# Reconsolidate

Annual Report 2021

ASTI HOLDINGS LIMITED

# Contents

# About ASTI

Listed on the mainboard of the Singapore Exchange, ASTI Holdings Limited ("ASTI" or "the Group") owns one of the largest Semiconductor Manufacturing Service in the world. The Group provides Tape & Reel packaging services and Integrated Circuit Programming Services to renowned Original Equipment Manufacturers, contract manufacturers and component distributors globally.

Globally, ASTI has a research and development centre and 8 factories. Our operations are located in Southeast Asia, Greater China, the United States of America and the United Kingdom.

Our extensive geographical network provides distribution services across many countries in Asia. The ASTI Group of companies has the ability to offer a suite of integrated and synergistic solutions to our customers.

ASTI holds a controlling equity interests in Dragon Group International Limited ("DGI"). The shares of DGI are quoted on the Singapore Exchange.

For more information, please visit our website at www.astigp.com.


## Geographic Reach

The ASTI Group of companies has extensive global footprints. Currently we have a research and development centre, and 8 factories located in Southeast Asia, Greater China, the United States of America and the United Kingdom.

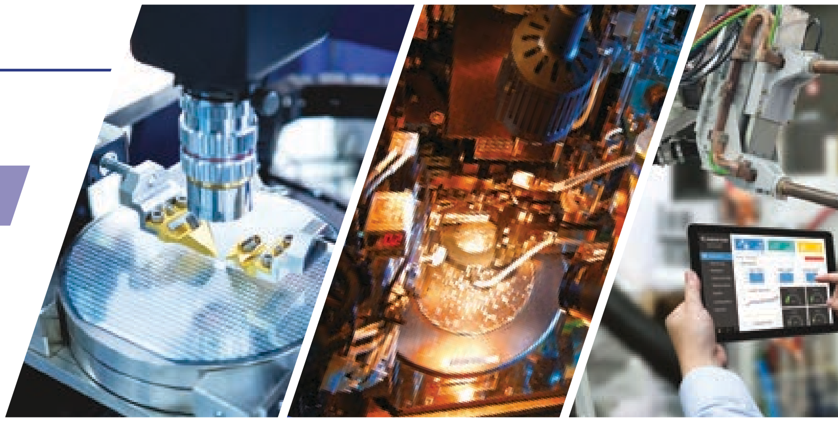
# Letter To Shareholders and Operations Review


***Our aim to turn ASTI into a profitable business remains. Surrounded by the rapid changes and uncertainties globally, we have to re-evaluate our businesses and remove the parts that are no longer compatible.***

Dear Shareholders,

Having expended tremendous efforts to contain and accept COVID-19 as an endemic, the world was looking forward to reignite trade and businesses and put economies back on positive track. Unfortunately, the commencement of the Ukrainian war has invalidated all plans and brought new challenges of different magnitudes. The effects of supply chain disruptions, escalating energy and commodity prices and run-away inflation will further magnify the pressure on governments, businesses and consumers who are still reeling from the COVID-19 crisis. The component shortages that have plagued the semiconductor industry over the last couple of years are set to continue.

2021 has been a slow year mired with changes and the situations at both DGI and ASA remained status quo. Our team continues to search for solutions for both companies but under current circumstances in a



pandemic-focused world, the barriers remain high. The proposed acquisitions of the 100% interests in Emerald, Yumei Tech, Yumei Reit and Pioneer Venture have been aborted but we will still be seeking alternative solutions for both companies.

Our aim to turn ASTI into a profitable business remains. Surrounded by the rapid changes and uncertainties globally, we have to re-evaluate our businesses and remove the parts that are no longer compatible. Operationally, we have retrenched a significant number of staff and management; and relocated our office to a smaller premise in the second half of the year. Going forward, these changes will contribute positively to ASTI's performance.

## OPERATIONS REVIEW

## INCOME STATEMENT

**Revenue**

The Group registered a revenue of $54.3 million for the financial year ended 31 December 2021 ("FY2021"), down by 4.8% or $2.7 million from $57.0 million in the previous year ended 31 December 2020 ("FY2020"), mainly due to lower sales from one of our China subsidiaries.

**Loss before tax**

Other income comprises of government incentives, advances written off from customer and rental income of $1.2 million in FY2021, the decrease of $3.0 million compared to FY2020 was mainly due to the absence of a $1.8 million one-off gain arising from the disposal of equipment and lower government incentives.

Administrative expense has increased by 1.5% or $0.2 million from $16.0 million in FY2020 to $16.2 million in FY2021. This is mainly due to the restructuring in the Company and increase in audit fees.

Other expenses of $6.2 million included allowance on amounts due from related company and amounts due from associate. This was net off against the foreign exchange gain of $1.7 million reported in FY2021.

Finance costs declined by $36,000 or 20.6% in FY2021 compared to FY2020 mainly due to lower interest rates and interest arising from lease liabilities.

**Tax expense**

The Group recorded tax expense of $1.2 million in FY2021 and $2.1 million in FY2020.

# Letter To Shareholders and Operations Review

**Net Loss**

Overall, the Group reported a net loss after tax of $11.8 million in FY2021 and $2.4 million in FY2020 respectively.

## BALANCE SHEET

**Non-current assets**

Non-current assets increased by $4.5 million or 10.1%; from $44.2 million in 31 December 2020 to $48.7 million in 31 December 2021 mainly due to the reclassification of amounts due from associates from current to non-current, additions of property, plant and equipment ("PPE") purchased by the Group and new leases taken up during the year. These were net off against the decrease in investment in associates and the allowance on amounts due from associates.

**Current assets**

Compared to 31 December 2020, current assets declined by $15.5 million or 27.8% from $55.6 million to $40.1 million at 31 December 2021. This was mainly due to the allowance on amounts due from related company and reclassification of amounts due from associates to non-current of $3.0 million and $7.8 million respectively.

**Current liabilities**

Current liabilities increased by $0.6 million or 2.5% from $23.1 million at 31 December 2020 to $23.7 million at 31 December 2021 mainly due to the accrual of retrenchment cost, audit fees, net-off the payable on purchase of property, plant and equipment and reversal of sundry creditors.

**Non-current liabilities**

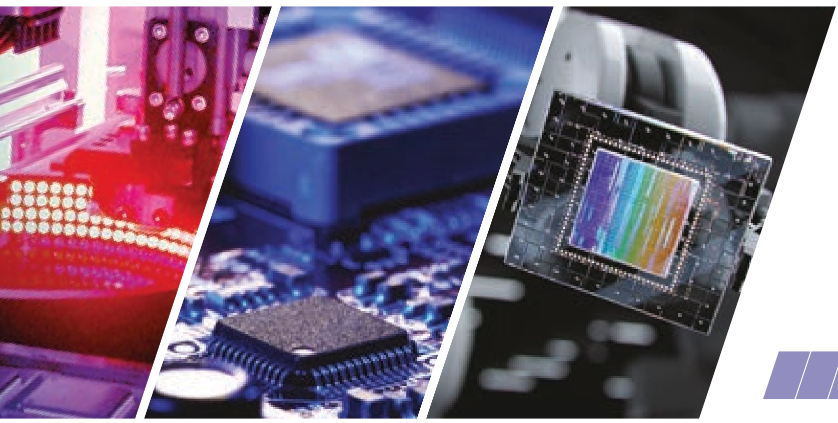
The slight increase in non-current liabilities from $4.1 million at 31 December 2020 to $4.4 million at 31 December 2021 was mainly due to new lease taken up during the year.

## CASHFLOW STATEMENT

The Group recorded net cash generated from operating activities of $3.3 million from its operational working capital. An amount of $1.5 million was utilised for the payment of interests and taxes.

Net cash used in investing activities amounting to $6.4 million was mainly for purchase of property, plant and equipment and loan to equity-accounted investees.

The Group recorded net cash used in financing activities of $1.4 million in FY2021 due to the repayment of lease obligations.



**OUTLOOK**

The start of the Ukrainian war has created another layer of uncertainty to a world that was looking to return to normality after proclaiming COVID-19 as endemic. In a span of less than a month, pressure mounted across the world. Governments are in shock and once again grappling with the newly created problems. The embargo of the SWIFT system and the stoppage of trade with Russia do not seem to have achieved their impacts. On the contrary, there are mounting fears of shortages of essential food, commodities and energy exports to the world. The bombing of a nuclear plant was a close call that could trigger another Chernobyl. Diversion of airspace and shipping routes are adding pressure to supply chains disruptions and rising energy costs will further raise the already escalating inflation that we are witnessing globally. Leaders are at a loss for a solution to this unpropitious event. Amid this chaotic situation, the semiconductor industry will continue to face more pressure from shortages and rising costs. ASTI will continue to rationalize its operations and look for opportunities to grow and develop to address the new needs of the world that will emerge from the latest series of events.

**IN APPRECIATION**

I would like to thank our customers, principals, bankers and shareholders for their patience and trust in us. Looking forward to a new financial year during which ASTI will operate as a leaner organization amid the challenges around us, we will do our best to enhance the value to our shareholders.

Yours Sincerely,

**DATO' MICHAEL LOH**
Chairman

# Board of Directors

**Mr Anthony Loh, 53**
*Executive Director, Acting Chief Executive Officer*
*and Chief Financial Officer*

*Chartered Accountant, Institute of Singapore Chartered Accountants*
*ACCA*

Mr Loh is our Chief Financial Officer ("CFO") and Acting Chief Executive Officer ("Acting CEO"). He is responsible for the overall strategic planning, corporate planning and financial management for the Group. Mr Loh brings with him more than 20 years of extensive working experience in MNCs, GLCs and SMEs. He is a Chartered Accountant, a non-practising member of Institute of Singapore Chartered Accountants and holds a professional qualification from Association of Chartered Certified Accountants (ACCA).

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
- None

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**Dato' Sri Mohd Sopiyan B Mohd Rashdi, 59**
*Independent Director*
*Audit Committee Chairman*

*Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391)*
*Degree in Accountancy, University iTM, Malaysia*

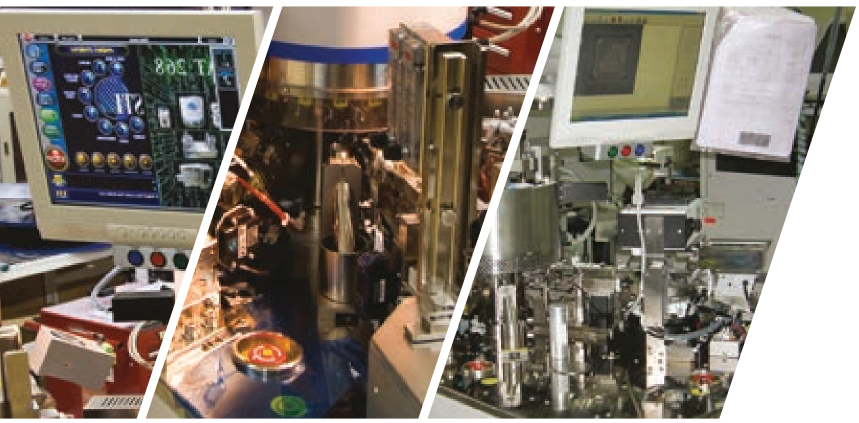
Dato' Sri Mohd Sopiyan brings with him a wealth of experience from his previous employment with Maybank Finance Bhd, Bank Negara Malaysia, Edaran Digital System Bhd Group of Companies and Financial Advisory Services where he was responsible for the accounting, financial, corporate finance, budgeting, treasury management and tax matters.

During his tenure with Bank Negara, he was attached to the Bank's regulatory department which oversees and monitors financial institutions. He was subsequently seconded to TPU Sdn Bhd, a company formed by Bank Negara to restructure and rehabilitate companies facing financial problems during the recession in the 1980s.

Dato' Sri Mohd Sopiyan is currently the Chief Executive Officer of PT Envy Technologies Indonesia, Tbk and PT Dragon Terra Venture, a company involved in capital market activities including corporate finance and fund raising exercises in Indonesia.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- Dragon Group International Limited
- Advanced Systems Automation Limited
- PT Envy Technologies Indonesia Tbk

**Past 3 Years Listed Companies' Directorships**
- None



**Professor Dr Kriengsak Chareonwongsak, 67**
*Non-executive Chairman*

*PhD Economics, Monash University, Australia*
*D.Phil Management, University of Oxford, UK*
*Master of Public Administration, Harvard University, USA*
*Master of Studies, Cambridge University, UK*
*Bachelor of Economics (First Class Honours), Monash University, Australia*

Dr Kriengsak is the Chairman of the Success Group of Companies, a conglomerate of businesses involved in the media and knowledge industry, biotechnology, finance and securities, leisure and travel and many other industries. In addition to his vast business interests, Dr Kriengsak is well recognized in the academia where he holds various positions in globally renowned universities both in Thailand and overseas. He is a Senior Fellow at Harvard University, USA and Professor of Management and Economics at the OYA Graduate School of Business, Universiti Utara Malaysia. Socially active in Thailand, Dr Kriengsak is the Chairman of the Nation-Building Institute (NBI), the institute that aims to gather leaders of the public, private and people sector for the purpose of nation-building, as well as the Chairman of a number of foundations and holds positions on the governing/advisory boards of various Asian and international and educational organisations.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
- None

**Mr Theerachai Leenabanchong, 52**
*Non-executive and Non-independent Director*

*Bachelor and Master Degree of Business Administration (Major in Marketing), Assumption University*

Mr Leenabanchong currently holds various executive positions as Vice Chairman, Chairman of Executive Committee, Chief Executive Officer, and Director of Capital Engineering Network PLC (CEN), Sky Tower PLC, Rayong Wire Industries PLC, and Ultra Asia Co., Ltd. He also serves as Chief Executive Officer and held directorships of businesses in the Philippines and Singapore.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- Capital Engineering Network PLC
- Sky Tower PLC
- Rayong Wire Industries PLC

**Past 3 Years Listed Companies' Directorships**
- None

**Mr Charlie Jangvijitkul, 64**
*Independent Director*
*Remuneration Committee Chairman*
*Nominating Committee Chairman*

*Doctor of Philosophy in Strategic Management Bangkok University in cooperation with University of Nebraska, Lincoln, USA*
*MBA of Marketing Indiana University of Pennsylvania, USA*
*Bachelor of Laws Ramkhamhaeng University*
*Bachelor of Science in BA Kasetsart University*
*Metropolitan Program 5 Institute of Metropolitan Development*
*M.S.7 Program, National Defense College, National Defense Institute*
*Top Executive Program in Commerce and Trade (TepCot8) Thai Chamber of Commerce*
*Executive Management Program (CMA 15) Capital Market Academy*
*IFRS Workshop Federation of Accounting Professions*
*Director Certification Program (DCP)*
*Thai Institute of Directors (IOD)*

Mr Jangvijitkul helms various businesses and was serving as the CEO of Sugarcane Ecoware Co., Ltd and Advisor of ProSecure Co., Ltd. He has a wide spectrum of capabilities and experiences encompassing the fraternities of strategic management.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
- None

# Key Management

**Larry Lim**
*President, Telford Group*

Mr Lim joined the Group in 1993 and currently manages eight of the Group's subsidiaries in Asia and Europe, which total workforce of more than 2500 provides tape and reel, inspection and programming services for both the semiconductor and contract manufacturing industries. Prior to joining Telford Group, Mr Lim was the Operations Manager of Trio-Tech International Pte Ltd from 1978 to 1992. He holds a Diploma in Electronic Engineering from the Singapore Polytechnic.

**Ong Yu Huat**
*Senior Vice President, Telford Group*

Since beginning his career with Texas Instruments Singapore in 1986, Mr Ong has held various key positions in manufacturing, purchasing, engineering and sales and marketing. Mr Ong joined the Group in 1999. He holds a Bachelor of Science in Physics from the National University of Singapore.

**Gary Smith**
*Managing Director, Reel Service Ltd, Scotland*

Mr Smith originally joined Reel Service in 1988 as Engineering Manager, then became Director of the Engineering for the Reel Service Group where he helped set up subsidiaries in Germany, Singapore, USA, Philippines and Israel. Prior to joining Reel Service, he spent 5 years working with Hughes Microelectronics (Now Raytheon) where he gained extensive knowledge and experience in Quality, Project and Process Engineering. In 2002 Mr Smith set up his own company in Property Development & Project Management. Prior to starting back with Reel Service in August 2015, Mr Smith was working with charity based Housing Associations dealing with Property Development & Maintenance.

**Seah Chong Hoe**
*Executive Director and*
*Chief Executive Officer, ASA*

Mr Seah brings with him more than 3 decades of knowledge and experience from the electronics engineering and plastic injection molding industries. He has been responsible for the growth and development of the Yumei Group since 1989. In his current role, Mr Seah is responsible for overseeing the operations and business efficiency of the Group.

# Financial Highlights

| RESULT OF OPERATIONS | 2021 | 2020 | 2019 |
|---|---|---|---|
| | S$'000 | S$'000 (restated) | S$'000 |
| **Group Income Statement** | | | |
| Revenue | 54,281 | 57,046 | 65,935 |
| (Loss)/profit before taxation | (10,585) | (252) | 21,847 |
| Net (loss)/profit attributable to Owners of the Company | (7,290) | 2,098 | 7,200 |
| **Group Balance Sheets** | | | |
| Non-Current Assets | 48,668 | 44,196 | 52,111 |
| Current Assets | 40,133 | 55,586 | 50,788 |
| Total Assets | 88,801 | 99,782 | 102,899 |
| Current Liabilities | 23,695 | 23,124 | 22,887 |
| Non-Current Liabilities | 4,400 | 4,110 | 5,147 |
| Total Liabilities | 28,095 | 27,234 | 28,034 |
| Equity Attributable to Owners of the Company | 68,757 | 75,771 | 73,235 |
| Non-Controlling Interests | (8,051) | (3,223) | 1,630 |
| Total Equity | 60,706 | 72,548 | 74,865 |
| Basic (Loss)/Earnings per share (cents) | (1.11) | 0.32 | 1.10 |
| Net Assets Value per share (cents) | 10.5 | 11.6 | 11.2 |
| Weighted average number of shares in the year | 654,731,486 | 654,731,486 | 654,731,486 |
| Number of shares (excluding treasury shares) as at end of year | 654,731,486 | 654,731,486 | 654,731,486 |
| **Financial Ratios** | | | |
| Return on Average Shareholders' Fund (%) | (10) | 3 | 10 |
| Gearing Ratio (%) | 4 | (3) | 4 |
| Current Ratio (Times) | 1.69 | 2.40 | 2.22 |

# Corporate Information

## BOARD OF DIRECTORS

**Executive:**

Mr Anthony Loh
*Executive Director, Acting Chief Executive Officer and Chief Financial Officer*

**Non-Executive:**

Dato' Sri Mohd Sopiyan B Mohd Rashdi
*Lead Independent Director*

Professor Dr Kriengsak Chareonwongsak
*Non-executive Chairman*

Mr Theerachai Leenabanchong
*Non-Independent Director*

Mr Charlie Jangvijitkul
*Independent Director*

## AUDIT COMMITTEE

Dato' Sri Mohd Sopiyan B Mohd Rashdi
*Chairman*

Professor Dr Kriengsak Chareonwongsak
Mr Charlie Jangvijitkul

## NOMINATING COMMITTEE

Mr Charlie Jangvijitkul
*Chairman*

Professor Dr Kriengsak Chareonwongsak
Dato' Sri Mohd Sopiyan B Mohd Rashdi

## REMUNERATION COMMITTEE

Mr Charlie Jangvijitkul
*Chairman*

Professor Dr Kriengsak Chareonwongsak
Dato' Sri Mohd Sopiyan B Mohd Rashdi

## COMPANY SECRETARIES

Theng Searn Por

## EXECUTIVE OFFICERS

Larry Lim
*President, Telford Group*

Ong Yu Huat
*Senior Vice President, Telford Group*

Gary Smith
*Managing Director, Reel Service, Scotland*

Seah Chong Hoe
*Executive Director and Chief Executive Officer, ASA*

## REGISTERED OFFICE

33 Ubi Avenue 3
#08-69 Vertex
Singapore 408868
Tel: (65) 6512 8310

## BUSINESS OFFICE

33 Ubi Avenue 3
#08-69 Vertex
Singapore 408868
Tel: (65) 6512 8310

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 6536 1360

## INDEPENDENT AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

## AUDIT PARTNER-IN-CHARGE:

Ong Beng Lee, Ken
(Since the financial year ended 31 December 2021)

## PRINCIPAL BANKERS

United Overseas Bank Limited

# APPENDIX 1

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2021

## CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT

**Year ended 31 December 2021**

The board of directors (the "**Board**" or "**Directors**") of ASTI Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is committed to maintaining a high standard of corporate governance in complying with the Singapore Code of Corporate Governance 2018 (the "**Code**"). For FY2021, the Company had complied with all principles set out in the Code. In areas where the Company deviates from the provisions of the Code, the rationale and explanation of how the Company's practices are in line with the principles of the Code is provided. The Board views the adherence of such corporate governance practices as key to discharging its duties to protect and enhance shareholder value and the financial performance of the Group.

This Corporate Governance Report ("**Report**") describes the corporate governance practices of the Group that were in place throughout FY2021 with reference to the principles and provisions set out in the Code.

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

The Company has an effective board that is able to lead and control the Company. The Board is collectively responsible for the long-term success of the Company and is accountable to the shareholders while the management of the Company (the "**Management**") is accountable to the Board.

The main role and responsibility of the Board is to oversee the business affairs of the Company and to set broad policies, strategies and goals for the Company and the Group. The Board is involved in the approval of annual budgets and the management's investment and divestment decisions. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. The Board is accountable to the shareholders of the Company (the "**Shareholders**").

The Board endeavours to provide Shareholders with balanced and understandable assessments of the Group's performance and position on a regular basis through the release of quarterly and full year results announcements and updates, where applicable.

The principal functions of the Board are to:

- set values and standards (including ethical standards) of the Company and ensure that obligations to shareholders are understood;
- provide entrepreneurial leadership, set and approve the strategic and financial objectives of the Group, and to ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls;
- review the performance of Management, approve the nominations to the Board of Directors and the appointments of key personnel, as may be recommended by the Nominating Committee (the "**NC**");
- identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;
- approve annual budgets, major funding proposals, investment and divestment proposals of the Company;
- appoint the Group Chief Executive Officer and review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee (the "**RC**");
- consider sustainability issues, e.g., environmental and social factors, as part of the strategic formulation; and
- assume responsibility for the corporate governance framework of the Company.

