorship(s):</p> <ol style="list-style-type: none"> Grand Team Technologies Limited Lum Chang Holdings Limited MSM International Limited Overseas Education Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Present		11. ISE Capital Management Pte Ltd 12. ISE Foods Holdings Pte Ltd 13. LS Investments Pte Ltd 14. Lum Chang Holdings Limited 15. Nanyang Girls' High School Ltd 16. Nanyang International Education (Holdings) Limited 17. Nanyang Kindergarten 18. Nanyang Primary School 19. RMDV Investments Pte Ltd 20. UK Property Investment Pte Ltd	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
<p>Information required Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p> <p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
<p>(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?</p>	No	No	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
<p>(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?</p>	No	No	No
<p>(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?</p>	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, or permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
(i) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	Save for any investigations involving Allied Technologies Limited or Special Audit matters which occurred prior to Mr Leow's appointment, no.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
<p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> <p>(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?</p>	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	David Ong Kim Huat	Kelvin Lum Wen-Sum	Clement Leow Wee Kia
Information required Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange?			
If yes, please provide details of prior experience.			
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable	Not applicable
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).			

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Ellipsiz Ltd

(Company Registration No. 199408329R)
(Incorporated in the Republic of Singapore)

PROXY FORM 27TH ANNUAL GENERAL MEETING

I/We _____ (Name),

NRIC/Passport No./Company Registration No. _____ of

_____ (Address)

being a member/members of Ellipsiz Ltd (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or, failing him/her/they, the Chairman of the Annual General Meeting of the Company ("AGM"), as my/our proxy/proxies to attend, speak and vote on my/our behalf at the AGM to be held at 1 Orchid Club Road, Orchid Country Club, Emerald Suite, Singapore 769162 on Tuesday, 25 October 2022 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote for or against, or abstain from voting, at his/her/their discretion, as he/she/they may on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolution	No. of Votes For*	No. of Votes Against*	No. of Votes Abstain*
Ordinary Business				
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022 together with the Auditor's Report thereon.			
2.	Re-election of Mr David Ong Kim Huat as a Director.			
3.	Re-election of Mr Kelvin Lum Wen-Sum as a Director.			
4.	Re-election of Mr Clement Leow Wee Kia as a Director.			
5.	Declaration of a final tax-exempt (one-tier) dividend of 1.00 cent per ordinary share.			
6.	Approval of additional Directors' fees of \$29,580 for the financial year ended 30 June 2022.			
7.	Approval of Directors' fees of \$297,000 for the financial year ending 30 June 2023, to be paid quarterly in arrears.			
8.	Re-appointment of Ernst & Young LLP as Auditor of the Company and authorising the Directors to fix their remuneration.			
Special Business				
9.	Approval of authority to issue new shares.			
10.	Approval of Share Purchase Mandate.			

*Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or to "Abstain from voting on" the relevant resolution, please tick (✓) in the relevant boxes provided above. Alternatively, if you wish to exercise your votes in a combination of "For", "Against" and "Abstain from voting on" the relevant resolution, please insert the number of votes in the relevant boxes provided above.

Dated this _____ day of _____ 2022.

Total No. of Shares in:	No. of Shares:
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of ordinary shares in the Company held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 815F of the Securities and Futures Act 2001 of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this Proxy Form shall be deemed to relate to all the ordinary shares held by you.
2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member appoints two proxies, the member shall specify the proportion of the shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be deemed to represent 100% of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appoints two or more proxies, the number and class of shares to which each proxy has been appointed shall be specified in this Proxy Form. In relation to a relevant intermediary who wishes to appoint more than two proxies, please annex, to this Proxy Form, the list(s) of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport number, class of shares and number of shares in relation to which the proxy has been appointed.

"relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.

3. A proxy need not be a member of the Company.
4. This Proxy Form (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be submitted in the following manner:
 - (a) if sent by post, it has to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4 #05-02 Singapore 555854; or
 - (b) if sent electronically, it has to be submitted via email to the Company at agm@ellipsiz.com, in either case, not less than 72 hours before the time fixed for the AGM.

A member who wishes to submit this Proxy Form must complete and sign this 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 and signed Proxy Forms electronically via email.

5. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the AGM.
6. This Proxy Form must, in the case of an individual, be signed by the appointor or his/her attorney duly authorised in writing. In the case of a corporation, this Proxy Form must be executed under its common seal or executed as a deed in accordance with the Companies Act or signed on its behalf by its attorney or officer duly authorised.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person(s) as it thinks fit to act as its representative(s) at the AGM in accordance with its constitution and Section 179 of the Companies Act.
8. The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form.
9. In the case of members of the Company whose ordinary shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have ordinary shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
10. All references to dates and times in this Proxy Form are to Singapore dates and times.

AFFIX
POSTAGE
STAMP

**THE COMPANY SECRETARY
ELLIPSIZ LTD**

54 Serangoon North Avenue 4
#05-02
Singapore 555854





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