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. The types of material transactions, for example all new investments, that require Board approval under such guidelines are listed below:

- strategies and objectives of the Group;
- announcement of quarterly and full year results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- investment and divestments;
- commitments to terms loans and lines of credits from banks and financial institutions;
- interested person transactions (including, inter alia, conflict of interest issues relating to substantial shareholders of the Company and/or Directors);
- approval of corporate strategies;
- corporate or financial restructuring; and
- authorisation or approval of merger and acquisition transactions.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimise operational efficiency.

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group. Directors facing conflicts of interest will also recuse themselves from discussions and decisions involving the issues of conflict.

The Board has delegated certain functions to various board committees, namely the Audit Committee (the "**AC**"), NC and RC. Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Regular meetings of the Board and of the other committees are convened, and the number of meetings and attendance by the respective Board members are set out in the table on page 5 of this report. The Company's Constitution allows for telephone, videoconference and other forms of electronic or instantaneous communication by Board members for such meetings if they cannot be personally present.

Whenever a new Director is appointed on the Board, the Company will provide a formal letter to the Director, setting out, amongst other things, his duties, and obligations. The Company will also put all new Directors through an orientation programme to update them with all information necessary or desirable for the Director to understand its businesses and governance practices. Depending on the need, new Directors may be put through house sessions to acquaint them on Directors' duties and compliance with the relevant bodies of law in the performance of their duties. Depending on specific requirements, new Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 210(5)(a) of the Listing Manual, which was revised to be consistent with the Code and effective from 1 January 2019, the Company will arrange for training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. On an on-going basis, the Company will provide further information and updates on the Group and its business to the Board members, including any changes in legislation or regulations that may impact the Company's conduct of its business or affect the Directors in discharging their duties to the Company. Additional training will be arranged and funded, as and when necessary, for the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board.

The Board oversees the management of the business affairs and operations of the Group and establishes from time to time, strategies and financial initiatives implemented by Management. In order to fulfil their responsibilities, Board members were provided with complete, adequate and timely information prior to board meetings and on an on-going basis. Such information includes background or explanatory information relating to matters brought before the Board. They are also given detailed management information including specific divisional performance, variance analysis, budgets, forecasts, funding position and business updates of the Company prior to each Board meeting. The Board also duly monitors Management's performance and has separate and independent access to Management.

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

To facilitate direct access to the senior management, Directors are also provided with the names and contact details of the Management.

The Acting CEO updates the Board during the quarterly Board meetings on the Group's strategies and business environment to keep the members of the Board abreast of the Group businesses and activities.

The appointment and removal of the Company Secretary, as well as any change thereof, is a matter for the Board's decision. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board procedures are followed and compliance with applicable rules and regulations including the Companies Act 1967 ("**Companies Act**") and the SGX-ST's Listing Manual. The Company Secretary under the direction of the Chairman and the current Acting CEO also ensures good information flows within the Board and its Committees and between senior management and non-executive. The Company Secretary is also invited to attend all Board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

In carrying out their obligations as Directors of the Company, access to Management, the Company Secretary and independent professional advice (if necessary) is available to all Directors, either individually or as a group, at the expense of the Company.

**Principle 2: Board Composition and Guidance**

The Company has an effective Board that is able to lead, steer, and control the Company. The Board presently comprises five (5) Directors, two (2) of whom are Independent Directors, two (2) Non-independent and Non-executive Directors and one (1) Executive Director. There is, therefore, a strong independent element on the Board whereby no individual or group of individuals is able to dominate the Board's decision-making process.

The Board examines the size and composition of the Board and board committees on an annual basis. This enables the Board to maintain or enhance balance and diversity within the Board. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Board, in deciding the composition of the Board and board committees, takes into account various considerations, including skills, knowledge, experience, and other aspects of diversity, such as gender and age**.** This enables the Board to maintain or enhance balance and diversity within the Board. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. It takes great pride in the composition of its Board, who as a group, provide an appropriate balance and diversity of the above factors for the Group, as well as core competencies including that of accounting, finance, business development, management, relevant industry knowledge, strategic planning, and customer-based experience and knowledge. The Board is therefore with an appropriate level of diversity of thought and background and is well placed to lead, providing entrepreneurial and strategic leadership, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and are able to make decisions in the best interests of the Company. Accordingly, the Board is of the view that its current practices are consistent with the aim of Principle 2 of the Code. In February 2021, the Board has approved a diversity policy that codified the principles that the NC, the Board and the Company were using annually to assess the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. In summary, the following objective criteria are used to assess the diversity of the board:

- Skills sets, knowledge and experience;
- Mix of industries;
- Gender;
- Age and temperament;
- Ethnicity and culture; and
- Geography.

The Independent Directors are encouraged to constructively challenge and help to develop business proposals tabled by Management. They also monitor and review the reporting of the performance of Management in meeting the agreed goals and objectives of the Group. To facilitate a more effective check on Management, the Independent Directors meet regularly without the presence of Management and the other Directors led by the independent Chairman and the Chairman of such meetings will provide feedback to the Board as appropriate**.**

Taking into account the nature and scope of the Company's operations, and the requirements of its near-term business plans, the Board is of the view that its current size and composition are appropriate and believes that it provides sufficient diversity without affecting the effectiveness and efficiency of decision-making.

**Proportion of Independent Directors**

Provision 2.2 of the Code provides that independent directors should make up a majority of the Board where the Chairman of the Board is not independent. Presently, following the appointment of Mr Charlie Jangvijitkul in FY2023, there are five directors on the Board, of which two are independent directors. All of the Board committees are chaired by an independent director, and the independent directors constitute and form the majority of each Board committees. Therefore, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent, which address Principle 2 of the Code.

Nevertheless, in the interests of good corporate governance and full compliance with the Code, the Company shall take steps to look into reconstituting its Board.

**Principle 3: Chairman and Chief Executive Officer** (“**CEO**”)

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

The Board applies the principle of a clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company's business are separated to ensure a balance of power and authority. No one individual Director has unfettered powers of decision-making.

Following the retrenchment of Dato' Michael Loh Soon Gnee as CEO of the Company with effect from 31 December 2021, Mr Anthony Loh Sin Hock, who is also the Chief Financial Officer of the Company, was appointed as Acting CEO of the Company. Subsequently, Dr Kriengsak Chareonwongsak was appointed as Non-Executive Chairman following Dato' Michael Loh Soon Gnee's resignation in February 2023. Therefore, the Chairman and the Acting CEO are two separate persons and are not related to each other, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

The former Executive Chairman assumed additional responsibilities as CEO of the Company in 2013. The Board is of the opinion that given the Chairman's vast experience and past contributions, adopting a single leadership structure will enable a more efficient decision-making process and bring greater value to the Group. The former Executive Chairman and Group CEO provided input on broad strategic directions for the Company and bore responsibility for the workings of the Board ensuring its effectiveness in all aspects of his role. The former Executive Chairman and Group CEO managed the business of the Board and the Board committees and ensured that procedures were introduced from time to time in accordance with the Code. He ensured that Board meetings were held as and when it was necessary and set the Board meeting agenda in consultation with Management. The former Executive Chairman and Group CEO reviewed the Board papers before they were presented at Board meetings and ensured that Board members were provided with complete, adequate, and timely information from Management including access to quality legal advice. As a general rule, Board papers were sent to Directors well in advance for Directors to review and be adequately prepared for the meeting. Management staff who have prepared the information, or who can provide additional insight into the matters to be discussed were invited to carry out presentations or attend the Board meeting as appropriate at the relevant time. In order to promote a culture of openness and debate at the Board, both Management and the Independent Directors were encouraged to contribute at Board meetings. As the former Executive Chairman and the Group CEO was the same person and was therefore not independent, the majority of the Board comprised of Independent Directors.

The Chairman assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between the Management and the Board. The Chairman, with the assistance of the Lead Independent Director, is primarily responsible for overseeing the overall management and strategic development of the Company. The Chairman ensures that all procedures and good governance practices are complied with. The Acting CEO consults both with the Chairman and the Lead Independent Director for their views on the agenda for Board meetings. The Chairman also promotes a culture of openness and debate at the Board and promotes high standards of corporate governance.

The Acting CEO executes the Board's decisions and is responsible for the day-to-day running of the Company's business, making operational decisions for the Company and implementing the Company's business, direction, strategies and policies.

In addition, the Board had also appointed a Lead Independent Director, in accordance with recommendations under the Code, to provide a channel for shareholders to raise any issues of concern for which communication through the Chairman, Acting CEO, or the Vice President, Finance may not be appropriate nor adequate in some circumstances. The Lead Independent Director leads the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. The Lead Independent Director is the principal liaison on Board issues between the Independent Directors and the Executive Chairman and Acting CEO. To facilitate a more efficient check on Management, the Chairman and the Acting CEO, the Independent Directors have been encouraged to meet without the presence of Management, the Chairman and the Acting Group CEO on separate occasions. The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other directors where necessary, and the Lead Independent Director then provides feedback to the Chairman and Acting CEO after such meetings but continues to act as the Chairman of the Company.

**Principle 4: Board Membership**

**The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.**

The nature of the Directors' appointments on the Board and details of their membership on the Board Committees as at the date of this report are set out below:

**Board and Committee Membership**

| Directors | Board Membership | Committee Membership | | |
|---|---|---|---|---|
| | | Audit | Remuneration | Nominating |
| Dr Kriengsak Chareonwongsak | Non-Executive and Non-Independent Chairman | Member | Member | Member |
| Anthony Loh Sin Hock* | Executive Director | N.A. | N.A. | N.A. |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | Lead Independent Director | Chairman | Member | Member |
| Charlie Jangvijitkul** | Independent Director | Member | Chairman | Chairman |
| Theerachai Leenabanchong*** | Non-Independent Director | N.A. | N.A. | N.A. |

* *Anthony Loh Sin Hock was appointed as Executive Director of the Company with effect from 11 November 2022.*
** *Charlie Jangvijitkul was appointed as a Non-Executive and Independent Director of the Company with effect from 15 May 2023.*
*** *Theerachai Leenabanchong was appointed as Non-Independent and Non-Executive Director of the Company with effect from 23 February 2023.*

The academic and professional qualifications of the Directors are set out in the Directors' profile on pages 6 and 7 of the annual report. The shareholding, directorships and principal commitments of each Director is set out in the Directors' Statement under the Section "Directors of the Company" on page 1 in the Directors' Statement in Appendix 2 of this annual report. In addition, pursuant to Rule 720(6) of the Listing Manual, the additional information as set out in Appendix 7.4.1 of the Listing Manual relating to the retiring Directors who are submitting themselves for re-election is disclosed in the section entitled "**Information on Directors nominated for re-election – Appendix 7.4.1 of the Listing Manual**" to be read in conjunction with the information in the section entitled "Board of Directors" of the Annual Report.

Separately, while Dato' Michael Loh Soon Gnee was retrenched on 31 December 2021, and served as the sole locally resident director of the Company following the resignation of Mr Timothy Lim as director on 30 November 2021. This was remedied following the appointment of Mr Anthony Loh Sin Hock, who is residing locally in Singapore, as a director of the Board as of 11 November 2022.

**Attendance at Board and Committee Meetings**

The Board meets at least 4 times each year and as and when warranted by particular circumstances, as deemed appropriate by the Board. The Company's Constitution provides for teleconference and videoconference meetings. As a general rule, materials for Board meetings are sent to the Directors in advance in order for the Directors to be adequately prepared for the meetings.

The frequency of the meetings of the Board and its various Committees and the attendance by the Directors are set out as follows below:

| | Board Meeting | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| Number of Meetings | 7 | 5 | 2 | 3 |
| **Directors** | | | | |
| Dato' Michael Loh Soon Gnee | 7 | 5* | 2* | 3* |
| Mr Mandie Chong Man Sui** | 6 | 4* | 1* | 3* |
| Mr Timothy Lim Boon Liat*** | 4 | 3* | 1* | 2* |
| Dr Kriengsak Chareonwongsak | 7 | 5 | 2 | 3 |
| Dr Daniel Yeoh Ghee Chong | 7 | 5 | 2 | 3 |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | 7 | 5 | 2 | 3 |
| Dato' Ahmad Rasidi B Hazizi# | 1 | 1 | 1 | - |

* *By Invitation*
** *Mr Mandie Chong Man Sui resigned as a Non-Executive and Non-Independent Director of the Company on 30 November 2021.*
*** *Mr Timothy Lim Boon Liat resigned as an Executive Director of the Company on 30 November 2021.*
\# *Dato' Ahmad Rasidi B Hazizi was appointed as Non-Executive and Independent Director of the Company on 30 November 2021 and resigned on 15 May 2023.*

**Board Appointments**

The NC makes recommendations to the Board on all Board appointments and re-appointments. The members of the NC are made up of Charlie Jangvijitkul ("**NC Chairman**"), Dato' Sri Mohd Sopiyan B Mohd Rashdi and Dr Kriengsak Chareonwongsak. Dato' Sri Mohd Sopiyan B Mohd Rashdi and Charlie Jangvijitkul are Non-Executive Independent Directors.

The key terms of reference of the NC include the following:

- review board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and the key management personnel;
- development of a process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- review of training and professional development programs for the Board;
- appointment and re-appointment of Directors;
- evaluate and determine the independence of the Independent Directors; and
- evaluate whether a Director, with multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

**Process for Selection and Appointment of New Directors**

When required, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate. In the selection and nomination for new Directors, the NC will aim to maintain an optimal Board composition by considering the trends affecting the Company, identifying gaps (which includes considering whether there is an appropriate level of diversity of thought) and identifying these skills and competencies required to enable the Board to fulfil its responsibilities. The NC will assess the suitability of the candidate based on his/her skills, knowledge and experience as well as to ensure he/she is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. Upon review and recommendation of the NC to the Board, new Directors will be appointed by way of passing a Board resolution. The Board and NC will also take into consideration whether a candidate had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the candidate's involvement therein. The Board and NC will also assess whether a candidate's resignation from the board of any such company casts any doubt on the candidate's qualification and ability to act as a Director of the Company. The Company's Constitution provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the annual general meeting ("**AGM**") following his appointment. Thereafter, he is subject to re-appointment at least once every three years. The NC also ensures that new Directors are aware of their duties and obligations.

**Retirement and Re-election of Directors**

The NC is responsible for the re-appointment of Directors. In its deliberations on the re-election of existing directors, the NC takes into consideration the Director's contribution and performance (including his or her contribution and performance as an independent director, if applicable).

The assessment parameters include attendance record, preparedness, the intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contribution.

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. The Company's Constitution provides that at least one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation and be subject to re-appointment at the Company's AGM. As part of the process for the selection, appointment and re-appointment of Directors, the NC will consider the composition and progressive renewal of the Board.

The dates of initial appointments and the last re-election of the Directors as at the date of this report are set out below:

| Directors | Designation | Date of Initial Appointment | Date of Last Re-election |
|---|---|---|---|
| Dr Kriengsak Chareonwongsak | Non-Independent and Non-Executive Chairman | 12 August 2011 | 31 May 2021 |
| Anthony Loh Sin Hock* | Executive Director | 11 November 2022 | - |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | Lead Independent Director | 1 May 2018 | 15 August 2019 |
| Charlie Jangvijitkul** | Independent Director | 15 May 2023 | - |
| Theerachai Leenabanchong*** | Non-Independent and Non-Executive Director | 23 February 2023 | - |

* *Anthony Loh Sin Hock was appointed as Executive Director of the Company with effect from 11 November 2022.*
** *Charlie Jangvijitkul was appointed as a Non-Executive and Independent Director of the Company with effect from 15 May 2023.*
*** *Theerachai Leenabanchong was appointed as Non-Independent and Non-Executive Director of the Company with effect from 23 February 2023.*

Pursuant to the Company's Constitution and Rule 210(5)((d)(iii) of the SGX-ST Listing Rules, the NC nominates and recommends the following Directors to retire by rotation and to stand for re-election at the Company's forthcoming AGM:

| | |
|---|---|
| Anthony Loh Sin Hock | Executive Director |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | Lead Independent Director |
| Charlie Jangvijitkul | Independent Director |
| Theerachai Leenabanchong | Non-Independent and Non-Executive Director |

In recommending the re-election of Anthony Loh Sin Hock, Dato' Sri Mohd Sopiyan B Mohd Rashdi, Charlie Jangvijitkul and Theerachai Leenabanchong, the NC has considered the effectiveness and contributions of each of the Directors.The Board has accepted the recommendation of the NC. Each member of the NC and the Board shall abstain from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his performance or re-nomination as Director.

Dato' Sri Mohd Sopiyan B Mohd Rashdi will, upon re-election as a Director, remain as Lead Independent Director of the Company, AC Chairman and a member of the NC and RC.

Charlie Jangvijitkul will, upon re-election as a Director, remain as Independent Director of the Company, RC and NC Chairman and a member of the AC.

**Confirmation of Independence of Directors**

The NC is also responsible for determining the independence of Directors annually and as and when the circumstances require, bearing in mind the provisions set forth in the Code and any other salient factor which would render a director to be deemed not independent. Each NC member does not take part in determining his own renomination or independence. A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 5% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent. To determine directors' independence, every Independent Director has provided a declaration of their independence which is deliberated upon by the NC and the Board.

In relation to the assessment of the independence of the Directors, specific tests of Directors' independence are set out in the Listing Manual to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual which took effect on 1 January 2019, a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years.

In its annual review for FY2021, the NC and the Board, having considered the provisions set out in the Code, have confirmed the independence of the following Directors:

| | |
|---|---|
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | Lead Independent |
| Charlie Jangvijitkul | Independent |

After taking into account the views of the NC, the Board is satisfied that each Independent Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect the Independent Director's judgement. The Board is of the view that there is a good balance between the Executive and Non-Executive Directors, and a strong and independent element on the Board.

The Board noted Rule 406(3)(d)(iii) of the SGX-ST Listing Rules, effective from 1 January 2022, where a director who has been a director for an aggregate period of more than 9 years will be required to be subject to shareholders' approval, in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. Although the two-tier shareholders' vote is only effective from 1 January 2022, the Company is submitting the independent directors to the two-tier shareholders' vote at the upcoming annual general meeting ("**AGM**") as a transitional arrangement and for good corporate governance. In accordance with the said rule, saved as disclosed in this Report, none of the Directors has served on the Board for more than nine (9) years since their first appointments.

**Directors' Time Commitment and Multiple Directorships**

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his/her duties as a Director of the Company.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The internal guideline provides that, as a general rule, each Director should hold no more than ten listed company board representations. The guideline includes the following:

- directors must consult the Chairman of the Board and the NC Chairman prior to accepting any new appointments as a director and other principal commitments; and
- in support of their candidature for directorship or re-appointment, directors are to provide the NC with details of the board appointment and other principal commitments and an indication of the time involved.

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Board and the NC also takes into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the Director's involvement therein. The Board and NC will also assess whether a Director's resignation from the board of any such company casts any doubt on the Director's qualification and ability to act as a Director of the Company. For FY2021, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and the Board is of the view that the Directors have discharged their duties adequately.

There are currently no alternate directors on the Board.

**Principle 5: Board Performance**

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

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted objective performance criteria and process for evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board. This assessment process is carried out by NC annually.

All the Directors have made an assessment of the effectiveness of the Board as a whole. There is also a system of peer assessment of each Director by their fellow Directors at least once annually where each Director completes a peer evaluation form which is designed to seek their views on the various aspects of the performance of the Board performance so as to assess the contribution of each individual Director to the Board, the overall effectiveness of the Board and each of its board committees. These peer assessments are collated by the company secretary and consolidated responses were presented to the NC for review and are taken into account when the NC assesses and makes recommendations to the Board as to whether the retiring Directors are suitable for re-election/re-appointment.

For the year under review, the NC and the NC Chairman took note of, *inter alia,* each individual Director's attendance at meetings of the Board, Board committees and at general meetings; the level of participation in discussions at meetings; the individual Director's functional expertise and his/her commitment of time to the Company and contribution of each Director towards the Board's effectiveness and competencies and took such factors into consideration when assessing the performance of the individual Directors. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, and the peer assessment of each Director, and is of the view that the performance of the Board as a whole, of each Board Committee separately and the contribution of each Director to the effectiveness of the Board has been satisfactory.

**REMUNERATION MATTERS**

**Principle 6: Procedures for Developing Remuneration Policies**

**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.**

**<u>Remuneration Committee</u>**

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.

The RC comprises three members, Charlie Jangvijitkul ("**RC Chairman**"), Dr Kriengsak Chareonwongsak and Dato' Sri Mohd Sopiyan B Mohd Rashdi, all of which are Non-executive Directors. Dato' Sri Mohd Sopiyan B Mohd Rashdi and Charlie Jangvijitkul are Independent Directors. There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No Director is involved in deciding his own remuneration.

The RC's principal responsibilities are to:

- recommend to the Board base salary levels, benefits and incentive programs, and also to identify components of salary which can best be used to focus management staff on achieving corporate objectives;
- approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
- review, on an annual basis, the specific compensation packages of the Company's Directors, the Group CEO and the key management personnel; and
- review and submit to the Board proposals for the setting-up of share option schemes or long-term incentive schemes.

The members of the RC carry out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a general framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, the grant of shares and share options and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- review the level and mix of remuneration and benefits, policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of individual employees would be considered by the RC in undertaking such reviews;
- implement and administer the Company's share option plan, if any;
- review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- review the development of senior staff and assess their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The RC from time to time and where necessary seek advice from an external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for directors and key management personnel. The RC will ensure that the consultant does not have any connection with the Group or any of its Directors which could affect their independence and objectivity. No remuneration consultants were engaged by the Company during FY2021.

There are appropriate and meaningful measures in place for the purpose of assessing the performances of Executive Directors and senior management staff.

**Principle 7: Level and Mix of Remuneration**

**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.**

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate Executive Directors and key management personnel's needed to run the Company successfully in the long-term, and to align their interests with those of shareholders, by linking rewards to corporate and individual performance and therefore promoting the long-term success of the Group. A significant and appropriate proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performances.

In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the group's relative performance and the performance of individual Directors;
- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes);
- reviews the terms, conditions and remuneration of the Executive Directors, and ensures that his total remuneration package has a significant portion of performance-related elements.

The current Independent Directors have no service contracts with the Company and their terms are specified in the Company's Constitution. Non-executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The fee payment takes into account factors such as effort and time spent, and responsibilities undertaken and their contributions to the Board. The fees paid to the Company's Independent Directors are also benchmarked against Independent Directors' fees paid by companies in the same industry and with similar scale of operation. The RC is of the view that the Company's Independent Directors are not over-compensated to the extent that their independence may be compromised. Such fees are subject to the approval of the shareholders as a lump sum at the AGM.

In FY2021, one of the Executive Directors has a fixed-term service contract with the Company. Notice periods in service contracts are typically set at a period of six months or less. There were incentive components in the remuneration package for the former Group's Executive Chairman and Group CEO, Dato' Michael Loh Soon Gnee, which were linked to his performance which is assessed based on the Group's financial performance. This remuneration package has been designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance in order to promote the long-term sustainability of the Group. The performance-related remuneration is aligned with the interest of Shareholders and other stakeholders. There are currently no incentive components in the service contracts with other Executive Director and key management personnel.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management executives except in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in a financial loss to the Company.

The RC has established a suitable remuneration framework to incentivise, compensate and reward the key management and executives. The remuneration framework ensures that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. The remuneration policy for staff adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined at the discretion of the Company, taking into consideration the Company's and individual's performance. It is also aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. The Company has no employee share incentive scheme or other long term incentives.

A share option scheme, which would be administered by the RC, may when appropriate, form another element in the variable component of the pay packages of all employees. Subject to such adjustment as may be made pursuant to the employee share option scheme, the total number of shares in respect of which the Company may grant options would at no time exceed fifteen percent (15%) of the total issued share capital of the Company for the time being. The number of share options, which may be granted to each employee, would be dependent on the grade of the employee, subject to the approval of the RC.

The RC and the Board have collectively endorsed the Company's remuneration policy and are of the view that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Company for the long term.

**Principle 8: Disclosure on Remuneration**

**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.**

**Remuneration of Directors for the Year Ended 31 December 2021**

| Directors | Remuneration (S$'000) | Fees* (%) | Fixed Salary (%) | Bonus (%) | Share-Based Compensation (%) | Benefits & Allowance (%) | Total (%) |
|---|---|---|---|---|---|---|---|
| Dato' Michael Loh Soon Gnee[1] | 1,378 | 5% | 86% | 0% | N.A. | 9% | 100% |
| Timothy Lim Boon Liat*** | 552 | 5% | 44% | 11% | N.A. | 40% | 100% |
| Dr Kriengsak Chareonwongsak | 40 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Mandie Chong Man Sui** | 89 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Dr Daniel Yeoh Ghee Chong[#] | 80 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | 68 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Dato' Ahmad Rasidi B Hazizi[##] | 4 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |

* *The directors' fees refer to the proposed fees for FY2021 which are subject to shareholders' approval in the forthcoming AGM.*
** *Mandie Chong Man Sui resigned as a Non-Executive and Non-Independent Director of the Company on 30 November 2021.*
*** *Timothy Lim Boon Liat resigned as an Executive Director of the Company on 30 November 2021.*
[#] *Dr Daniel Yeoh Ghee Chong resigned as a Non-Executive and Independent Director of the Company on 20 March 2023.*
[##] *Dato' Ahmad Rasidi B Hazizi resigned as a Non-Executive and Independent Director of the Company on 15 May 2023.*
[1] *The remuneration for Dato' Michael Loh Soon Gnee does not include the aggregate payment of S$1,973,270 pursuant to his employment contract.*

Mr Mandie Chong Man Sui, a Non-Executive and Non-Independent Director of the Company, also has a service contract with the Company for the services he provided to the Company in FY2021. His remuneration under the service contract is S$40,000.

Top 5 key management personnel within each band of remuneration are as follows:

| Remuneration Band | 2021 |
|---|---|
| Above S$500,000 | 1 |
| Between S$250,000 to S$499,999 | 2 |
| Below S$250,000 | 2 |

Other than Dato' Michael Loh Soon Gnee, there are no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors, Acting CEO or top five key management personnel in FY2021.

In respect of Dato' Michael Loh Soon Gnee's termination as CEO of the Company, Dato' Michael Loh Soon Gnee was entitled to an aggregate payment of S$1,973,270 pursuant to his employment contract which has since been approved by the Board and the RC, which consists of (i) S$1,378,270 (as announced by the Company on 22 December 2021), (ii) approximately S$510,000 as payment in lieu of notice and (iii) a contractual bonus of S$85,000 for FY2020 paid in FY2021.

In FY2021, the total remuneration paid to the top five (5) key management personnel (who are not directors or CEO) was approximately S$1,883,000. Provision 8.1 sets out that the Company discloses the names, amounts and breakdown of remuneration of each individual director and the CEO, and for at least the top five (5) key management personnel (who are not directors or CEO), in bands no wider than S$250,000. However, taking into consideration the competitive industry in which the Group operates, the Company believes that it is not in the best interests of the Company to disclose the names, remunerations, or the breakdown of the remunerations (in percentage or dollar terms) of the top five key management personnel (who are not directors or CEO) as recommended pursuant to Provision 8.1(b) of the Code as such details are confidential and sensitive in nature.

Mr James Soh Pock Kheng, a Key Management Personnel, an employee and a substantial shareholder of the Company, with a shareholding of 13.27%, in the Company, is an employee of the Group whose remuneration exceeded S$100,000. His remuneration is between the range of S$400,000 to S$499,999.

There are no other employees who are immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeds S$100,000 in FY2021.

Shareholders' approval was previously obtained for the implementation of the employee share option scheme in 2001 and the employee share option scheme has expired on 22 May 2011. There are no outstanding share options granted under the expired employee share option scheme.

Directors' fees are also approved by shareholders at every AGM of the Company. The remuneration of the Executive Directors, if any, are reviewed by the RC and recommended to the Board for endorsement.

## ACCOUNTABILITY AND AUDIT
## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9: Risk Management and Internal Controls**

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

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Such responsibility extends to interim and other price-sensitive public reports, and reports to regulators. Management provides members of the Board with monthly management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board also reviews legislation and regulatory compliance reports from Management to ensure that the Group complies with the relevant regulatory requirements, including requirements under the Rules of the Listing Manual, with the assistance of the Group's legal counsel.

The Board, with the assistance from the AC, is responsible for determining the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives by ensuring that the Group has put in place adequate and effective risk management and internal controls systems to manage its significant business risks, to safeguard shareholders' investments and the Company's assets.

A crucial function served by the AC is overseeing the Group's risk management framework and policies, as well as the regulation of risks undertaken or faced by the Group. The AC may examine whichever aspects it deems appropriate of the Group's financial affairs, audits and its exposure to risks of a regulatory or legal nature.

The AC keeps under review the efficacy of the Group's system of accounting and internal financial controls. Also kept under constant review is the Group's system of ensuring compliance with legal, operational and regulatory matters, including risk management, amongst others.

In relation to assisting the Board with the risk management function, the AC is guided by the following terms of reference:

- determine the Group's levels of risk tolerance and risk policies;
- oversee Management in the formulation, updating and maintenance of an adequate and effective risk management and internal control systems in addressing material risks including material financial, operational, compliance and information technology risks;
- make the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems can be made by the Board in the annual report in accordance to the SGX-ST's Listing Manual and the Code;
- review the Group's risk profile regularly and the adequacy of any proposed action if necessary; and
- review any material breaches of risk appetite/tolerances/limits and the adequacy of any proposed action if necessary.

The Board has received assurance from:

- the Acting CEO, and the Financial Controller of the Company that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2021 give a true and fair view of the Group's operations and finances; and
- from the other key management personal who are responsible, the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

*Internal controls*

The AC considered and reviewed with management and the internal auditors the following:

- annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and
- significant internal audit observations and management's response thereto.

The AC has reviewed the adequacy, effectiveness and independence of the internal audit function and is satisfied that KPMG Services Pte. Ltd. (the "**Internal Auditor**") has adequate resources to carry out the internal audit function.

Each member of the AC abstains from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested.

The Company's external auditors, E&Y, held discussions with management and proposed improvements to certain internal controls which they noted in the course of their statutory audit. The Board is satisfied that the Company's internal controls are at present sufficient and adequate.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and the review performed by Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls, including financial, operational, compliance and information technology controls, and risk management systems, is sufficient and adequate to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value. Nevertheless, the AC and the Board recognise that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

**Risk Management and Interested Person Transactions**

An assessment of the significant risk areas relevant to the Company's businesses, operations and compliance requirements have been carried out and are identified as follows:

***Reliance on the Semiconductor Industry***

The Group's products and services are employed in the production of semiconductors. A significant portion of the Company's revenue is directly or indirectly related to the capital expenditures of manufacturers in the semiconductor and electronic assembly industries. These industries may be subject to significant fluctuations as a consequence of general economic conditions and industry cycles. Capital expenditures for producers such as the Group are directly affected as a result of these fluctuations. The Group operates in a cyclical industry and its fluctuations are likely to have an adverse effect on the Group's business, financial condition and results of operations.

***Technological Changes***

The market for the Group is characterised by rapidly changing technology. The Group's future success will depend upon its ability to develop and introduce new products on a timely and cost-effective basis to meet customers' requirements and address technological developments. Successful product development and introduction include identification of new product requirements and opportunities, the retention and hiring of appropriate research and development personnel, the definition of a product's technical specifications, the successful completion of the development process and the successful marketing of a product.

***Foreign Exchange Risk***

The Group is exposed to various common financial risks arising in the normal course of business. A significant portion of the Group's revenue is denominated in the United States dollar. Operating expenses and wages are made mainly in local currency. Hence, exchange rate movements in the United States dollar and the Singapore dollar (the Company's reporting currency), amongst others, expose the Group to foreign currency risk. The Group mitigate its foreign exchange exposure risk by utilising its facilities from banks.

**Principle 10: Audit Committee**

The AC comprises three members, Dato' Sri Mohd Sopiyan B Mohd Rashdi ("**AC Chairman**"), Dr Kriengsak Chareonwongsak and Charlie Jangvijitkul, all of whom are Non-executive Directors. Dato' Sri Mohd Sopiyan B Mohd Rashdi and Charlie Jangvijitkul are Independent Directors.

The members of the AC have experience in managerial positions across the accounting, banking, audit and finance industries (see Directors' profile on pages 6 and 7 of the annual report). The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC's functions.

During the year, the AC obtained updates from the Company's auditors on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group's financial statements.

No former partner or director of Ernst & Young LLP ("**E&Y**") is or has acted as a member of the company's AC.

The AC has the explicit power to conduct or authorise investigations into any matters within its terms of reference, has full access to and co-operation by Management. It has full discretion and the prerogative to invite any Director or executive officer to attend its meetings. All resources that would enable the AC to discharge its duties objectively, effectively and expeditiously are made available to the AC.

The AC performs the following functions in accordance with the terms of reference which include the following:

- reviews with the external auditors, their scope and results of the external audit work, the audit plan, audit reports and any matters which the external auditors wish to discuss;
- reviews with the internal auditors at least annually, checks on the adequacy and effectiveness of the overall internal control systems, including financial, operational, compliance and information technology controls and risk management;
- reviews the assurance from the Acting CEO and the Financial Controller on the financial records and financial statements;
- making recommendations to the Board on the proposals to the shareholders on the appointment and removal of External Auditors;
- reviews the internal audit function to ensure that it is adequately resourced and has appropriate standing within the Group;
- reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Group and that of any formal announcement made quarterly or annually relating to the Group's financial performance including announcements to shareholders and the SGX-ST prior to the submission to the Board;
- reviews any significant findings of internal investigations;
- makes recommendations to the Board on the appointment of external auditors, the audit fee, terms of engagement and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditor or Head of internal audit function;
- reviews the assistance given by the Company's officers to the external and internal auditors;
- reviews and monitors interested person transactions, if any, arising and to ensure that the SGX-ST Listing Manual internal control procedures approved by shareholders are adhered to in relation to such transaction;
- reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate;
- to review, monitor, assess and evaluate the role, adequacy and effectiveness, independence, scope and results of the external audit and the internal audit function in the overall context of the Company's risk management system;
- conducts an annual review of the independence and objectivity of the Company's external auditors, including the volume of non-audit services supplied by the external auditors, to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors before confirming their re-nomination; and
- reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed upon.

The AC held four (4) meetings during the year at the Company's principal place of business, attendance of which is detailed on page 5 of this report. The Non-Executive Chairman, Acting CEO, Financial Controller, Internal Auditors and External Auditors were invited to these meetings. Other members of senior management were also invited to attend as appropriate to present reports.

The AC met with the Company's external auditors, E&Y two (2) times in FY2021. Parts of the meetings were conducted without the presence of Management. Reports of the findings and recommendations by external auditors were done independently and presented to the AC.

The principal activities of the AC during FY2021 are summarised below:

*Financial reporting*

The AC met on a quarterly basis and reviewed the quarterly and full year results announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors.

The AC reviewed the full year financial statements and also discussed with management, Chief Financial Officer and the external auditors the significant issues and adjustments resulting from the audit, and any significant deficiencies in internal controls over financial reporting matters that came to the external auditor's attention during their audit together with their recommendations.

*External audit processes*

The AC manages the relationship with the Group's external auditors, E&Y, on behalf of the Board. During FY2021, the AC carried out its annual assessment of the cost-effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the AC recommended to the Board that E&Y be re-appointed as the external auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of E&Y.

The AC has reviewed the independence of E&Y taking into account the volume of non-audit services supplied by them and is satisfied that the provision of such services does not affect their objective position as an independent external auditor. The fees related to the audit and non-audit services provided by E&Y for FY2021 are S$698,000 and S$25,000 respectively. These fees are also disclosed in the notes to the financial statements.

Pursuant to the requirement in the SGX-ST Listing Manual, an audit partner may only be in charge of a maximum of five (5) consecutive annual audits and may then return after two (2) years. The current audit partner from E&Y for the Company took over from the previous audit partner from the financial year ended 31 December 2021. In appointing auditors for the Company, subsidiaries and significantly associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

*Whistle-blowing policy*

The Company has implemented a whistle-blowing policy since September 2007 that provides well-defined and accessible channels through which any employee may raise any concerns they may have about improper conduct or malpractices within the Group. Any concerns may be raised, either anonymously or otherwise, directly to the AC Chairman and the identity of the person raising the concern is strictly protected to the extent practicable in law and the Company is committed to ensure protection of the whistle blower against detrimental or unfair treatment. The AC Chairman has direct oversight in the administering of the policy. The AC has reviewed and is satisfied with the adequacy of the whistle-blowing policy.

There were no formal complaints received by the Company under the whistle-blowing policy implemented by the Company up to the date of this annual report.

*Internal audit*

The internal audit function was outsourced to KPMG Services Pte. Ltd. (the "**Internal Auditor**") in FY2021. The Internal Auditor is one of the largest accounting firms in Singapore that has been established in Singapore since 1941. The engagement team is led by the engagement partner who has significant years of experience in governance, risk management, internal audit and accounting and is a Chartered Accountant of the Institute of Singapore Chartered Accountants ("**ISCA**") and Certified Internal Auditor of the Institute of Internal Auditors ("**IIA**"). The engagement team consists of Directors, Managers and team members who possess relevant experience as well as designations such as Chartered Accountant and Certified Internal Auditor etc.

The Internal Auditor is independent of the activities it audits. The methodology adopted by the Internal Auditor conforms to the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC approves the engagement, termination, evaluation and fees of the Internal Auditors. The Internal Auditor, who reports directly on audit matters to the Chairman of the AC, has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The Internal Auditor assists the AC in monitoring and assessing the adequacy and effectiveness of the Group's material internal controls. The Internal Auditor also facilitates the process for Management to identify the key risks and mitigating actions.

The Internal Auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the IIA. The AC ensures that the internal audit function is adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on an annual basis the adequacy and effectiveness of the Internal Auditor by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Group, qualifications and training, relationship with the external auditor, and its independence of the areas reviewed. The AC is satisfied that the Internal Auditor is independent, has adequate resources to perform its function effectively and that the Internal Auditor is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience.

## SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

**Principle 11: Shareholder Rights and Conduct of General Meetings**
**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.**

**Principle 12: Engagement with Shareholders**
**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**

**Principle 13: Engagement with Stakeholders**

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

The Company is mindful of the obligation to provide regular, effective and fair communication with shareholders and ensures that all the Company's shareholders are treated equitably and the rights of all shareholders are protected. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company has an investor relations policy that requires the Company to conduct dialogue sessions with investors, securities analysts, fund managers and the press as and when necessary. The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders to serve the best interests of the Company.

The Company's engagement with all stakeholders is set out in detail in its Sustainability Report, which was released by the Company via SGXNet on 27 May 2022 for financial year ended 31 December 2021. The Company ensures that all material information relating to the Company and its financial performance is disclosed in a timely manner via SGXNet.

Financial reports and other price sensitive information, all news releases and analyst presentations are disseminated to shareholders through SGXNet and posted on the Company's website. The Annual Report is disseminated to all shareholders and is available on the Company's website. The Company maintains a current corporate website, at www.astigp.com, on which financial and other information to be communicated to members of the public are made available.

On a regular and timely basis, the Company disseminates material information simultaneously through news and press releases via SGXNet and electronic mail to securities analysts, shareholders, and the media. The Company also posts these press releases on its public website, www.astigp.com, to ensure that all shareholders and the public gain fair and sufficient access to information, changes, updates and the archives of the Company or its businesses which would be likely to materially affect the price or value of the company's shares. The website also provides a channel for shareholders to raise any concerns or issues, if any.

As part of the Company's investor relations policy, the Company maintains an investor relations section on the Company's website dedicated to ensuring that pertinent information is conveyed to shareholders. Current and past annual reports, quarterly financial results and other information considered to be of interest to shareholders and the investment community are readily available on the section.

The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. Information is always communicated to shareholders on a timely and fair basis. Where inadvertent disclosure has been made to a select group, the Company has made the same disclosure publicly to all others as soon as practicable.

The Company invites the media, securities analysts, fund managers or shareholders to its general meetings, or briefings that follow major announcements and events, such as earnings releases and trade exhibitions.

Shareholders are informed of shareholders' meetings through timely and formal notices published in the newspapers and via SGXNet. All relevant reports and/or circulars sent in advance to all shareholders so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions and to communicate their views on issues which affect the Company, at general meetings, where shareholders are also given the opportunity to vote.

However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax, which is recommended by Provision 11.4 of the Code. Instead, where a shareholder is unable to attend the general meeting, they will be given an opportunity to vote via proxies. Every shareholder is entitled to appoint not more than two proxies to attend the general meeting and vote in his/her stead, provided the member name is certified by the Depository (Nominee Company) to the Company as appearing on the Depository Register not later than 72 hours before the general meeting as a Depositor on whose behalf the Depository holds shares in the Company. The Companies Act allows certain members who are relevant intermediaries such as corporations holding licences in providing nominee and custodial services and the central provident fund ("**CPF**") Board which purchases shares on behalf of CPF investors, to appoint multiple proxies to attend and participate in general meetings.

Pursuant to the amendments to the Companies Act (Cap. 50), a new multiple-proxies regime ("**Regime**") was introduced on 3 January 2016. This Regime allows specified intermediaries, such as banks and capital markets service licence holders which provide custodial services, to appoint more than two (2) proxies. This will enable indirect investors (including investors who purchased shares under the CPF Investment Scheme ("**CPFIS**") and the Supplementary Retirement Scheme ("**SRS**") to attend and vote at Shareholders' meetings. CPFIS investors and SRS investors are required to contact their CPF Approved Nominees if they wish to cast their votes on resolutions at the Shareholders' meetings of the Company but are not able to attend these meetings in person.

At general meetings, each substantially distinct issue is proposed as a separate issue is dealt with in separate resolutions. The Company avoids bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. All resolutions are put to the vote by poll voting, which allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes for each resolution. Shareholders are informed of the results of the voting at the general meetings, including the number of votes cast for and against each resolution and the respective percentages at the end of the general meeting. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET after each general meeting. The company secretary prepares minutes of shareholders' meetings, which incorporate comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

All directors, including the Chairpersons of the Audit, Remuneration and Nominating Committees, are in attendance at the Company's AGM to address shareholders' questions relating to the work of these Committees. The Company's External Auditors, E&Y, are also present at the AGM and are available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Whenever possible and appropriate, the Company fulfils requests from securities analysts, stockbrokers, dealers, fund managers and journalists for telephone and face-to-face interviews and meetings with Management.

Provision 11.6 states that companies should have a dividend policy and communicates it to shareholders. However, the Company currently does not have a formal policy on payment of dividends as recommended by Provision 11.6 of the Code. Nonetheless, the Company is of the view that its current practices would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board not to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(24) of the Listing Manual. The Company may declare dividends by way of an ordinary resolution of the Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of the Shareholders. The Directors may also declare an interim dividend without the approval of the Shareholders.

Minutes of general meetings that include relevant and substantial comments from Shareholders relating to the agenda of the meetings and responses from the Board and Management are available upon request, rather than publicly disclosed as recommended by Provision 11.5 of the Code. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its practices are consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act.

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. As such, the Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations. 6 stakeholders groups have been identified through an assessment of their significance to the business operations. They are namely, suppliers, customers, employees, community, investors and regulators.

The Company maintains a current corporate website to communicate and engage with stakeholders, as mentioned above.

## OTHER CORPORATE GOVERNANCE MATTERS

### Dealings in the Company's Securities

The Company has devised and adopted an internal compliance code (the "**Internal Code**") to provide guidance to its officers with regards to dealings in the Company's securities including reminders that the law on insider trading is applicable at all times. The adoption of this Internal Code has been notified to all Directors, officers and employees of the Group.

The Internal Code provides that the Company, its officers and employees of the Group should not deal in securities of the Company when they are in possession of any unpublished material price-sensitive information in relation to those securities as this is an offence.

The Company's Internal Code also provides that the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing two weeks before the date of announcement of the Company's quarterly and half-year financial results and the period commencing one month before the date of announcement of the Company's full-year financial results, ending on the date of announcement of the relevant results.

In addition, the Company's officers and employees should not deal in the Company's securities for short-term considerations.

The Internal Code complies with, and the Board confirms that for FY2021, the Company has complied with, Rule 1207(19) of the SGX-ST Listing Manual.

### Material Contracts

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

### Interested Person Transactions

The risks associated with interested person transactions relates not only to compliance issues but also the prevention of transactions being carried out on terms that are less than favourable and not at arm's length.

Except as provided below, there are no interested person transactions between an interested person and the Company, its subsidiaries or associated companies for FY2021:

| Name of interested person | Aggregate value of all interested person transactions for FY2021 under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions for FY2021 conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| Pioneer Venture Pte Ltd<br>(A subsidiary of the associate, Advanced Systems Automation Limited) | - Office rental expenses amounting to S$167,000[(1)] | Nil |

*Note:*
*[(1)] Relates to office rental expenses for FY2021 where the agreement has ended on 30 September 2021.*

The AC will continue to review and monitor any interested person transactions that may arise and ensures that the Company seeks appropriate approvals, makes appropriate announcements or disclosures on these transactions in accordance with Chapter 9 of the SGX-ST Listing Manual.

**Information on Directors nominated for re-election – Appendix 7.4.1 of the Listing Manual**

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| Date of Initial Appointment | 11 November 2022 | 1 May 2018 | 23 February 2023 | 15 May 2023 |
| Date of last reappointment (if applicable) | Not applicable | 15 August 2019 | Not applicable | Not Applicable |
| Age | 53 | 60 | 52 | 64 |
| Country of principal residence | Singapore | Malaysia | Thailand | Thailand |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr Anthony Loh Sin Hock ("Mr Anthony Loh") as an Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Anthony Loh's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Dato' Sri Sopiyan B Mohd Rashdi ("Dato' Sopiyan") as a Non-Executive and Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dato' Sopiyan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr Theerachai Leenabanchong ("Mr Theerachai") as a Non-Executive and Non-Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Theerachai's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr Charlie Jangvijitkul ("Mr Jangvijitkul") as a Non-Executive and Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Jangvijitkul's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive | Non-Executive | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | • Executive Director<br>• Acting Chief Executive Officer<br>• Chief Financial Officer | • Non-Executive and Independent Director<br>• Audit Committee Chairman<br>• Remuneration Committee Member<br>• Nominating Committee Member | • Non-Executive & Non-Independent Director<br>• Nominating Committee Member<br>• Remuneration Committee Member<br>• Audit Committee Member | • Non-Executive and Independent Director<br>• Remuneration Committee Chairman<br>• Nominating Committee Chairman<br>• Audit Committee Member |
| Professional Qualifications | • Member of the Institute of Singapore Chartered Accountant | • Chartered Accountant, - Malaysian Institute of Accountants Malaysia (MIA:7391)<br>• Degree in Accountancy, - University iTM , Malaysia | • Bachelor Degree of Business Administration (Major in Marketing) – Assumption University | • Doctor of Philosophy in Strategic Management Bangkok University in cooperation with University of Nebraska, Lincoln, USA.<br>• MBA of Marketing Indiana University of Pennsylvania, USA.<br>• Bachelor of Laws Ramkhamhaeng University<br>• Bachelor of Science in BA Kasetsart University<br>• Metropolitan Program 5 Institute of Metropolitan Development |

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| Professional Qualifications (Cont'd) | | | | • M.S. 7 Program, National Defense College, National Defense Institute<br>• Top Executive Program in Commerce and Trade (TepCot 8) Thai Chamber of Commerce<br>• Executive Management Program (CMA 15) Capital Market Academy<br>• Excise Tax Seminar Excise Department<br>• IFRS workshop Federation of Accounting Professions Director CertiØcation Program (DCP)<br>• Thai Institute of Directors (IOD) |
| Working experience and occupation(s) during the past 10 years | • Dec 2021 to Current<br>- Acting Chief Executive Officer<br>• Nov 2021 to Current<br>- Chief Financial Officer<br>• 2017 to 15 May 2021<br>- ASTI Holdings Limited-VP,Finance<br>• 2016 to 2017<br>- Clickview Pte Ltd - Finance Director<br>• 2008 to 2016<br>- Universal Music Pte Ltd - Financial Controller | 2015 – Current<br>• Financial Adviser<br>- PT Renewable Energi Indonesia Tbk<br>• Director & CFO<br>- PT Bintang Makmur Prima<br>• Chief Executive Officer<br>- PT Expose Mandala Putra<br>• Corporate Finance Advisor<br>- LCK Group<br>• Corporate Finance Advisor – PT Cendrawasih Global<br>2022 – Current & 2015 – July 2020<br>CEO<br>- PT Envy Technologies Indonesia, Tbk<br>2009 – Current<br>Shareholder, President Director & CEO<br>- PT Dragon Terra Ventura | 2019 to Present<br>Rayong Wire Industries Plc.<br>- Director and Vice Chairman of the Board<br>2015 to Present<br>Ultra Asia Co., Ltd.<br>- Director and Chief Executive Officer<br>2013 Present<br>1. Capital Engineering Network Plc.<br>- Director & Vice Chairman of the Board<br>- Executive Director<br>2. SKY TOWER PLC.<br>- Director and Vice Chairman of the Board<br>- Chairman of Executive Committee<br>- Chief Executive Officer<br>**OVERSEAS**<br>1. ULTRA ASIA SINGAPORE PTE. LTD.<br>- 2019 to Present (SINGAPORE)<br>- Director and Chief Executive Officer | • 2018 - 2023 CEO of Sugarcane Ecoware Co., Ltd.<br>• 2018 - 2023 Advisor of ProSecure Co., Ltd.<br>• 2015 - 2017 Director TCMC Co., Ltd.<br>• 2014 - 2017 Director of Alston Furniture Co., Ltd<br>• 2013 - 2017 Director of T.C.H. Suminoe Co., Ltd.<br>• 2011 - 2017 Director of Royal Thai International Group Co., Ltd.<br>• 2008 - 2017 Executive Director of United Carpet Manufacturing Co., Ltd.<br>• 2001 - 2017 Managing Director of TCM Corporation Public Co., Ltd. |

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| Working experience and occupation(s) during the past 10 years (Cont'd) | | | 2. SKYTOWERS INFRA INC.<br>- 2020 to Present (PHILIPPINES)<br>- Director and Chief Executive Officer<br>3. QROI NETWORK SERVICES INC.<br>- 2022 Present (PHILIPPINES)<br>- Chairman of the Board<br>- Chairman of Executive Committee | |
| Shareholding interest in the listed issuer and its subsidiaries | None | None | None | |
| Any relationship (including immediate family relation-ships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | None | None | None | |
| Conflict of interest (including any competing business) | None | None | None | |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes | |
| Past Directorship (for the last 5 years) | • Yumei Technologies Sdn Bhd<br>• Yumei Reit Sdn Bhd<br>• Emerald PrecisionEngineering Sdn Bhd<br>• Asti (USA) Inc.<br>• Telford Holding (Hk) Limited<br>• Reel Service Limited (Scotland)<br>• ASTI (HK) Ltd<br>• Dragon Rises Limited<br>• Telford Services (Melaka) Sdn Bhd<br>• Microview Technologies Sdn Bhd<br>• Dragon Microfits Sdn Bhd | • PT Bintang Makmur Prima<br>• PT Panpages Indonesia | None | • TCMC Co., Ltd.<br>• Alston Furniture Co., Ltd<br>• T.C.H. Suminoe Co., Ltd.<br>• Royal Thai International Group Co., Ltd.<br>• United Carpet Manufacturing Co., Ltd.<br>• TCM Corporation Public Co., Ltd. |

# CORPORATE GOVERNANCE REPORT (CONT'D)

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| Present Directorship | • ASTI Holdings Limited<br>• Asia Phoenix Angels Pte Ltd<br>• Dragon D'illum Technologies Pte Ltd<br>• SCM Solutions Pte Ltd<br>• Sooner Technology Pte Ltd<br>• Spire Technologies Pte Ltd | • ASTI Holdings Limited<br>• Advanced Systems Automation Limited<br>• Dragon Group International Limited<br>• Eocell Limited<br>• PT Dragon Terra Ventura<br>• PT Orient Technology Indonesia<br>• Gagah Kejuruteraan Sdn Bhd<br>• Long Term Portfolio Sdn Bhd<br>• PT Envy Technologies Indonesia, Tbk | • ASTI Holdings Limited<br>• Sky Tower Plc. (Thailand)<br>• Capital Engineering Network Plc. (Thailand)<br>• Rayong Wire Industries Plc. (Thailand)<br>• Ultra Asia Co., Ltd. (Thailand)<br>• Ultra Asia Singapore Pte. Ltd. (Singapore)<br>• Skytowers Infra Inc. (Philippines)<br>• QROI Network Services Inc. (Philippines) | • ASTI Holdings Limited |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No | |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No | |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No | No |

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No | No |

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: -<br>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br>(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<br>(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<br>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No | No | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No | No |

| NAME OF DIRECTORS | MR ANTHONY LOH SIN HOCK | DATO' SRI MOHD SOPIYAN B MOHD RASHDI | MR THEERACHAI LEENABANCHONG | MR CHARLIE JANGVIJITKUL |
|---|---|---|---|---|
| Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)<br>If yes, please provide details of prior experience. | This relates to re-election of director. | This relates to re-election of director. | This relates to re-election of director. | This relates to re-election of director. |
| 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 | 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). | Not applicable | Not applicable | Not applicable | Not applicable |

# APPENDIX 2

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2021

## DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

# DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2021.

## OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Dr Kriengsak Chareonwongsak
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Anthony Loh Sin Hock
Theerachai Leenabanchong
Charlie Jangvijitkul

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| Name of Directors | At the beginning of financial year | At the end of financial year | At 21 January 2022 |
|---|---|---|---|
| **Ordinary shares of the Company** | | | |
| Dato' Michael Loh Soon Gnee | | | |
| - direct interest | 130,209,600 | 130,209,600 | 130,209,600 |

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

# DIRECTORS' STATEMENT (CONT'D)

**OPTIONS**

During the financial year, there were:

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no other shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

**AUDIT COMMITTEE**

The Audit Committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

# DIRECTORS' STATEMENT (CONT'D)

## AUDITOR

Ernst & Young LLP have not expressed their willingness to accept reappointment as auditor.

On behalf of the Board:

Anthony Loh Sin Hock

Director

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi

Director

15 August 2023

# INDEPENDENT AUDITOR'S REPORT
AS AT 31 DECEMBER 2021

**Report on the Audit of the Financial Statements to the members of ASTI Holdings Limited**

**Disclaimer of Opinion**

We were engaged to audit the financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Basis for Disclaimer Opinion**

*Impairment assessments – the Group's interests in an associate, EoCell Limited ("EoCell")*

As at 31 December 2021, the carrying value of the Group's investment in associate, EoCell that is held through the Group's subsidiary, Dragon Group International Limited ("DGI"), is S$17,922,000. As the Group applies equity accounting method to account for its investment in EoCell, the Group recorded S$2,604,000 as its share of EoCell's loss for the year in the consolidated income statement for the year ended 31 December 2021. The details are disclosed in Notes 7 and 12, to the financial statements.

Management has assessed that there were indicators of impairment in respect of the Group's investment in and amounts due from EoCell as at the reporting date. Management has determined the recoverable amount of the Group's investment in EoCell by estimating its fair value less costs of disposal ("FVLCD") using the market approach and the expected credit losses ("ECL") on the amounts due was estimated based on management's expectations of future recovery.

Determining the FVLCD and ECL at the reporting date requires the use of accounting estimates which involve heightened level of estimation uncertainty and complexity due to the technological, market and economic uncertainties over future developments in the fast-changing nature of the industry that EoCell operates in. Although management had sought assistance from external valuers to assist in the impairment assessment, the external valuers have not finalised their valuation reports as at the date of this report.

Pursuant to the assessments, the Group recorded share of losses of S$2,604,000 during the year to carry the investment in EoCell at SS17,922,000 as at 31 December 2021 and a full ECL allowance of S$3,217,000 to write down the amounts due from EoCell to zero as at 31 December 2021.

Based on information available to us, we have not been able to obtain a reasonable basis to conclude on the appropriateness and reasonableness of the key estimates, inputs and assumptions used by management in estimating the FVLCD and ECL as at 31 December 2021. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying value of the Group's investment in EoCell and the amounts due from EoCell as at 31 December 2021, the corresponding Group's share of results of associates, impairment loss and ECL recognised for the year then ended, and whether any adjustments to these amounts and associated disclosures were necessary.

# INDEPENDENT AUDITOR'S REPORT
AS AT 31 DECEMBER 2021

*Impairment assessments – the Company's interests in a subsidiary Dragon Group International Limited ("DGI")*

The Company's cost of investment in and receivables from DGI, a subsidiary, are reported within Subsidiaries and Amounts due from subsidiaries, respectively, in the Company's balance sheet (Notes 7 and 12 to the financial statements). These are herein referred to as "Investment in DGI" and "Amounts due from DGI", respectively. As at 31 December 2021, the carrying values of the Company's Investment in DGI and Amounts due from DGI are both zero due to accumulated impairment charge of S$37,914,000 and ECL of S$15,093,000 as at 31 December 2021, including ECL of S$2,062,000 recognised during the year ended 31 December 2021.

Management has considered the financial position and future cash flows of DGI and has assessed that as at 31 December 2021, the recoverable amount of the Company's Investment in DGI is nil, and full ECL provision is required for the Amounts due from DGI. DGI's investments in EoCell as mentioned in the preceding sub-section represent a substantial proportion of DGI's financial position and has significant impact on DGI's future cash flows.

As mentioned in the preceding sub-section, we were unable to determine the appropriateness and reasonableness of the recoverable amount and carrying values of DGI's investments in EoCell as at 31 December 2021. Consequently, we were also unable to obtain sufficient appropriate audit evidence on the appropriateness of estimating the recoverable amount and recording the carrying values of the Company's Investment in DGI and Amounts due from DGI as zero as at 31 December 2021, and the corresponding ECL recognised during the year, and whether any adjustments to these amounts and associated disclosures were necessary.

*Others*
We noted that a key executive director was located overseas in 2021 whilst fulfilling the employment arrangement with the Company. Based on management's evaluation and information available to us, we have not been able to obtain sufficient appropriate audit evidence regarding the Group's and Company's compliance with the relevant tax and other laws and regulations to determine whether there could be material impact to the financial statements. Additionally, further review of these or other matters may uncover other information, which have not been brought to our attention, and may require further adjustments or disclosures to the financial statements.

**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 and Company'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 responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

# INDEPENDENT AUDITOR'S REPORT
AS AT 31 DECEMBER 2021

**Report on Other Legal and Regulatory Requirements**

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether 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 Ong Beng Lee, Ken.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

**15 August 2023**

# BALANCE SHEETS

AS AT 31 DECEMBER 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| **Non-current assets** | | | | | |
| Intangible assets | 4 | **18** | 63 | **–** | – |
| Property, plant and equipment | 5 | **21,302** | 20,180 | **100** | 213 |
| Right-of-use assets | 21 | **1,902** | 1,412 | **70** | – |
| Subsidiaries | 6 | **–** | – | **7,910** | 7,910 |
| Investment in associates | 7 | **19,788** | 22,478 | **5,801** | 5,801 |
| Amounts due from subsidiaries | 11 | **–** | – | **77** | – |
| Amounts due from associates | 12 | **5,580** | – | **5,580** | – |
| Other receivables | 14 | **43** | 5 | **–** | – |
| Deferred tax assets | 23 | **35** | 58 | **–** | – |
| | | **48,668** | 44,196 | **19,538** | 13,924 |
| **Current assets** | | | | | |
| Inventories | 9 | **3,524** | 2,790 | **–** | – |
| Prepayments and advances | 10 | **863** | 759 | **38** | 50 |
| Amounts due from subsidiaries | 11 | **–** | – | **–** | 10,466 |
| Amounts due from associates | 12 | **17** | 7,845 | **–** | 7,913 |
| Amounts due from related company | 12 | **–** | 3,070 | **–** | – |
| Trade receivables | 13 | **11,027** | 10,663 | **–** | – |
| Other receivables | 14 | **853** | 1,542 | **10** | 77 |
| Cash at bank and on hand | 15 | **23,849** | 28,917 | **1,390** | 2,902 |
| | | **40,133** | 55,586 | **1,438** | 21,408 |
| Assets held for sale | 8 | **–** | – | **–** | – |
| | | **40,133** | 55,586 | **1,438** | 21,408 |
| **Current liabilities** | | | | | |
| Provisions | 16 | **100** | 101 | **–** | – |
| Loans and borrowings | 17 | **2,628** | 2,682 | **–** | – |
| Trade payables and accruals | 18 | **13,396** | 11,556 | **3,023** | 1,029 |
| Other payables | 19 | **5,618** | 7,039 | **356** | 356 |
| Amounts due to subsidiaries | 20 | **–** | – | **9,700** | 6,906 |
| Lease liabilities | 21 | **1,197** | 1,061 | **40** | – |
| Income tax payable | | **756** | 685 | **–** | – |
| | | **23,695** | 23,124 | **13,119** | 8,291 |
| **Net current assets/(liabilities)** | | **16,438** | 32,462 | **(11,681)** | 13,117 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 21 | **1,251** | 771 | **30** | – |
| Long term payables | 22 | **2,530** | 2,665 | **–** | – |
| Loans and borrowings | 17 | **425** | 491 | **–** | – |
| Deferred tax liabilities | 23 | **194** | 183 | **–** | – |
| | | **4,400** | 4,110 | **30** | – |
| **Net assets** | | **60,706** | 72,548 | **7,277** | 27,041 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 29 | **132,617** | 132,617 | **132,617** | 132,617 |
| Treasury shares | 30 | **(4,772)** | (4,772) | **(4,772)** | (4,772) |
| Foreign currency translation reserve | 31 | **614** | 338 | **–** | – |
| Capital reserves | 32 | **(8,194)** | (8,194) | **(2,960)** | (2,960) |
| Accumulated losses | | **(51,508)** | (44,218) | **(117,608)** | (97,844) |
| | | **68,757** | 75,771 | **7,277** | 27,041 |
| Non-controlling interests | | **(8,051)** | (3,223) | **–** | – |
| **Total equity** | | **60,706** | 72,548 | **7,277** | 27,041 |

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

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | | Group | |
|---|---|---|---|
| | | **2021** | 2020 |
| | **Note** | **S$'000** | S$'000 |
| **Revenue** | 24 | **54,281** | 57,046 |
| Cost of sales | | **(38,755)** | (41,764) |
| **Gross profit** | | **15,526** | 15,282 |
| **Other income** | 25 | **1,215** | 4,155 |
| **Other expense** | | | |
| Marketing and distribution | | **(1,484)** | (1,694) |
| Research and development | | **(139)** | (94) |
| Administrative expenses | | **(16,204)** | (15,964) |
| Other (expenses)/income, net | | **(6,241)** | 4,633 |
| Finance costs, net | 27 | **(139)** | (175) |
| Share of results of associates, net of tax | | **(3,119)** | (6,395) |
| **Loss before tax** | 26 | **(10,585)** | (252) |
| Income tax expense | 23 | **(1,170)** | (2,108) |
| **Loss for the year** | | **(11,755)** | (2,360) |
| **Attributable to:** | | | |
| **Owners of the Company** | | **(7,290)** | 2,098 |
| **Non-controlling interests** | | **(4,465)** | (4,458) |
| Total | | **(11,755)** | (2,360) |
| **(Loss)/Earnings per share attributable to owners of the Company (cents per share)** | | | |
| Basic and diluted | 28 | **(1.11)** | 0.32 |
| **(Loss)/Earnings per share (cents per share)** | | | |
| Basic and diluted | 28 | **(1.11)** | 0.32 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | | Group | |
|---|---|---|---|
| | | **2021** | 2020 |
| | **Note** | **S$'000** | S$'000 |
| **Loss for the year** | | **(11,755)** | (2,360) |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation | | **(87)** | 43 |
| Other comprehensive (loss)/income for the year, net of tax | | **(87)** | 43 |
| **Total comprehensive loss for the year** | | **(11,842)** | (2,317) |
| **Attributable to:** | | | |
| Owners of the Company | | **(7,014)** | 2,536 |
| Non-controlling interests | | **(4,828)** | (4,853) |
| **Total comprehensive loss for the year** | | **(11,842)** | (2,317) |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Group** | **Share capital** | **Treasury shares** | **Capital reserves** | **Foreign currency translation reserve** | **Accumulated losses** | **Equity attributable to owners of the Company, Total** | **Non-controlling interests** | **Total equity** |
| | | ---------------- (Non-distributable)----------------- | | | (Distributable) | | | |
| | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| **2021** | | | | | | | | |
| At 1 January | **132,617** | **(4,772)** | **(8,194)** | **338** | **(44,218)** | **75,771** | **(3,223)** | **72,548** |
| **Loss for the year** | **–** | **–** | **–** | **–** | **(7,290)** | **(7,290)** | **(4,465)** | **(11,755)** |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation | **–** | **–** | **–** | **276** | **–** | **275** | **(363)** | **(87)** |
| Other comprehensive income/(loss) for the year, net of tax | **–** | **–** | **–** | **276** | **–** | **275** | **(363)** | **(87)** |
| **Total comprehensive income/(loss) for the year** | **–** | **–** | **–** | **276** | **(7,290)** | **(7,014)** | **(4,828)** | **(11,842)** |
| **At 31 December** | **132,617** | **(4,772)** | **(8,194)** | **614** | **(51,508)** | **68,757** | **(8,051)** | **60,706** |
| **2020** | | | | | | | | |
| At 1 January | 132,617 | (4,772) | (8,194) | (100) | (46,316) | 73,235 | 1,630 | 74,865 |
| **Profit/(loss) for the year** | – | – | – | – | 2,098 | 2,098 | (4,458) | (2,360) |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation | – | – | – | 438 | – | 438 | (395) | 43 |
| Other comprehensive income/(loss) for the year, net of tax | – | – | – | 438 | – | 438 | (395) | 43 |
| **Total comprehensive income/(loss) for the year** | – | – | – | 438 | 2,098 | 2,536 | (4,853) | (2,317) |
| **At 31 December** | 132,617 | (4,772) | (8,194) | 338 | (44,218) | 75,771 | (3,223) | 72,548 |

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | | Group | |
|---|---|---|---|
| | Note | **2021 S$'000** | 2020 S$'000 |
| **Operating activities** | | | |
| Loss before taxation | | **(10,585)** | (252) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 5 | **6,126** | 5,521 |
| Depreciation of right-of-use assets | 21 | **1,237** | 1,416 |
| Gain on disposal of property, plant and equipment | 26 | **(28)** | (1,778) |
| Property, plant and equipment written off | | **4** | 7 |
| Impairment loss on property, plant and equipment | 5 | **348** | 270 |
| Impairment loss on right-of-use assets | 21 | **231** | – |
| Impairment loss on club membership | 4 | **46** | – |
| Allowance on other receivables | 14 | **116** | 31 |
| Allowance on trade receivables | 13 | **239** | 2 |
| Allowance on amounts due from related company | 12 | **3,033** | 1,011 |
| Allowance/(Write-back) of amounts due from associates | 12 | **3,917** | (6,901) |
| Write-back of stock obsolescence, net | 9 | **(650)** | (78) |
| Restructuring | 16 | **(5)** | (56) |
| Share of results of associates | | **3,119** | 6,395 |
| Interest income | 27 | **(297)** | (268) |
| Interest expense | 27 | **394** | 397 |
| Advance from customer written off | 25 | **(166)** | (419) |
| Effects of exchange loss | | **(149)** | 377 |
| **Operating cash flows before changes in working capital** | | **6,930** | 5,675 |
| Changes in working capital | | | |
| (Increase)/decrease in: | | | |
| Receivables | | **203** | 4,048 |
| Inventories | | **(53)** | 636 |
| Amounts due from associates | | **(574)** | (576) |
| Decrease in: | | | |
| Payables | | **(1,806)** | (3,035) |
| **Cash flows generated from operations** | | **4,700** | 6,748 |
| Interest paid | | **(312)** | (312) |
| Interest received | | **104** | 75 |
| Income tax paid | | **(1,154)** | (1,782) |
| **Net cash flows generated from operating activities** | | **3,338** | 4,729 |

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | Note | Group 2021 S$'000 | Group 2020 S$'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Proceeds from disposal of property, plant and equipment | | **150** | 1,876 |
| Proceeds from disposal of assets held for sale | | **–** | 2,281 |
| Purchase of property, plant and equipment (Note (i)) | (i) | **(5,494)** | (3,483) |
| Prepayment of right-of-use assets | | **(12)** | (3) |
| Loan to associates | | **(1,000)** | – |
| **Net cash flows (used in)/generated from investing activities** | | **(6,356)** | 671 |
| | | | |
| **Financing activities** | | | |
| Payment of principal portion of lease liabilities | 21(b) | **(1,340)** | (1,619) |
| Proceeds from bank borrowings | 17 | **59** | 1,709 |
| Repayments of bank borrowings | 17 | **(136)** | (763) |
| **Net cash flows used in financing activities** | | **(1,417)** | (673) |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(4,435)** | 4,727 |
| Cash and cash equivalents at 1 January | | **28,917** | 24,343 |
| Effects of exchange rate changes on cash and cash equivalents | | **(633)** | (153) |
| **Cash and cash equivalents at 31 December** | | **23,849** | 28,917 |

**(i) Purchase of property, plant and equipment**

Property, plant and equipment were acquired by means of:

| Group | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Cash payments | **5,494** | 3,483 |
| Other payables (Note 19) | **1,755** | 2,897 |
| | **7,249** | 6,380 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 1. CORPORATION INFORMATION

ASTI Holdings Limited (the “Company”) was incorporated in the Republic of Singapore on 27 March 1999 as a public company limited by shares. The Company is domiciled in the Republic of Singapore and was admitted to the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System (“SGX-SESDAQ”) on 8 July 1999. Effective 28 April 2005, the listing and quotation of the Company’s shares was transferred to the official list of the SGX Mainboard.

On 6 June 2022, the Company received a delisting notification from SGX-ST and trading in the Company’s securities was ceased on 9am, 5 July 2022 and trading will remain suspended until the completion of an exit offer.

The registered office of the Company is located at 33 Ubi Avenue 3 Vertex #08-69 Singapore 408868.

The principal activities of the Company are those of investment holding and acting as corporate manager and advisor in connection with the administration and organisation of the businesses of its subsidiaries.

The principal activities of the subsidiaries and associates are disclosed in Note 6 and Note 7.

There have been no significant changes in the nature of these activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *2.1 Basis of preparation*

The consolidated financial statements of the Group and the balance sheet 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 S$) and all values in the tables are rounded to the nearest thousand (S$’000), except when otherwise indicated.

### *2.2 Adoption of new and amended standards and interpretations*

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

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.3 Standards issued but not yet effective*

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

| *Description* | *Effective for annual periods beginning on or after* |
|---|---|
| Amendments to SFRS(I) 17 *Insurance Contracts* | 1 January 2023 |
| Amendments to SFRS(I) 3 *Reference to the Conceptual Framework* | 1 January 2022 |
| Amendments to SFRS(I) 1-16: *Property, Plant and Equipment* – Proceeds before Intended Use | 1 January 2022 |
| Amendments to SFRS(I) 1-37: *Onerous Contracts* – Cost of Fulfilling a Contract | 1 January 2022 |
| SFRS(I) 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities | 1 January 2022 |
| Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current* | 1 January 2024 |
| Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates* | 1 January 2023 |
| Amendments to SFRS(I) 1-12 and SFRS(I) 1: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* | 1 January 2023 |
| Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* | 1 January 2023 |
| Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback* | 1 January 2024 |
| Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants* | 1 January 2024 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* | To be determined |

The Group's management expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### *2.4 Basis of consolidation and business combinations*

(i) Basis of consolidation

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

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

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

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

(ii) Business combinations 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 deemed to be an asset or liability, will be recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.4 Basis of consolidation and business combinations (Cont'd)*

(ii) Business combinations and goodwill (cont'd)

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

### *2.5 Transactions with non-controlling interests*

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling 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.

### *2.6 Foreign currency*

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.

**(i) Transactions and balances**

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

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.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.6 Foreign currency (Cont'd)*

#### (ii) Consolidated financial statements

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or joint ventures that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### *2.7 Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

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

| | | |
|---|---|---|
| Freehold buildings | - | 50 years |
| Leasehold properties | - | 20 to 50 years or shorter of remaining lease terms and economic useful lives |
| Furniture and fittings | - | 3 - 10 years |
| Plant and machinery | - | 3 - 10 years |
| Office equipment | - | 3 - 10 years |
| Motor vehicles | - | 4 - 5 years |

Assets under construction-in-progress 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

Intangible assets with indefinite useful lives 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.

Intangible assets include goodwill, intellectual property and club memberships.

**(i) Club membership**

Club membership was acquired separately and is stated at cost less impairment losses. The useful life of club membership is estimated to be indefinite and assessment for impairment is performed annually or more frequently if the events and circumstances indicate the carrying value may be impaired either individually or at the cash-generating unit level.

Intangible assets are amortised on the following basis:

| | | |
|---|---|---|
| Development expenditure | - | 5 years in line with sales from the related project |
| Intellectual property | - | 5 - 10 years over its estimated useful economic lives |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.9 Leases*

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

**Group as a lessee**

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

**(i) Right-of-use assets**

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

| | | |
|---|---|---|
| Plant and machinery | - | 3 - 10 years |
| Motor vehicles | - | 4 - 5 years |
| Leasehold properties | - | over lease term of 1 to 3 years |

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.30.

**(ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if 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).

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

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

**Group as a lessor**

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.10 Subsidiaries*

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

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

### *2.11 Associates and joint ventures*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreements and requiring unanimous consent for strategic financial and operating decisions.

Associates and joint ventures are accounted for in the consolidated financial statements using the equity method. The consolidated financial statements include the Group's share of the post-acquisition results and reserves of associates and joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.12 Financial instruments*

#### (i) Financial assets

**Initial recognition and measurement**

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

**Subsequent measurement**

<u>Investments in debt instruments</u>

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:

(a) 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 amortisation process.

(b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

<u>Investments in equity instruments</u>

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 OCI. Dividends from such investments are to be 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.12 Financial instruments (Cont'd)*

#### (i) Financial assets (Cont'd)

**Derecognition**

A financial asset is derecognised where 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 other comprehensive income is recognised in profit or loss.

#### (ii) 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 instrument. 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 not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### *2.13 Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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 receivables and contract assets, 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.

The Group considers a financial asset in default when contractual payments are more than one year past due. 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.

### *2.14 Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and demand deposits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.15 Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Costs of materials are determined on a first-in, first-out or weighted average basis according to the nature of the subsidiaries' operations.
- Costs for work-in-progress and finished products are determined on a specific identification basis and include direct materials, direct labour and attributable overheads.

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.

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

### *2.16 Provisions*

**(i) 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 a reliable estimate can be made of the amount of the obligation.

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

Restructuring provisions are only recognised when the Group has a constructive obligation, which is when (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and the number of employee affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

### *2.17 Financial guarantee*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### *2.18 Borrowing costs*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.19 Employee benefits*

#### (i) 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, Malaysia, Philippines and People's Republic of China ("PRC") companies in the Group make contributions to the Central Provident Fund scheme in Singapore, or Employees Provident Fund in Malaysia, or Social Security System in Philippines, or Social Security Bureau in PRC respectively. These are defined contribution pension schemes. Contributions to these schemes are recognised as an expense in the period in which the related service is performed.

#### (ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The net total of service costs is recognised in profit or loss.

#### (iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

### *2.20 Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical are of operations.

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

### *2.21 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.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (i) Sale of goods

Revenue from the distribution sales of components is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group does not adjust revenue recognised for the expected returns as they have assessed them to be insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.21 Revenue (Cont'd)*

**(ii) Provision of services**

Revenue from provision of manufacturing services is recognised upon the completion, delivery and acceptance of the services rendered.

**(iii) Interest income**

Interest income is recognised on a time-apportioned basis using the effective interest method.

**(iv) Dividend income**

Dividend income from investments is recognised when the right to receive the dividend has been established.

**(v) Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

### *2.22 Taxes*

**(i) 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 enacted or substantively enacted at the end of 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.

**(ii) Deferred tax**

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

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

- Where the deferred income 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 and associates, 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, 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 income 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.22 Taxes (Cont'd)*

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

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

**(iii) Sales tax**

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

### *2.23 Share capital and share issue expenses*

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.

### *2.24 Treasury shares*

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

### *2.25 Government grants*

Government grants are recognised as receivables when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basic over the periods that the related costs, for which it intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.26 Segment reporting*

The Group manages its business based on the Group's nature of business which is independently managed by the respective segment managers responsible for the performance of the respective segments. The segment managers' report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

### *2.27 Amounts due from/to subsidiaries/related parties*

Amounts due from subsidiaries/related parties are recognised and carried at cost less an allowance for any uncollectible amounts. Amounts due to subsidiaries/related parties are recognised and carried at amortised cost.

### *2.28 Contingencies*

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

  (1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (2) The amount of the obligation cannot be measured with sufficient reliability.

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

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

### *2.29 Impairment of non-financial assets*

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### *2.30 Impairment of non-financial assets (cont'd)*

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

Goodwill is tested for impairment annual as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment loss relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### *3.1 Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

**(i) Consolidation of Dragon Group International Limited ("DGI")**

As at 31 December 2021, the Company has an equity interest of 41% in DGI. Management has considered the size of the Company's shareholding relative to the size and dispersion of shareholdings held by other shareholders and determined that it has the current ability to direct the relevant activities of DGI notwithstanding its shareholdings are less than 50%. The Company remains the dominant shareholder based on historical voting records at DGI's general meetings. DGI is hence accounted for as a subsidiary and its results are included in the Group's consolidated income statement.

**(ii) Determination of lease term of contracts with extension options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

As at 31 December 2021, potential future (undiscounted) cash outflows of approximately S$682,000 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

### *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.

**(i) Provision for expected credit losses of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 13.

The carrying amount of the Group's trade receivables as at 31 December 2021 are disclosed in Note 13.

**(ii) Impairment of property, plant and equipment and right-of-use assets**

The carrying amounts of items of property, plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amounts may not be recoverable. The recoverable amount of an item of property, plant and equipment and right-of-use assets is higher of its fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. In estimating the recoverable amount of assets, various assumptions, including future cash flows to be associated to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

The carrying amount of the Group's property, plant and equipment and right-of-use assets as at 31 December 2021 are disclosed in Note 5 and Note 21 respectively.

**(iii) Expected credit losses ("ECL") on amount due from associates including loans**

The Group uses the general approach to calculate loss allowance provision on amount due from associates. 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 determination of expected credit losses requires management to exercise significant judgement and the use of estimates.

The carrying amount of amount due from associates as at 31 December 2021 are disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

### *3.2 Key sources of estimation uncertainty (cont'd)*

#### (iv) Allowance for stock obsolescence

The Group assesses at the end of each reporting period whether there is any objective evidence that its stocks are impaired. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the net realisable value of the asset. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The carrying amount of the Group's inventories and related allowance for stock obsolescence as at 31 December 2021 are disclosed in Note 9.

## 4. INTANGIBLE ASSETS

| Group | Intellectual property S$'000 | Goodwill S$'000 | Club memberships S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2020 | 915 | 13,133 | 168 | 14,216 |
| Currency realignment | (15) | – | (2) | (17) |
| At 31 December 2020 and 1 January 2021 | **900** | **13,133** | **166** | **14,199** |
| Written off | **–** | **–** | **(87)** | **(87)** |
| Currency realignment | **21** | **–** | **3** | **24** |
| At 31 December 2021 | **921** | **13,133** | **82** | **14,136** |
| **Accumulated amortisation and impairment loss** | | | | |
| At 1 January 2020 | 915 | 13,133 | 104 | 14,152 |
| Currency realignment | (15) | – | (1) | (16) |
| At 31 December 2020 and 1 January 2021 | **900** | **13,133** | **103** | **14,136** |
| Written off | **–** | **–** | **(87)** | **(87)** |
| Impairment loss | **–** | **–** | **46** | **46** |
| Currency realignment | **21** | **–** | **2** | **23** |
| At 31 December 2021 | **921** | **13,133** | **64** | **14,118** |
| **Net carrying amount** | | | | |
| **At 31 December 2021** | **–** | **–** | **18** | **18** |
| At 31 December 2020 | – | – | 63 | 63 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land and buildings* S$'000 | Lease-hold properties S$'000 | Furniture and fittings S$'000 | Plant and machinery S$'000 | Office equipment S$'000 | Motor vehicles S$'000 | Construction-in-progress S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2020 | 10,907 | 3,001 | 7,806 | 51,226 | 3,727 | 534 | 11,423 | 88,624 |
| Additions | 553 | – | 400 | 5,002 | 312 | 113 | – | 6,380 |
| Disposals/written off | – | – | (407) | (3,572) | (335) | (138) | – | (4,452) |
| Currency realignment | (186) | 149 | (93) | (742) | (23) | 2 | 566 | (327) |
| At 31 December 2020 and 1 January 2021 | **11,274** | **3,150** | **7,706** | **51,914** | **3,681** | **511** | **11,989** | **90,225** |
| Additions | **275** | **718** | **666** | **5,212** | **256** | **122** | **–** | **7,249** |
| Disposals/written off | **–** | **–** | **(333)** | **(872)** | **(59)** | **(54)** | **–** | **(1,318)** |
| Currency realignment | **197** | **80** | **142** | **1,727** | **63** | **11** | **604** | **2,824** |
| At 31 December 2021 | **11,746** | **3,948** | **8,181** | **57,981** | **3,941** | **590** | **12,593** | **98,980** |
| **Accumulated depreciation and impairment loss** | | | | | | | | |
| At 1 January 2020 | 3,889 | 3,001 | 5,929 | 41,314 | 2,845 | 329 | 11,423 | 68,730 |
| Charge for the year | 630 | – | 736 | 3,755 | 335 | 65 | – | 5,521 |
| Disposals/written off | – | – | (321) | (3,586) | (334) | (113) | – | (4,354) |
| Impairment loss | – | – | – | 270 | – | – | – | 270 |
| Currency realignment | (89) | 149 | (83) | (648) | (16) | (1) | 566 | (122) |
| At 31 December 2020 and 1 January 2021 | **4,430** | **3,150** | **6,261** | **41,105** | **2,830** | **280** | **11,989** | **70,045** |
| Charge for the year | **658** | **–** | **658** | **4,392** | **339** | **79** | **–** | **6,126** |
| Disposals/written off | **–** | **–** | **(333)** | **(751)** | **(57)** | **(51)** | **–** | **(1,192)** |
| Impairment loss | **126** | **–** | **168** | **49** | **5** | **–** | **–** | **348** |
| Currency realignment | **78** | **74** | **114** | **1,424** | **50** | **7** | **604** | **2,351** |
| At 31 December 2021 | **5,292** | **3,224** | **6,868** | **46,219** | **3,167** | **315** | **12,593** | **77,678** |
| **Net carrying amount** | | | | | | | | |
| **At 31 December 2021** | **6,454** | **724** | **1,313** | **11,762** | **774** | **275** | **–** | **21,302** |
| At 31 December 2020 | 6,844 | – | 1,445 | 10,809 | 851 | 231 | – | 20,180 |

* Included freehold land at cost of S$2,491,000 (2020: S$2,434,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment loss recognised

(i) Construction-in-progress

Construction-in-progress relates to the construction of a boat in the People's Republic of China. In 2017, the Group faced unforeseen delays caused by local environmental rules requiring the boat to be repositioned. This resulted in certain disagreements between shareholders of Nanjing DTB. The construction has since been suspended pending a review on the future plans for the project. Given this significant uncertainty over the project as at 31 December 2017, an impairment charge of S$3,635,000 was recognised in the "Other expenses, net" line item of the consolidated income statement for the financial year ended 31 December 2017, representing the write-down of the construction-in-progress to its recoverable amount of S$Nil. The recoverable amount was based on its value-in-use and pre-tax discount rate was 16.5%. As there was no update to the status of the project since 2018, the total cost of construction-in-progress of S$12,593,000 (2020: S$11,989,000) relating to the boat remained fully impaired as of 31 December 2021 and 2020.

| **Company** | **Furniture and fittings** S$'000 | **Office equipment** S$'000 | **Total** S$'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2020 | 51 | 470 | 521 |
| Additions | 170 | 31 | 201 |
| Written off | – | (38) | (38) |
| At 31 December 2020 and 1 January 2021 | **221** | **463** | **684** |
| Additions | **63** | **2** | **65** |
| Written off | **(72)** | **(14)** | **(86)** |
| At 31 December 2021 | **212** | **451** | **663** |
| | | | |
| **Accumulated Depreciation** | | | |
| At 1 January 2020 | 27 | 212 | 239 |
| Charge for the year | 141 | 129 | 270 |
| Written off | – | (38) | (38) |
| At 31 December 2020 and 1 January 2021 | **168** | **303** | **471** |
| Charge for the year | **59** | **118** | **177** |
| Written off | **(72)** | **(13)** | **(85)** |
| At 31 December 2021 | **155** | **408** | **563** |
| | | | |
| **Net carrying amount** | | | |
| **At 31 December 2021** | **57** | **43** | **100** |
| At 31 December 2020 | 53 | 160 | 213 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. SUBSIDIARIES

| Company | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Quoted shares, at cost | **37,914** | 37,914 |
| Unquoted shares, at cost | **25,442** | 24,456 |
| Less: | | |
| Dividend income declared from subsidiary's pre-acquisition reserve | **(294)** | (294) |
| | **63,062** | 62,076 |
| Impairment loss on quoted shares | **(37,914)** | (37,914) |
| Impairment loss on unquoted shares | **(17,238)** | (16,252) |
| | **7,910** | 7,910 |
| Allowance for impairment | | |
| At 1 January | **54,166** | 53,507 |
| Current year allowance | **986** | 659 |
| At 31 December | **55,152** | 54,166 |
| Carrying amount of quoted shares at 31 December | **–** | – |
| Market value of quoted shares at 31 December | **5,703** | 5,703 |

Impairment testing of investment in subsidiaries

During the year ended 31 December 2021, the Company has performed an impairment assessment on certain subsidiaries which had been dormant or loss-making. Based on the assessment, the management made additional impairment charge of S$986,000 (2020: S$659,000) to write down the investment in a subsidiary to its recoverable amount.

Quoted shares of one of the subsidiary, Dragon Group International Limited, have been suspended from trading on the 10 May 2018.

(a) The Group has the following significant investments in subsidiaries:

| | Name of subsidiaries (Country of incorporation) | Principal activities | Effective shareholding 2021 % | Effective shareholding 2020 % |
|---|---|---|---|---|
| | **Held by the Company** | | | |
| (1) | Telford Industries Pte Ltd (Singapore) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Telford SVC. Phils., Inc. (Philippines) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Reel Service Limited (United Kingdom) | Investment holding, manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. SUBSIDIARIES (CONT'D)

(a) The Group has the following significant investments in subsidiaries (Cont'd):

| | Name of subsidiaries (Country of incorporation) | Principal activities | Effective shareholding 2021 % | 2020 % |
|---|---|---|---|---|
| | **Held by the Company** | | | |
| (2) | Reel Service (Philippines), Inc. (Philippines) | Manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Telford Technologies (Shanghai) Pte Ltd (People's Republic of China) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Telford Property Management Inc. (Philippines) | Property investment | **100** | 100 |
| (1) | Dragon Group International Limited (Singapore) | Investment holding and acting as corporate manager and advisor to its subsidiaries | **41** | 41 |
| (3) | EoPlex Limited (Hong Kong) | Development of advanced chip packaging and related technologies | **85** | 85 |
| | **Held by EoPlex Limited** | | | |
| (4) | EoPlex Inc (United States of America) | Development of advanced chip packaging and related technologies | **100** | 100 |
| | **Held by Telford Industries Pte Ltd** | | | |
| (3) | Telford Service Sdn. Bhd. (Malaysia) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (3) | Telford Service (Melaka) Sdn. Bhd. (*formerly known as TQS Manufacturing Sdn. Bhd.*) (Malaysia) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| | **Held by Dragon Group International Limited** | | | |
| (1) | Sooner Technology Pte Ltd (Singapore) | Trading in electronic components, computer peripherals and acting as commission agent | **100** | 100 |
| (3) | Dragon Equipment & Materials Technology Ltd (Hong Kong) | Sale, distribution and acting as commission agent in equipment, materials and electronic components | **100** | 100 |
| (3) | DTB Limited (Hong Kong) | Investment holding | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. SUBSIDIARIES (CONT'D)

(a) The Group has the following significant investments in subsidiaries (Cont'd):

| | Name of subsidiaries (Country of incorporation) | Principal activities | Effective shareholding 2021 % | 2020 % |
|---|---|---|---|---|
| | **Held by Dragon Equipment & Materials Technology Ltd** | | | |
| (1) | Spire Technologies Pte Ltd (Singapore) | Importing, exporting, retailing and trading in electronic components and test consumables | **100** | 100 |
| | **Held by Spire Technologies Pte Ltd** | | | |
| (3) | Spire Technologies (Taiwan) Ltd (Taiwan) | Importing, exporting, retailing and trading in electronic components and test consumables | **60** | 60 |
| | **Held by DTB Limited** | | | |
| (3) | Nanjing DTB Development Co., Ltd (People's Republic of China) | Construction of antique wooden sea boat, communication of culture, exhibition and conference etc. | **60** | 60 |
| (3) | Dragon Ventures Limited (Hong Kong) | Investment holding | **100** | 100 |
| | **Held by Dragon Ventures Limited** | | | |
| (4) | Dragon Tourism Management Company Limited (People's Republic of China) | Develop and manage a mixed-used property | **100** | 100 |

The above list excludes subsidiaries that are insignificant to the operations of the Group.

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by a member firm of Ernst & Young Global
(3) Audited by other audit firms
(4) Not required to be audited in country of incorporation

Subsidiaries that are audited by other audit firms: -

| *Company* | *Auditors* |
|---|---|
| Telford Service Sdn. Bhd. | BDO, Malaysia |
| Telford Service (Melaka) Sdn. Bhd. | Cheng & Co., Malaysia |
| Spire Technologies (Taiwan) Ltd | YuanTeng CPAs & Consulting Inc |
| Dragon Equipment & Materials Technology Ltd | Y. K Leung & Co., Hong Kong |
| DTB Limited | Y. K Leung & Co., Hong Kong |
| Dragon Ventures Limited | Y. K Leung & Co., Hong Kong |
| Nanjing DTB Development Co. Ltd | Jiangsu Verti-Hor Certified Public Accountant Co. Ltd |
| EoPlex Limited | Bright Brilliance CPA Limited, Hong Kong |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. SUBSIDIARIES (CONT'D)

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

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

1. Dragon Group International Limited ("DGI") and its subsidiaries ("DGI Group")
2. EoPlex Limited and its subsidiaries ("EoPlex Group")

| Name of subsidiaries | Principal place of business | Proportion of ownership interest held by NCI | Profit/(loss) allocated to NCI during the reporting period S$'000 | Accumulated NCI at end of reporting period S$'000 |
|---|---|---|---|---|
| **31 December 2021:** | | | | |
| DGI Group | Singapore | **59%** | **(4,405)** | **(2,085)** |
| EoPlex Group | Hong Kong | **15%** | **(255)** | **(6,095)** |
| **31 December 2020:** | | | | |
| DGI Group | Singapore | **59%** | (4,229) | 2,569 |
| EoPlex Group | Hong Kong | **15%** | (217) | (5,701) |

There were no dividends paid to the above NCI during the years ended 31 December 2021 and 31 December 2020.

Subsidiaries are required to seek the approval of the NCI should the Group need to deploy the assets from these subsidiaries to the Company or its other subsidiaries

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interests ("NCI") (Cont'd)

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries are as follows:

(b)(i) Summarised balance sheets

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| **Current** | | | | |
| Assets | **2,792** | 5,744 | **85** | 1,712 |
| Liabilities | **(22,037)** | (19,880) | **(39,668)** | (38,986) |
| **Net current liabilities** | **(19,245)** | (14,136) | **(39,583)** | (37,274) |
| **Non-current** | | | | |
| Assets | **17,922** | 20,574 | **–** | 190 |
| Liabilities | **–** | – | **(1,871)** | (1,747) |
| **Net non-current assets/(liabilities)** | **17,922** | 20,574 | **(1,871)** | (1,557) |
| **Net (liabilities)/assets** | **(1,323)** | 6,438 | **(41,454)** | (38,831) |

(b)(ii) Summarised income statement

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Revenue | **3,019** | 2,842 | **–** | 3 |
| Loss before income tax | **(7,447)** | (7,098) | **(1,699)** | (1,398) |
| Income tax expense | **(50)** | (79) | **–** | – |
| Loss for the year | **(7,497)** | (7,177) | **(1,699)** | (1,398) |
| Loss attributable to DGI's NCI | **33** | 11 | **–** | – |
| Loss for the year | **(7,464)** | (7,166) | **(1,699)** | (1,398) |

(b)(iii) Summarised statement of other comprehensive income

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Loss for the year | **(7,497)** | (7,177) | **(1,699)** | (1,398) |
| Other comprehensive (loss)/income | **(343)** | (813) | **–** | – |
| Total comprehensive loss for the year | **(7,840)** | (7,990) | **(1,699)** | (1,398) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interests ("NCI") (Cont'd)

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries are as follows (Cont'd):

(b)(iv) Other summarised information

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Net cash flows (used in)/generated from operations | **(1,990)** | (1,710) | **157** | (233) |
| Acquisition of significant property, plant and equipment | **–** | (2) | **–** | – |

(c) Disposal of STI Group in 2018

Contingent consideration receivable:

As part of the terms of the sale and purchase agreement ("SPA") with the buyer, a contingent consideration of S$9,000,000 has been agreed. The Company undertakes that the audited profit before tax of the STI Group in 2018 and 2019 is not less than S$17,000,000 (referred to as the "Profit Guarantee").

The Company is required to pay a shortfall if the actual profits are less than the Profit Guarantee. The maximum shortfall will be S$17,000,000 and accordingly, the maximum amount the Company potentially needs to pay back to the buyer for the purposes of the Profit Guarantee is S$17,000,000.

As at the date of disposal and as of the year ended 31 December 2018, the Company has recognised the contingent consideration receivable of S$9,000,000.

In 2019, the Company has received S$4,500,000 out of the third payment of S$9,000,000.

Based on the SPA between the buyer and the Company, the third tranche of consideration will be adjusted by the shortfall of FY2018 & FY2019 aggregate profits if the target profits are not met. The Group has obtained the FY2018 audited results of STI Group issued by its auditor, Pan-China Singapore Pac on 30 April 2019 of which the profit for FY2018 was S$11,827,000.

The Group obtained the FY2019 audited results of STI Group issued by its auditor Pan-China Singapore Pac on 7 February 2020 of which the profit for FY2019 was S$3,052,000.

As a result, the aggregate FY2018 and FY2019 was S$14,879,000 which fell short of the Profit Guarantee of S$17,000,000 by S$2,121,000.

The Group made an assessment to record an impairment of contingent consideration receivables of S$2,121,000 out of the remaining S$4,500,000 as at 31 December 2019.

On 6 March 2020, the Company has entered a side letter to the SPA with the buyer. Pursuant to the Side Letter, the Company and the buyer have agreed that notwithstanding the provisions of the SPA in relation to the Profit Guarantee, both parties shall jointly instruct the Escrow Agent to release an amount equal to the Shortfall to the bank of the buyer, and the remaining amount of the balance Third Payment less the Shortfall to the bank of the Company.

Accordingly, the shortfall has been released to the bank account of the buyer and the remaining amount of the balance Third Payment less the Shortfall to be released to the bank of the Company.

The shortfall of S$2,121,000 has been written-off during the financial year ended 31 December 2020 in Note 14.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 7. INVESTMENT IN ASSOCIATES

The Group's material investments in associates are summarised below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| Advanced Systems Automation Limited | **1,866** | 1,952 | **5,801** | 5,801 |
| EoCell Limited | **17,922** | 20,526 | **–** | – |
| | **19,788** | 22,478 | **5,801** | 5,801 |
| Carrying amount of quoted shares | **1,866** | 1,952 | **5,801** | 5,801 |
| Carrying amount of unquoted shares | **17,922** | 20,526 | **–** | – |
| Market value of quoted shares | **5,801** | 5,801 | **5,801** | 5,801 |

The Group has the following significant investments:

| | Name of investments (Country of incorporation) | Principal activities | Effective shareholding 2021 % | Effective shareholding 2020 % |
|---|---|---|---|---|
| | **Held by the Company** | | | |
| (1) | Advanced Systems Automation Limited (Singapore) | Investment holding | **26** | 26 |
| | **Held by Advanced Systems Automation Limited** | | | |
| (1) | Microfits Pte Ltd (Singapore) | Design and manufacture of automatic moulding machines and other back-ended assembly equipment for the semiconductor industry | **–** | 100 |
| (2) | Emerald Precision Engineering Sdn. Bhd. (Malaysia) | Fabrication of tooling, dies and related moulding of spare parts and other related businesses | **100** | 100 |
| (1) | Pioneer Venture Pte Ltd (Singapore) | Contract manufacturing solutions of fabricated metal products | **100** | 100 |
| (2) | Yumei Technologies Sdn. Bhd. (Malaysia) | Manufacturing of die-casting products | **100** | 100 |
| (2) | Yumei REIT Sdn. Bhd. (Malaysia) | Property owner | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 7. INVESTMENT IN ASSOCIATES (CONT'D)

The Group has the following significant investments (Cont'd):

| | Name of investments (Country of incorporation) | Principal activities | Effective shareholding 2021 % | 2020 % |
|---|---|---|---|---|
| | **Held by Dragon Group International Limited (a subsidiary of the Company)** | | | |
| (3) | EoCell Limited (Hong Kong) | Development of battery and storage solutions | **40** | 40 |
| | **Held by EoCell Limited** | | | |
| (3) | EoCell Inc (United States of America) | Development of battery and storage solutions | **100** | 100 |

The above list excludes associates that are insignificant to the operations of the Group.

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by a member firm of Ernst & Young Global
(3) Audited by other audit firms

Associates that are audited by other audit firms: -

| ***Company*** | ***Auditors*** |
|---|---|
| EoCell Limited | Y.K Leung & Co., Hong Kong |
| EoCell Inc | Armanino LLP |

The summarised financial information based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

1. Advanced Systems Automation Limited ("ASA") and its subsidiaries ("ASA Group")
2. EoCell Limited and its subsidiaries ("EoCell Group")

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 7. INVESTMENT IN ASSOCIATES (CONT'D)

### Summarised balance sheet

| | ASA Group | | EoCell Group | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 (restated) | **S$'000** | S$'000 |
| Current assets | **9,024** | 9,236 | **4,235** | 13,088 |
| Non-current assets | **10,483** | 10,398 | **5,366** | 1,189 |
| Total assets | **19,507** | 19,634 | **9,601** | 14,277 |
| Current liabilities | **10,203** | 19,329 | **1,243** | 366 |
| Non-current liabilities | **11,537** | 2,207 | **5,923** | 4,041 |
| Total liabilities | **21,740** | 21,536 | **7,166** | 4,407 |
| Net (liabilities)/assets | **(2,233)** | (1,902) | **2,434** | 9,870 |
| Proportion of the Group's ownership | **26%** | 26% | **40%** | 40% |
| Group's share of net (liabilities)/assets | **(581)** | (495) | **975** | 3,948 |
| Goodwill on acquisition | **3,014** | 3,014 | **16,947** | 16,560 |
| Other adjustments | **(567)** | (567) | **–** | 18 |
| Carrying amount of the investment | **1,866** | 1,952 | **17,922** | 20,526 |

### Summarised statement of comprehensive income

| | ASA Group | | EoCell Group | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 (restated) | **S$'000** | S$'000 |
| Revenue | **18,990** | 14,128 | **–** | – |
| Loss after tax for the year | **–** | – | **(7,639)** | (12,871) |
| Loss after tax from continuing operations | **(779)** | (2,207) | **–** | – |
| Profit/(loss) after tax from discontinued operations | **533** | (1,708) | **–** | – |
| Other comprehensive (loss)/income | **(87)** | 103 | **–** | – |
| Total comprehensive loss for the year | **(333)** | (3,812) | **(7,639)** | (12,871) |

## 8. ASSETS HELD FOR SALE

16 units of plant and machinery of a subsidiary have been reclassified as held for sale. The assets belong to the BEST segment and they were disposed in relation to the closing down of its production line located at Zhongshan, China due to project end of life. The sale was completed in February 2020. The carrying value of the assets was S$2,119,000 as of 1 January 2020, which was lower than the fair value less costs to sell.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVENTORIES

| Group | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Balance sheet: | | |
| Raw materials | **2,547** | 2,938 |
| Work-in-progress | **94** | 32 |
| Goods-in-transit | **140** | 36 |
| Finished goods | **1,506** | 1,155 |
| | **4,287** | 4,161 |
| Allowance for stock obsolescence | **(763)** | (1,371) |
| | **3,524** | 2,790 |
| Income statement: | | |
| Inventories recognised as an expense in cost of sales | **9,013** | 15,532 |
| inclusive of the following charge | | |
| - Allowance for obsolescence and slow-moving inventories | **–** | 65 |
| - Reversal of allowance for obsolescence and slow-moving inventories | **(650)** | (143) |

The reversal of allowance for obsolescence was made when the related inventories were sold above their carrying amount.

## 10. PREPAYMENTS AND ADVANCES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| Prepayment | **700** | 649 | **38** | 50 |
| Advances | **163** | 110 | **–** | – |
| | **863** | 759 | **38** | 50 |

## 11. AMOUNTS DUE FROM SUBSIDIARIES

| Company | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Non-interest bearing | | |
| - Current | **–** | 1,127 |
| - Non-current | **77** | – |
| Interest bearing | | |
| - Current | **–** | 9,339 |
| - Non-current | **–** | – |
| | **77** | 10,466 |

Amounts due from subsidiaries are stated after an allowance for expected credit losses of S$74,065,000 (2020: S$69,808,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of amounts due from subsidiaries is as follows:

| Company | 2021<br>S$'000 | 2020<br>S$'000 |
|---|---|---|
| Movement in allowance accounts: | | |
| At 1 January | **69,808** | 66,446 |
| Allowance for the year | **13,127** | 3,362 |
| Written-off | **(8,870)** | – |
| At 31 December | **74,065** | 69,808 |

Non-interest bearing receivables are unsecured, repayable on demand and to be settled in cash.

Interest bearing receivables are non-trade in nature, unsecured, bear an interest ranging from 1.00% to 3.03% (2020: 1.00% to 3.75) per annum, repriced on quarterly basis, are repayable on demand and to be settled in cash, except for S$Nil (2020: S$12,085,000).
The Company has agreed with a subsidiary (DGI) not to recall the amount for the next twelve months from the date the financial statements are authorised for issuance

Amounts due from subsidiaries denominated in US dollars are S$66,000 (2020: S$4,459,000).

## 12. AMOUNTS DUE FROM ASSOCIATES<br>AMOUNTS DUE FROM RELATED COMPANY

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>S$'000 | 2020<br>S$'000 | 2021<br>S$'000 | 2020<br>S$'000 |
| Associates | | | | |
| Non-interest bearing | | | | |
| - Current | **300** | 1,515 | **–** | 1,203 |
| - Non-current | **–** | – | **–** | – |
| Interest bearing | | | | |
| - Current | **362** | 7,075 | **–** | 6,710 |
| - Non-current | **9,497** | – | **9,497** | – |
| | **10,159** | 8,590 | **9,497** | 7,913 |
| Less: Allowance for impairment | **(4,562)** | (745) | **(3,917)** | – |
| | **5,597** | 7,845 | **5,580** | 7,913 |
| Related company | | | | |
| Non-interest bearing | **4,056** | 4,041 | **–** | **–** |
| Less: Allowance for impairment | **(4,056)** | (971) | **–** | **–** |
| | **–** | 3,070 | **–** | **–** |

Non-interest bearing amounts due from associates are unsecured, repayable on demand and to be settled in cash.

Interest bearing amounts due from associates are non-trade in nature, unsecured, bear an interest ranging from 3.00% to 3.03% (2020: 2.25% to 3.75%) per annum, repriced on quarterly basis, are repayable on demand and to be settled in cash. During the financial year, the Company has provided an interest-bearing loan amounting to $1,000,000 to the associate. Subsequent to the year end, the amounts due from associate (ASA) are reclassified to non-current as a Second Addendum to the Loan Agreement is signed between the Company and the associate. Kindly refer to Note 41 iv. for the details of the Second Addendum.

The Group has assessed that there were indicators of impairment on the amounts due from an associate as at 31 December 2021. The determination of the expected credit losses ("ECL") on the amounts was estimated based on expected future recovery. Pursuant to the assessment, the Group recorded an ECL allowance of S$3,917,000 (2020: S$Nil) to write down the amounts due from an associate as at 31 December 2021.

The amounts due from related company are non-trade in nature, unsecured and are to be settled in cash. They are non-interest bearing and repayable upon demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 12. AMOUNTS DUE FROM ASSOCIATES AMOUNTS DUE FROM RELATED COMPANY (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of amounts due from associates and amounts due from related company are as follows:

| Group | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Associates | | |
| Movement in allowance accounts: | | |
| At 1 January | **745** | 7,620 |
| Allowance/(Written-back) for the year | **3,917** | (6,901) |
| Bad debts written off | **(96)** | – |
| Currency realignment | **(4)** | 26 |
| At 31 December | **4,562** | 745 |
| Related company | | |
| Movement in allowance accounts: | | |
| At 1 January | **971** | – |
| Allowance for the year | **3,033** | 1,011 |
| Currency realignment | **52** | (40) |
| At 31 December | **4,056** | 971 |

## 13. TRADE RECEIVABLES

| Group | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Trade receivables – third parties | **11,027** | 10,663 |

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

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

| Group | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| Movement in allowance accounts | | |
| At 1 January | **93** | 88 |
| Allowance for the year | **239** | 2 |
| Currency realignment | **5** | 3 |
| At 31 December | **337** | 93 |

Trade receivables denominated in foreign currencies as at 31 December are as follows:

| Group | 2021 S$'000 | 2020 S$'000 |
|---|---|---|
| US Dollars | **1,758** | 1,721 |
| Philippines peso | **579** | 814 |
| Others | **834** | 258 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| Tax recoverable | **159** | 134 | **–** | – |
| Consideration receivable from disposal of STI Group (Note 6c) | **–** | – | **–** | – |
| Deposits | **216** | 227 | **9** | 19 |
| Other debtors | **356** | 901 | **1** | 54 |
| Sundry debtors | **3,596** | 3,789 | **–** | 4 |
| | **4,327** | 5,051 | **10** | 77 |
| Allowance for other receivables | **(3,431)** | (3,504) | **–** | – |
| | **896** | 1,547 | **10** | 77 |
| Disclosure in balance sheet | | | | |
| Current | **853** | 1,542 | **10** | 77 |
| Non-current | **43** | 5 | **–** | – |
| | **896** | 1,547 | **10** | 77 |

Receivables that are impaired

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| Movement in allowance accounts: | | | | |
| At 1 January | **3,504** | 5,650 | **–** | 2,121 |
| Allowance for the year | **116** | 31 | **–** | – |
| Bad debts written off | **–** | (2,121) | **–** | (2,121) |
| Currency realignment | **(189)** | (56) | **–** | – |
| At 31 December | **3,431** | 3,504 | **–** | – |

Included in 2019 is an impairment of contingent consideration receivables of S$2,121,000 in relation to the disposal of subsidiaries in 2018. This amount was written off in 2020.

During the financial year ended 31 December 2020, these impairment losses have been written off in Note 6(c).

Other receivables denominated in foreign currencies as at 31 December are as follows:

| **Group** | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| US Dollars | **38** | – |
| Philippines peso | **207** | 226 |
| Thailand baht | **–** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. CASH AT BANK AND ON HAND

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Cash on hand and at bank | **23,074** | 27,229 | **1,390** | 1,902 |
| Short-term deposits | **775** | 1,688 | **–** | 1,000 |
| | **23,849** | 28,917 | **1,390** | 2,902 |

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Short-term deposits of the Group with financial institutions are made for varying periods within 1 month (2020: 1 month) from the financial year end. The effective interest rates as at 31 December 2021 for the Group were ranging from 0.002% to 0.015% (2020: 0.004% to 0.07%) per annum.

Cash and cash equivalents denominated in foreign currencies as at 31 December are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| US Dollars | **3,191** | 7,094 | **49** | 817 |
| Philippines peso | **1,779** | 1,130 | **–** | – |
| Others | **1,445** | 411 | **–** | – |

## 16. PROVISIONS

| | Restructuring provision | |
|---|---|---|
| **Group** | **2021** | 2020 |
| | **S$'000** | S$'000 |
| At 1 January | **101** | 217 |
| Charge for the year | **1** | 10 |
| Utilised | **–** | (69) |
| Written back | **(6)** | (66) |
| Exchange differences | **4** | 9 |
| At 31 December | **100** | 101 |

<u>Restructuring provision</u>

During 2019, the Group has closed down its factory at Zhongshan, China due to project end of life. Following management's decision of the closure, the Group recognised a provision of S$135,000 for expected retrenchment costs. These costs were fully provided for and utilised in 2020.

The remaining provision of S$100,000 (2020: S$101,000) pertains to the restructuring of its operations in Nanjing DTB Development Co., Ltd due to the significant uncertainty over the Dragon Treasure Boat project in 2018. The provision is expected to be fully utilised over the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 17. LOANS AND BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** **S$'000** | 2020 S$'000 | **2021** **S$'000** | 2020 S$'000 |
| **Current liabilities:** | | | | |
| Unsecured loan | **2,628** | 2,682 | **–** | – |
| **Non-current liabilities:** | | | | |
| Unsecured loan | **425** | 491 | **–** | – |
| | **3,053** | 3,173 | **–** | – |

**Unsecured loan**

(a) Unsecured floating rate bank borrowings of the subsidiaries bear effective interest rates of 6.25% (2020: 6.25%) per annum. These bank borrowings comprise S$77,000 (2020: S$75,000) which are repayable ranging from 90 days to 180 days.

(b) Unsecured floating rate bank borrowings of the subsidiaries bear effective interest rates of 4.31% (2020: 4.31%) per annum. These bank borrowings comprise S$425,000 (2020: S$491,000) which are repayable in 3 years (2020: 4 years).

(c) Short Term unsecured floating rate bank borrowings of the subsidiaries bear effective interest rates ranging from 5.88% to 6.00% (2020: 6.00%) per annum. These bank borrowings comprise S$2,551,000 (2020: S$2,607,000) which are repayable within one year.

There are no loans and borrowings denominated in foreign currency as at 31 December 2021 and 31 December 2020.

A reconciliation of liabilities arising from financing activities is as follows:

| | **2020** S$'000 | **Net cash flow** S$'000 | **Accretion of interest** S$'000 | **Foreign exchange movement** S$'000 | **2021** S$'000 |
|---|---|---|---|---|---|
| Loans and borrowings | 3,173 | (318) | 241 | (43) | 3,053 |

| | **2019** S$'000 | **Net cash flow** S$'000 | **Accretion of interest** S$'000 | **Foreign exchange movement** S$'000 | **2020** S$'000 |
|---|---|---|---|---|---|
| Loans and borrowings | 2,212 | 744 | 202 | 15 | 3,173 |

## 18. TRADE PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** **S$'000** | 2020 S$'000 | **2021** **S$'000** | 2020 S$'000 |
| **Current:** | | | | |
| Trade payables – third parties | **4,056** | 4,365 | **–** | – |
| Accruals | **9,340** | 7,191 | **3,023** | 1,029 |
| | **13,396** | 11,556 | **3,023** | 1,029 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. TRADE PAYABLES AND ACCRUALS (CONT'D)

Trade payable and accruals are non-interest bearing.

Trade payables are normally settled on 60-days terms, while accruals and other payables have an average term of six months.

Trade payables and accruals denominated in foreign currencies as at 31 December are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| US Dollars | **2,058** | 2,195 | **6** | 8 |
| Philippines peso | **255** | 1,435 | **–** | – |
| Reminbi | **–** | 19 | **–** | – |
| Thailand baht | **267** | 298 | **–** | – |
| Others | **1,009** | 965 | **–** | – |

## 19. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Directors' fees | **233** | 234 | **233** | 234 |
| Directors' fees of subsidiaries | **102** | 149 | **–** | – |
| Payable arising from purchase of property, plant and equipment | **1,755** | 2,897 | **–** | – |
| Advances received from customers (Note (i)) | **68** | 108 | **–** | – |
| Advances for capital injection from non-controlling Interest | **2,696** | 2,569 | **–** | – |
| Sundry creditors | **611** | 889 | **118** | 100 |
| Others | **153** | 193 | **5** | 22 |
| | **5,618** | 7,039 | **356** | 356 |

(i) The advances received from customers relate to the deposits received for sales orders.

Other payables denominated in foreign currencies as at 31 December are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| US Dollars | **241** | 406 | **–** | – |
| Philippines peso | **1,832** | 1,811 | **–** | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, to be settled in cash and are repayable on demand.

Amounts due to subsidiaries that are denominated in US dollars are S$9,116,000 (2020: S$6,906,000).

## 21. LEASES

**Group as a lessee**

The Group has lease contracts for various items of plant and machinery, motor vehicles and leasehold properties used in its operations which generally have lease terms between 1 to 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amount of right-of-use assets

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

| | Group | | | |
|---|---|---|---|---|
| | **Plant and machinery S$'000** | **Motor vehicles S$'000** | **Leasehold properties S$'000** | **Total S$'000** |
| At 1 January 2020 | 1,320 | 82 | 1,567 | 2,969 |
| Additions | – | – | 42 | 42 |
| Depreciation | (488) | (52) | (876) | (1,416) |
| Written off | (87) | – | (164) | (251) |
| Lease modification | – | – | 51 | 51 |
| Foreign exchange differences | 1 | – | 16 | 17 |
| At 31 December 2020 and 1 January 2021 | **746** | **30** | **636** | **1,412** |
| Additions | **–** | **–** | **1,774** | **1,774** |
| Depreciation | **(441)** | **(30)** | **(766)** | **(1,237)** |
| Written off | **–** | **–** | **(26)** | **(26)** |
| Impairment loss | **–** | **–** | **(231)** | **(231)** |
| Lease modification | **–** | **–** | **177** | **177** |
| Foreign exchange differences | **15** | **–** | **18** | **33** |
| At 31 December 2021 | **320** | **–** | **1,582** | **1,902** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. LEASES (CONT'D)

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

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the financial year, and a reconciliation of liabilities arising from the Group's financing activities are as follows:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **S$'000** | S$'000 |
| At 1 January | **1,832** | 3,526 |
| Cash flow: | | |
| Payment of principal | **(1,340)** | (1,619) |
| Interest paid | **(149)** | (195) |
| Non-cash changes: | | |
| Addition | **1,774** | 42 |
| Written off | **(28)** | (171) |
| Lease modification | **202** | 55 |
| Accretion of interests | **149** | 195 |
| Foreign exchange movement | **8** | (1) |
| At 31 December | **2,448** | 1,832 |

Lease liabilities related to leases are split between current and non-current:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **S$'000** | S$'000 |
| Current | **1,197** | 1,061 |
| Non-current | **1,251** | 771 |
| | **2,448** | 1,832 |

(c) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2021** | 2020 |
| | **S$'000** | S$'000 |
| Depreciation of right-of-use assets | **1,237** | 1,416 |
| Impairment loss on right-of-use assets | **231** | – |
| Interest expense on lease liabilities | **149** | 195 |
| Expense relating to short-term leases | **53** | 199 |
| Expense relating to leases of low-value assets | **5** | 22 |
| Total amounts recognised in profit or loss | **1,675** | 1,832 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. LEASES (CONT'D)

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

(d) Total cash outflow

The Group had total cash outflows for leases of S$1,547,000 (2020: S$2,035,000).

(e) Extension options

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

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

| | Group | | |
|---|---|---|---|
| | **Within five years S$'000** | **More than five years S$'000** | **Total S$'000** |
| **2021** | | | |
| Extension options expected not to be exercised | **682** | **–** | **682** |
| 2020 | | | |
| Extension options expected not to be exercised | 579 | – | 579 |

**Company as a lessee**

The Company has a lease contract for a leasehold property used in its operations which has a lease term of 2 years. Generally, the Company is restricted from assigning and subleasing the leased assets.

The lease contract includes extension and termination options and variable lease payments, which are further discussed below.

The Company also has leases of office equipment with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amount of right-of-use assets

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

| | Company | |
|---|---|---|
| | **Leasehold property S$'000** | **Total S$'000** |
| At 1 January 2020, 31 December 2020 and 1 January 2021 | **–** | **–** |
| Additions | **80** | **80** |
| Depreciation | **(10)** | **(10)** |
| At 31 December 2021 | **70** | **70** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. LEASES (CONT'D)

**Company as a lessee (cont'd)**

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the financial year, and a reconciliation of liabilities arising from the Company's financing activities are as follows:

| | **Company** | |
|---|---|---|
| | **2021** | 2020 |
| | **S$'000** | S$'000 |
| At 1 January | – | – |
| Cash flow: | | |
| Payment of principal | **(10)** | – |
| Interest paid | **(*)** | – |
| Non-cash changes: | | |
| Addition | **80** | – |
| Accretion of interests | ***** | – |
| At 31 December | **70** | – |

* Amount less than $1,000

Lease liabilities related to leases are split between current and non-current:

| | **Company** | |
|---|---|---|
| | **2021** | 2020 |
| | **S$'000** | S$'000 |
| Current | **40** | – |
| Non-current | **30** | – |
| | **70** | – |

(c) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

| | **Company** | |
|---|---|---|
| | **2021** | 2020 |
| | **S$'000** | S$'000 |
| Depreciation of right-of-use assets | **10** | – |
| Interest expense on lease liabilities | ***** | – |
| Expense relating to leases of low-value assets | **3** | 15 |
| Total amounts recognised in profit or loss | **13** | 15 |

* Amount less than $1,000

(d) Total cash outflow

The Company had total cash outflows for leases of S$13,000 (2020: S$15,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. LEASES (CONT'D)

**Company as a lessee (cont'd)**

(e) Extension options

The Company has a lease contract that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

| | | Company | |
|---|---|---|---|
| | **Within five years S$'000** | **More than five years S$'000** | **Total S$'000** |
| **2021** | | | |
| Extension options expected not to be exercised | **81** | **–** | **81** |
| 2020 | | | |
| Extension options expected not to be exercised | – | – | – |

## 22. LONG TERM PAYABLES

Long term payables are non-trade in nature, bear an interest of 8% (2020: 8%) per annum, to be settled in cash and are not expected to be repaid within the next 12 months.

## 23. INCOME TAX EXPENSE

| Group | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| Income tax payable in respect of results for the year: | | |
| Current income tax | | |
| (i) Singapore | **(14)** | (14) |
| (ii) Others | **(1,136)** | (2,041) |
| Deferred income tax | **(16)** | 27 |
| | **(1,166)** | (2,028) |
| Underprovision in respect of prior years: | | |
| Current income tax | **(4)** | (44) |
| Deferred income tax | **–** | (36) |
| | **(4)** | (80) |
| Income tax expense recognised in profit or loss | **(1,170)** | (2,108) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. INCOME TAX EXPENSE (CONT'D)

A reconciliation between tax expense and the product of accounting losses multiplied by the applicable corporate tax rate for the financial year ended 31 December 2021 and 2020 is as follows:

| Group | 2021<br>S$'000 | 2020<br>S$'000 |
|---|---|---|
| Loss before tax | **(10,585)** | (252) |
| Tax calculated at a tax rate of 17% (2020: 17%) | **1,799** | 43 |
| Differential tax rate of overseas subsidiaries | **616** | (60) |
| Non-deductible expenses | **(7,207)** | (3,722) |
| Income not subject to tax | **3,974** | 1,705 |
| Deferred tax assets utilised | **140** | 115 |
| Under-provision in respect of prior years | **(4)** | (80) |
| Others | **(488)** | (109) |
| Income tax expense | **(1,170)** | (2,108) |

**Deferred tax liabilities/assets**

| Group | 2021<br>S$'000 | 2020<br>S$'000 |
|---|---|---|
| **Deferred tax liabilities arise as a result of:** | | |
| - Differences in depreciation | **194** | 158 |
| - Others | **–** | 25 |
| | **194** | 183 |
| **Deferred tax assets arise as a result of:** | | |
| - Others | **35** | 58 |
| Deferred tax expense recognised in profit or loss | **(16)** | (9) |

Certain subsidiaries have estimated unutilised tax losses and unabsorbed capital allowances amounting to approximately S$74,520,000 (2020: S$75,250,000) and S$3,524,000 (2020: S$3,524,000) available for set off against future taxable profits of the subsidiaries in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. The tax losses have no expiry date.

According to the Applicable Enterprise Income Tax ("EIT") laws and regulations, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable EIT Laws and regulations.

Pursuant to a tax treaty between the PRC and the Republic of Singapore, which became effective on 1 January 2008, a company incorporated in Singapore will be subject to a withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds 25% or more interests in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

At the end of the reporting period, no withholding tax has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of S$41,565,000 (2020: S$37,747,000) as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Furthermore, certain other subsidiaries of the Group (primarily in Malaysia) had undistributed earnings of S4,710,000 (2020: S$$4,040,000). The Group has not recorded withholding taxes on these undistributed earnings as the tax jurisdictions in which the earnings arose do not charge withholding taxes on the repatriation of these earnings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. REVENUE

*Disaggregation of revenue*

| | Backend equipment solutions & technologies | | Distribution & services | | Total revenue | |
|---|---|---|---|---|---|---|
| **Group** | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| **Primary geographical markets** | | | | | | |
| China | **6,615** | 16,218 | **583** | 564 | **7,198** | 16,782 |
| Singapore | **828** | 1,144 | **243** | 118 | **1,071** | 1,262 |
| Malaysia | **2,678** | 2,592 | **189** | 95 | **2,867** | 2,687 |
| Philippines | **34,994** | 29,501 | **–** | – | **34,994** | 29,501 |
| United Kingdom | **2,538** | 1,926 | **–** | – | **2,538** | 1,926 |
| Others | **3,609** | 2,823 | **2,004** | 2,065 | **5,613** | 4,888 |
| | **51,262** | 54,204 | **3,019** | 2,842 | **54,281** | 57,046 |
| **Timing of transfer of goods or services** | | | | | | |
| At a point in time | **51,262** | 54,204 | **3,019** | 2,842 | **54,281** | 57,046 |
| | **51,262** | 54,204 | **3,019** | 2,842 | **54,281** | 57,046 |

## 25. OTHER INCOME

| **Group** | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| Rental income | **358** | 374 |
| Provision of other services/commission income | **–** | 33 |
| Government incentives and grant income | **503** | 984 |
| Gain on disposal of property, plant and equipment | **28** | 1,778 |
| Advance from customer written off | **166** | 419 |
| Others | **160** | 567 |
| | **1,215** | 4,155 |

Government incentives and grant income mainly relates to relief incentives and grants provided by the government to ease the financial strain on the Group during the COVID-19 pandemic.

## 26. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax.

| Group | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| Impairment loss on property, plant and equipment (Note 5) | **(348)** | (270) |
| Property, plant and equipment written off | **(4)** | (7) |
| Gain on disposal of property, plant and equipment | **28** | 1,778 |
| Allowance/(Write-back) of amounts due from associates | **3,917** | (6,901) |
| Unrealised exchange gain/(loss), net | **1,664** | (935) |
| Depreciation of property, plant and equipment | **(6,126)** | (5,521) |
| Depreciation of right-of-use assets | **(1,237)** | (1,416) |
| Write-back of obsolete and slow-moving inventories | **650** | 78 |
| Allowance on trade receivables | **(239)** | (2) |
| Allowance on other receivables | **(116)** | (31) |
| Staff costs | | |
| - salaries, wages, bonuses and others | **(28,498)** | (25,051) |
| - defined contribution plans | **(1,728)** | (1,790) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 27. FINANCE COSTS, NET

| Group | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| Interest income | | |
| - short-term deposits/current accounts | **78** | 47 |
| - amounts owing from other debtors | **27** | 28 |
| - amounts owing from associates | **192** | 193 |
| | **297** | 268 |
| Interest expense | | |
| - lease liabilities | **(149)** | (195) |
| - bank loans and trade financing | **(241)** | (202) |
| - others | **(4)** | – |
| | **(394)** | (397) |
| Bank charges | **(42)** | (46) |
| Total | **(139)** | (175) |

## 28. EARNINGS PER SHARE

Continuing operations

Basic and diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 31 December:

| **Group** | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| (Loss)/profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share | **(7,290)** | 2,098 |
| Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation (no. of shares, in '000s) | **654,731** | 654,731 |

The diluted earnings per share is the same as the basic earnings per share as there were no outstanding convertible securities for both the financial years ended 31 December 2021 and 31 December 2020.

## 29. SHARE CAPITAL

| **Group and Company** | **2021** | 2020 | **2021** | 2020 |
|---|---|---|---|---|
| | **Number of shares** | | **S$'000** | S$'000 |
| Issued and fully paid ordinary shares | | | | |
| Balance at 1 January and 31 December | **681,966,341** | 681,966,341 | **132,617** | 132,617 |

The holders of ordinary shares (except treasury shares as disclosed in Note 30) 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 30. TREASURY SHARES

| Group and Company | **2021** Number of shares | 2020 Number of shares | **2021** S$'000 | 2020 S$'000 |
|---|---|---|---|---|
| Balance at 1 January and 31 December | **(27,234,855)** | (27,234,855) | **(4,772)** | (4,772) |

Treasury shares relate to the ordinary shares of the Company that are held by the Company. Losses or gains on disposal or reissue of treasury shares are reflected as equity in the balance sheet.

## 31. FOREIGN CURRENCY TRANSLATION RESERVE

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

## 32. CAPITAL RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** **S$'000** | 2020 S$'000 | **2021** **S$'000** | 2020 S$'000 |
| (a) Loss arising from sale or reissue of treasury shares | | | | |
| Balance at 1 January and 31 December | **(3,746)** | (3,746) | **(2,960)** | (2,960) |
| (b) Premium paid on acquisition of non-controlling interest or additional interest in subsidiary | | | | |
| Balance at 1 January and 31 December | **(1,131)** | (1,131) | **–** | – |
| (c) Discount on disposal to non-controlling interests | | | | |
| Balance at 1 January and 31 December | **(2,894)** | (2,894) | **–** | – |
| (d) Loss on dilution in interest in subsidiary | | | | |
| Balance at 1 January and 31 December | **(419)** | (419) | **–** | – |
| (e) Realisation of reserves on disposal of subsidiaries | | | | |
| Balance at 1 January and 31 December | **(4)** | (4) | **–** | – |
| Total balance at 31 December | **(8,194)** | (8,194) | **(2,960)** | (2,960) |

No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

**Gain or loss arising from sale or reissue of treasury shares**

This represents the gain or loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of these reserves.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION

The Group positioned its operations into two strategic business segments comprising Back-end Equipment Solutions and Technologies ("BEST") and Distribution and Services. BEST is mainly engaged in provision of solutions and technologies in the back-end (i.e. assembly, test and finishing) arena of the semiconductor industry. The Distribution and Services segment is engaged mainly in the provision of semiconductor application in consumer electronics, computer peripheral and communication solution.

Segment accounting policies are described in Note 2.27.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONT'D)

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets, investments and intangible assets.

| | BEST | | Distribution and Services | | Adjustment and elimination | | Note | Consolidation | |
|---|---|---|---|---|---|---|---|---|---|
| | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 | | **2021 S$'000** | 2020 S$'000 |
| **Revenue** | | | | | | | | | |
| Segmental revenue | | | | | | | | | |
| - External sales | **51,262** | 54,204 | **3,019** | 2,842 | **–** | – | | **54,281** | 57,046 |
| - Inter-segment sales | **54** | 340 | **–** | – | **(54)** | (340) | A | **–** | – |
| | **51,316** | 54,544 | **3,019** | 2,842 | **(54)** | (340) | | **54,281** | 57,046 |
| **Segment results** | **(4,258)** | 4,817 | **(7,497)** | (7,177) | **–** | – | | **(11,755)** | (2,360) |
| EBITDA (Note B) | **4,287** | 13,806 | **(7,359)** | (6,767) | **–** | – | | **(3,072)** | 7,039 |
| Interest income | **690** | 698 | **27** | 28 | **(420)** | (458) | | **297** | 268 |
| Interest expense | **(814)** | (527) | **–** | (328) | **420** | 458 | | **(394)** | (397) |
| Depreciation on property, plant and equipment | **(6,125)** | (5,520) | **(1)** | (1) | **–** | – | | **(6,126)** | (5,521) |
| Depreciation on right-of-use assets | **(1,237)** | (1,416) | **–** | – | **–** | – | | **(1,237)** | (1,416) |
| Impairment loss on property, plant and equipment | **(348)** | (270) | **–** | – | **–** | – | | **(348)** | (270) |
| Write-back of inventories | **650** | 75 | **–** | 3 | **–** | – | | **650** | 78 |
| Impairment loss on trade receivables | **(241)** | – | **2** | (2) | **–** | – | | **(239)** | (2) |
| Impairment loss on other receivables | **–** | – | **(116)** | (31) | **–** | – | | **(116)** | (31) |
| (Loss)/profit before tax | **(3,138)** | 6,846 | **(7,447)** | (7,098) | **–** | – | | **(10,585)** | (252) |
| Income tax expense | **(1,120)** | (2,029) | **(50)** | (79) | **–** | – | | **(1,170)** | (2,108) |
| (Loss)/profit for the year | **(4,258)** | 4,817 | **(7,497)** | (7,177) | **–** | – | | **(11,755)** | (2,360) |
| Other information: | | | | | | | | | |
| Share of results of associates | **(64)** | (1,248) | **(3,055)** | (5,147) | **–** | – | | **(3,119)** | (6,395) |
| Foreign currency exchange gain/(loss) | **1,229** | (1,495) | **435** | 560 | **–** | – | | **1,664** | (935) |
| Additions to non-current assets (Note C) | **9,023** | 6,420 | **–** | 2 | **–** | – | | **9,023** | 6,422 |
| Segment assets | **78,135** | 80,937 | **20,714** | 26,319 | **(10,048)** | (7,474) | | **88,801** | 99,782 |
| Segment liabilities | **16,106** | 14,828 | **22,037** | 19,880 | **(10,048)** | (7,474) | | **28,095** | 27,234 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONT'D)

Notes

A Inter-segment transactions are eliminated on consolidation.

B EBITDA: Earnings before interest expense, interest income, tax, depreciation, amortization and impairment losses.

C Additions to non-current assets consist of additions to intangible assets, property, plant and equipment and right-of-use assets.

Geographical information

Revenue and non-current assets are based on the geographical location of the entities as follows:

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| China | **7,198** | 16,782 | **241** | 259 |
| Singapore | **1,071** | 1,262 | **315** | 387 |
| Malaysia | **2,867** | 2,687 | **734** | 213 |
| Philippines | **34,994** | 29,501 | **19,915** | 18,552 |
| United Kingdom | **2,538** | 1,926 | **1,612** | 1,985 |
| Others | **5,613** | 4,888 | **405** | 259 |
| | **54,281** | 57,046 | **23,222** | 21,655 |

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and investment properties as presented in the consolidated balance sheet.

Information about major customers

Revenue from 3 major customers amounted to S$35,455,000 (2020: S$39,675,000), arising from sales by the BEST segment.

Revenue from one major customer amounted to S$530,000 (2020: S$865,000), arising from sales by the Distribution and Services segment.

## 34. COMMITMENTS

### (a) Financial support

The Company has agreed to provide financial support to a subsidiary to meet its liabilities as and when they fall due and to not recall loan due from it for twelve months from the date of issuance of the financial statements.

The Company has also agreed to not recall loan due from an associate for twelve months from the date of issuance of the financial statements. In the subsequent financial years, the Company has extended the repayment period of the loan due from an associate to 2024.

### (b) Guarantees

The Company has given corporate guarantees of S$94,000 (2020: S$389,000) to financial institutions in connection with banking facilities granted to its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 35. AUDIT AND NON-AUDIT FEES

| Group | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| Audit fees paid to auditors of the Company | **1,089** | 291 |
| Audit fees paid to other auditors | **273** | 276 |
| Non-audit fees paid to auditors of the Company | **23** | 46 |
| Non-audit fees paid to other auditors | **23** | 13 |

## 36. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions are entered with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements.

| Group | **2021 S$'000** | 2020 S$'000 |
|---|---|---|
| Directors: | | |
| Directors' fees of the Company | **233** | 234 |
| Directors' fees of listed subsidiaries | **102** | 153 |
| Directors' remuneration | **3,793** | 1,655 |
| Defined contribution plans | **22** | 21 |
| Other key executive officers: | | |
| Short-term employee benefits | **2,092** | 2,275 |
| Defined contribution plans | **74** | 92 |
| Related parties: | | |
| Corporate cost recovery | **170** | 400 |
| Interest income | **192** | 193 |
| Rental expenses | **(167)** | (118) |
| Utilities expenses | **(11)** | – |
| Shareholder: | | |
| Remuneration paid to a shareholder of the Company who is not a director | **435** | 548 |
| Defined contribution plans | **26** | 31 |
| Transactions with directors or key executive officers: | | |
| Fee paid to director of the Company for consultancy services | **40** | 50 |
| Fee paid to key executive officer of the Company for consultancy services | **57** | – |

Related party refers to the company in which the Company's Chairman and Chief Executive Officer holds a key executive position and has 5% equity interest, as well as associates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk. It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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

### (i) 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 exposure to credit risk arises primarily from trade and other debtors and amounts due from subsidiary companies. For other financial assets (including available-for-sale financial assets and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

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 has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 360 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty
- A breach of contract, such as a default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments on a specific basis. 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 receivable due. Where recoveries are made, these are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### (i) Credit risk (Cont'd)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2021 is determined as follows. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by geographical region:

Singapore:

| | Current S$'000 | 1 to 30 days past due S$'000 | 31 to 60 days past due S$'000 | 61 to 90 days past due S$'000 | More than 90 days past due S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Gross carrying amount | 65 | 127 | 1 | – | 2 | 195 |
| Loss allowance provision | – | – | – | – | – | – |
| **2020** | | | | | | |
| Gross carrying amount | 75 | 90 | 86 | – | 5 | 256 |
| Loss allowance provision | – | – | – | – | – | – |

China:

| | Current S$'000 | 1 to 30 days past due S$'000 | 31 to 60 days past due S$'000 | 61 to 90 days past due S$'000 | More than 90 days past due S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Gross carrying amount | 1,856 | 185 | – | 15 | 83 | 2,139 |
| Loss allowance provision | – | – | – | – | 83 | 83 |
| **2020** | | | | | | |
| Gross carrying amount | 1,450 | 517 | 6 | – | 79 | 2,052 |
| Loss allowance provision | – | – | – | – | 79 | 79 |

Philippines:

| | Current S$'000 | 1 to 30 days past due S$'000 | 31 to 60 days past due S$'000 | 61 to 90 days past due S$'000 | More than 90 days past due S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Gross carrying amount | 3,871 | 2,356 | 285 | 52 | 123 | 6,687 |
| Loss allowance provision | – | – | – | – | 27 | 27 |
| **2020** | | | | | | |
| Gross carrying amount | 3,173 | 1,683 | 654 | 349 | 380 | 6,239 |
| Loss allowance provision | – | – | – | – | 12 | 12 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### (i) Credit risk (Cont'd)

Other geographical areas:

| | Current S$'000 | 1 to 30 days past due S$'000 | 31 to 60 days past due S$'000 | 61 to 90 days past due S$'000 | More than 90 days past due S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Gross carrying amount | 2,038 | 187 | 62 | 4 | 52 | 2,343 |
| Loss allowance provision | 222 | – | – | – | 5 | 227 |
| **2020** | | | | | | |
| Gross carrying amount | 1,725 | 334 | 133 | 4 | 13 | 2,209 |
| Loss allowance provision | – | – | – | – | 2 | 2 |

Information regarding loss allowance of trade receivables is disclosed in Note 13.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade debtors on an on-going basis. The credit risk concentration profile of the Group's trade debtors at the date of statement of financial position is as follows:

| Group | **2021** | | 2020 | |
|---|---|---|---|---|
| | **S$'000** | **% of total** | S$'000 | % of total |
| China | **2,056** | **19** | 1,973 | 19 |
| Singapore | **195** | **2** | 256 | 2 |
| Malaysia | **794** | **7** | 646 | 6 |
| Philippines | **6,660** | **60** | 6,227 | 58 |
| Other | **1,322** | **12** | 1,561 | 15 |
| | **11,027** | **100** | 10,663 | 100 |

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- corporate guarantees provided by the Company to financial institutions on credit facilities extended to the subsidiaries (Note 34).

Credit risk concentration profile

The Group analyses the credit risk concentration profile separately for the Distribution and Service and BEST segments.

*Distribution and Services Segment*

The Group determines concentrations of credit risk for the Distribution and Services Segment by monitoring the country profile of its trade receivables on an on-going basis. There was no significant concentration of credit risk in the Distribution and Services segment except that significant trade receivables are customers engaging businesses in the semiconductor and electronics industries in Greater China.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### (i) Credit risk (Cont'd)

Credit risk concentration profile (Cont'd)

*BEST Segment*

Significant trade receivables are customers engaging businesses in the semiconductor and electronics industries. In addition, the Group monitors its concentrations of credit risk for the BEST Segment by specific customers' profile, based on their market position and relative financial stability. As at 31 December 2021, approximately 72% (2020: 77%) of the trade receivables is due from the top five customers of the BEST Segment. These are multi-national corporations who are key market players in the semiconductor industry and with good financial standing.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and cash equivalents and derivatives with positive fair value that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade receivables and other receivables that are either past due or impaired is disclosed in Note 13 and Note 14 respectively.

### (ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's financing activities are managed centrally with the objective of maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group also ensures availability of bank credit lines to address any short-term funding requirement.

Except for loans and borrowings, lease liabilities and long term payables, the Group's and the Company's financial liabilities at the end of the reporting period are repayable/mature within one year. The repayment terms of long term payables, lease liabilities and the loans and borrowings are disclosed in Note 22, Note 21 and Note 17 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### (ii) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| Group<br>2021 | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Over 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Cash at bank and on hand | **23,849** | **–** | **–** | **23,849** |
| Trade receivables | **11,027** | **–** | **–** | **11,027** |
| Other receivables | **694** | **43** | **–** | **737** |
| Amount due from associates | **17** | **3,000** | **2,682** | **5,699** |
| Total undiscounted financial assets | **35,587** | **3,043** | **2,682** | **41,312** |
| **Financial liabilities:** | | | | |
| Trade payables and accruals | **13,396** | **–** | **–** | **13,396** |
| Other payables | **2,854** | **–** | **–** | **2,854** |
| Lease liabilities | **1,200** | **1,511** | **–** | **2,711** |
| Long term payables | **–** | **1,489** | **1,124** | **2,613** |
| Loans and borrowings | **2,701** | **524** | **–** | **3,225** |
| Total undiscounted financial liabilities | **20,151** | **3,524** | **1,124** | **24,799** |
| Total net undiscounted financial assets/(liabilities) | **15,436** | **(481)** | **1,558** | **16,513** |

| Group<br>2020 | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Over 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Cash at bank and on hand | 28,917 | – | – | 28,917 |
| Trade receivables | 10,663 | – | – | 10,663 |
| Other receivables | 1,408 | 5 | – | 1,413 |
| Amount due from associates | 7,845 | – | – | 7,845 |
| Amount due from related company | 3,070 | – | – | 3,070 |
| Total undiscounted financial assets | 51,903 | 5 | – | 51,908 |
| **Financial liabilities:** | | | | |
| Trade payables and accruals | 11,556 | – | – | 11,556 |
| Other payables | 4,362 | – | – | 4,362 |
| Lease liabilities | 1,099 | 817 | – | 1,916 |
| Long term payables | – | 919 | 1,828 | 2,747 |
| Loans and borrowings | 2,846 | 522 | – | 3,368 |
| Total undiscounted financial liabilities | 19,863 | 2,258 | 1,828 | 23,949 |
| Total net undiscounted financial assets/(liabilities) | 32,040 | (2,253) | (1,828) | 27,959 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### (ii) Liquidity risk (Cont'd)

| Company<br>2021 | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Over 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Cash at bank and on hand | **1,390** | **–** | **–** | **1,390** |
| Other receivables | **10** | **–** | **–** | **10** |
| Amounts due from subsidiaries | **–** | **77** | **–** | **77** |
| Amounts due from associates | **–** | **3,000** | **2,682** | **5,682** |
| Total undiscounted financial assets | **1,400** | **3,077** | **2,682** | **7,159** |
| **Financial liabilities:** | | | | |
| Trade payables and accruals | **3,573** | **–** | **–** | **3,573** |
| Other payables | **356** | **–** | **–** | **356** |
| Lease liabilities | **40** | **30** | **–** | **70** |
| Amounts due to subsidiaries | **9,700** | **–** | **–** | **9,700** |
| Total undiscounted financial liabilities | **13,669** | **30** | **–** | **13,699** |
| Total net undiscounted financial (liabilities)/assets | **(12,269)** | **3,047** | **2,682** | **(6,540)** |

| Company<br>2020 | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash at bank and on hand | 2,902 | – | 2,902 |
| Other receivables | 77 | – | 77 |
| Amounts due from subsidiaries | 10,677 | – | 10,677 |
| Amounts due from associates | 8,055 | – | 8,055 |
| Total undiscounted financial assets | 21,711 | – | 21,711 |
| **Financial liabilities:** | | | |
| Trade payables and accruals | 1,029 | – | 1,029 |
| Other payables | 356 | – | 356 |
| Amounts due to subsidiaries | 6,906 | – | 6,906 |
| Total undiscounted financial liabilities | 8,291 | – | 8,291 |
| Total net undiscounted financial assets | 13,420 | – | 13,420 |

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

| Company | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|
| **2021** | | | |
| Financial guarantees | **94** | **–** | **94** |
| **2020** | | | |
| Financial guarantees | 389 | – | 389 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. The Company's loans at floating rate given to related parties form a natural hedge for its floating rate bank loan. All of the Group's and the Company's financial liabilities at floating rates are contractually repriced at intervals of less than 3 months (2020: less than 3 months) from the end of the reporting period.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 75 (2020: 75) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been S$23,000 lower/higher (2020: S$24,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

### (iv) Foreign currency risk

Certain subsidiaries of the Group have transactional currency exposures arising from sales that are denominated in currencies other than their respective functional currencies. The foreign currency in which these transactions are mostly denominated is US dollars ("USD"). Approximately 13% (2020: 13%) of the Group's sales is denominated in currencies other than its operating entities' respective functional currencies.

The Group's trade receivables at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to S$6,415,000 and S$49,000 (2020: S$8,635,000 and S$817,000) for the Group and the Company respectively.

<u>Sensitivity analysis for foreign currency risk</u>

The Group has significant foreign currency risk exposure to fluctuation in the USD against SGD. At the end of the reporting period, if USD had strengthened or weakened by 5% (2020: 5%) against SGD with all other variables held constant, the Group's loss before tax would have been S$45,000 lower/higher (2020: S$1,594,000 lower/higher).

The Company has significant foreign currency risk exposure to fluctuation in the USD against SGD. At the end of the reporting period, if USD had strengthened or weakened by 5% (2020: 5%) against SGD with all other variables held constant, the Company's loss before tax would have been S$684,000 lower/higher (2020: S$1,594,000 lower/higher).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 38. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2021 S$'000** | 2020 S$'000 | **2021 S$'000** | 2020 S$'000 |
| **Financial assets measured at amortised cost** | | | | | |
| Amounts due from subsidiaries | 11 | **–** | – | **77** | 10,466 |
| Amounts due from associates | 12 | **5,597** | 7,845 | **5,580** | 7,913 |
| Amounts due from related company | 12 | **–** | 3,070 | **–** | – |
| Trade receivables | 13 | **11,027** | 10,663 | **–** | – |
| Other receivables [(1)] | 14 | **737** | 1,413 | **10** | 77 |
| Cash and cash equivalents | 15 | **23,849** | 28,917 | **1,390** | 2,902 |
| | | **41,210** | 51,908 | **7,057** | 21,358 |
| **Financial liabilities measured at amortised cost** | | | | | |
| Trade payables and accruals | 18 | **13,396** | 11,556 | **3,573** | 1,029 |
| Other payables [(2)] | 19 | **2,854** | 4,362 | **356** | 356 |
| Lease liabilities | 21 | **2,448** | 1,832 | **70** | – |
| Long term payables | 22 | **2,530** | 2,665 | **–** | – |
| Loans and borrowings | 17 | **3,053** | 3,173 | **–** | – |
| Amounts due to subsidiaries | 20 | **–** | – | **9,700** | 6,906 |
| | | **24,281** | 23,588 | **13,699** | 8,291 |

[(1)] excludes tax recoverable
[(2)] excludes advances from customers and capital injection from non-controlling interest

### (b) Fair value of assets and liabilities

#### (i) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access 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 or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 during the financial years ended 2021 and 2020.

#### (ii) Assets and liabilities measured at fair value

Investment securities are measured at fair value in 2021 and 2020.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Fair value of assets and liabilities (Cont'd)

#### (iii) Assets and liabilites not carried at fair value, for which fair value is disclosed

Determination of fair value

Management has determined that the carrying amounts of loans and borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

| | Fair value measurements at the end of the reporting period using | | | |
|---|---|---|---|---|
| **Company** | **Quoted prices in active markets for identical assets (Level 1)** S$'000 | **Significant observable inputs (Level 2)** S$'000 | **Total** S$'000 | **Carrying amount** S$'000 |
| **2021** | | | | |
| **Assets** | | | | |
| Subsidiaries: | | | | |
| - Quoted shares | **5,703** | **–** | **5,703** | **–** |
| Associates: | | | | |
| - Quoted shares | **5,801** | **–** | **5,801** | **5,801** |
| **2020** | | | | |
| **Assets** | | | | |
| Subsidiaries: | | | | |
| - Quoted shares | 5,703 | – | 5,703 | – |
| Associates: | | | | |
| - Quoted shares | 5,801 | – | 5,801 | 5,801 |

## 39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2021 and 31 December 2020.

| Group | **2021** **S$'000** | 2020 S$'000 |
|---|---|---|
| Loans and borrowings (Note 17) | **3,053** | 3,173 |
| Trade payables and accruals (Note 18) | **13,396** | 11,556 |
| Other payables (Note 19) | **5,618** | 7,039 |
| Lease liabilities (Note 21) | **2,448** | 1,832 |
| Long term payables | **2,530** | 2,665 |
| Less: Cash and short-term deposits | **(23,849)** | (28,917) |
| Net debt | **3,196** | (2,652) |
| Equity attributable to owners of the Company | **68,757** | 75,771 |
| Capital and net debt | **71,953** | 73,119 |
| Gearing ratio | **4%** | (4%) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 40. CONTINGENCIES

(i) Legal matters relating to an ex-employee of the Group

On 7 February 2019, an ex-employee of the Group had written to quantify his claim for the purpose of seeking a settlement for negotiations over certain disputes. The employee, who was terminated in 2018, is claiming US$3,750,000 (approximately S$4,969,000) relating to employment and shareholder disputes which arose in 2018.

On 18 June 2019, the ex-employee filed a complaint in an administrative proceeding with the California Labor Commissioner's Office ("CLCO") for the amount of US$750,000 (approximately S$994,000) for his commission and bonus for the years 2017 and 2018. On 19 November 2019, the amount claimed was revised to US$1,553,000 (approximately S$2,058,000) for his commission, bonus claims and late payment penalty.

On 7 July 2020, the ex-employee had filed a similar claim with Superior Court of California for his alleged unpaid commission and bonus, and also losses and damages allegedly due to wrongful actions of the defendants. Subsequently, the Group filed a motion to compel arbitration at the Federal Court. On 28 October 2020, the Federal Court in the United States District Court for the Northern District of California ("Federal Court") ruled in favour of the Group to compel arbitration where the case can only be arbitrated in Hong Kong. As the ex-employee did not appeal within the 30 days period, the Federal Court's ruling had become final, and is binding on the Superior Court of California. At the date of financial statements, the ex-employee had not filed any claims for arbitration in Hong Kong. In January 2021, the ex-employee has tried to re-open an administrative proceeding with California Labor Commissioner's office.

On 20 April 2021, the case was dismissed by the California Labor Commissioner's office.

(ii) Legal matters relating to an ex-employee of the Group

On 26 October 2022, DGI's indirect subsidiaries Nanjing DTB Development Co., Ltd. ("DTB Nanjing"), and Jiangsu Longjiang Ship Building Co., Ltd. ("Jiangsu Longjiang") have jointly received a Request for Litigation from the Nanjing Gulou District People's Court ("Request for Litigation").

The Request for Litigation is in relation to a dispute from an ex-employee, who was previously employed by Jiangsu Longjiang. In the Request for Litigation, it is alleged that Jiangsu Longjiang owes the ex-employee accrued and unpaid labor remuneration, overtime pay, fixed subsidies and executive benefits worth RMB2,544,250.57 ("Alleged Debt"). As Jiangsu Longjiang is a wholly owned subsidiary of DTB Nanjing and the two companies share the same office address as well as the same management and finance teams and staff, the ex-employee alleges that the two companies should be jointly responsible for the Alleged Debt owed by Jiangsu Longjiang.

On 20 April 2023, the court had awarded RMB1,149,257.91 to the ex-employee.

Management of DGI had appealed to the court. However, management had assessed the circumstances and has determined that it is probable that the appellate court may uphold the original judgement.

(iii) Legal matters relating to an ex-consultant of the Group

In April 2020, an ex-consultant contacted EoCell Inc requesting compensation under the Consulting Agreement in respect of the investment made by YinLong in EoCell Limited (parent company of EoCell Inc) which was completed in May 2019. In May 2020, the ex-consultant made a demand on Eocell inc, asserting that he was owed payment in lieu of services rendered to the Group. On 20 May 2020, the ex-consultant's counsel issued a written demand letter, asserting a claim for breach of contract relating to the Consulting Agreement and demanding settlement offer of US$375,000 (approximately S$497,000).

On 3 February 2021, the ex-consultant filed a Complaint to the Superior Court of California for a claim of 2.5% to 3.0% of US$20,000,000 (approximately S$26,500,000) plus interest (approximately S$662,000 to S$795,000). Subsequently on 19 March 2021, a formal claim has been served to EoCell inc by the ex-consultant.

Management of DGI has assessed the facts and circumstances of the claim and is of the view that the claim is unmeritorious and is unlikely to be successful, and has determined that it is possible, but not probable, that the claim will succeed.

In July 2021, the case was settled out of court for an amount of $100,000.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 40. CONTINGENCIES (CONT'D)

(iv) ASTI Management Incentive Scheme ("AMIS")

On 14 August 2020, the Board has approved the management incentive scheme of the ASTI Group ("AMIS"). This is to incentivise and reward key management personnel as they strive to improve overall performance of the Group and bring the Group out of the financial watch-list.

For every dollar of increase in income or reduction in expense or cost resulting in lower losses before tax or increase in profit before tax calculated against profit before tax of the previous financial year, 25% thereof will be declared to the key management as variable bonus. All calculations will be based on audited accounts of the Group for the relevant financial years. The AMIS will be in force for financial year 2020 up to and including financial year 2024.

The variable bonus due under AMIS for each financial year will be accrued and will be paid once ASTI Group reaches profitability unless the Board determines that such payment will be detrimental to the cash flows of the Group. Management has assessed that the profitability criterion is not met and thus such bonuses were not accrued or paid during the year.

On 11 August 2023, the Board has approved the termination of the AMIS as the Group has incurred a loss of S$11,755,000 during the financial year, hence, no AMIS bonus will be payable and the key management personnel in relation to the AMIS had left the Group.

## 41. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) On 3 November 2021, the Company has entered into a conditional sale and purchase agreement ("SPA") with Roslan Bin Affandi ("Purchaser") for the sale by the Company and the purchase by the Purchaser of Micro View Technologies Sdn Bhd, a direct wholly owned subsidiary. The Company has announced the SPA deed of termination on 16 December 2022.

(ii) On 18 December 2021, the Company has entered into a conditional sale and purchase agreement ("SPA") with Instern Pte. Ltd. ("Instern") for the sale by the Company and the purchase by Instern of EoPlex Limited, a direct 85% owned subsidiary. The Company has announced the SPA deed of termination on 16 December 2022.

(iii) On 2 February 2022, EoCell, Inc. ("EoCell"), an associate of the Company has entered into a Master Development Agreement with Morrow Batteries AS to commercialize a best-in-class prismatic battery for the automotive industry. The collaboration is expected to deliver a market-leading battery that can be produced at scales sufficient to meet the high requirements of the world's leading electric vehicle manufacturers.

(iv) On 8 April 2022, the Company has entered into an addendum in relation to the loan agreement with Advanced Systems Automation Limited ("ASA") dated 31 December 2020 ("Loan Agreement"). The outstanding balance under the Loan Agreement as at 8 April 2022 is S$9,280,335. This includes the S$1,000,000 refundable deposit that was converted into an interest-bearing loan ("Converted Loan") upon the termination of SPA.

Under the Addendum, the Company and ASA have agreed that the outstanding sums owed under the Loan Agreement and the abovementioned Converted Loan shall be paid in accordance with the following tranches:

a) A sum equivalent to S$2,000,000 to be payable on 31 March 2023;
b) A sum equivalent to S$2,000,000 to be payable on 31 March 2024;
c) A sum equivalent to S$2,000,000 to be payable on 31 March 2025;
d) A sum equivalent to S$2,000,000 to be payable on 31 March 2026; and
e) The balance sum outstanding under the Loan Agreement inclusive of any interest that has accrued shall be paid on 31 March 2027.

On 6 June 2023, the Company has entered into a second addendum in relation to the Loan Agreement with ASA dated 31 December 2020 and Addendum to the Loan Agreement dated 8 April 2022.

Under the second Addendum, the Company and ASA have agreed that the outstanding sums owed under the Loan Agreement shall be paid in accordance with the following tranches:

a) A sum equivalent to S$1,000,000 to be payable on 31 July 2024;
b) A sum equivalent to S$1,000,000 to be payable on 31 July 2025;
c) A sum equivalent to S$2,000,000 to be payable on 31 July 2026;
d) A sum equivalent to S$2,000,000 to be payable on 31 July 2027;
e) A sum equivalent to S$2,000,000 to be payable on 31 July 2028; and
f) The balance sum outstanding under the Facility inclusive of any interest that has accrued shall be paid on 31 July 2029.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 41. EVENTS OCCURING AFTER THE REPORTING PERIOD (CONT'D)

(v) On 8 June 2022, EoCell, an associate of the Company has entered into a Non-Binding Letter of Intent with a publicly traded special purpose acquisition corporation ("SPAC") for the purposes of consummating a business combination transaction ("Transaction").

Following the Transaction negotiations, in the event that a definitive agreement is signed, and the Transaction is completed, it is expected that, inter alia, the SPAC will acquire EoCell by reverse triangular merger, or by similar structure as mutually agreed by the parties, and the shareholders of EoCell will become shareholders of the SPAC.

As the Company has an indirect interest in EoCell, the Company will accordingly have an indirect interest in the SPAC upon the completion of the Transaction.

The Company has announced that following negotiations, no definitive agreement was entered into and the parties to the Transaction has decided that they will no longer be proceeding with the Transaction on 9 February 2023.

(vi) On 10 June 2022, EoCell, an associate of the Company has entered into a Memorandum of Understanding ("MOU") with Hong Seng Consolidated Berhad, a company incorporated under the laws of Malaysia that is listed on the Main Market of Bursa Malaysia Securities Berhad ("Hong Seng", together with Eocell the "Parties") and is involved in various sectors including but not limited to manufacturing. The MOU sets out the Parties' understanding of the key terms relating to the project whereby the Parties shall work together to build and create a regional manufacturing hub in Malaysia to manufacture batteries for electric vehicles ("EV") and progress to other power storage solutions for EV and to supply to EV manufacturers, assemblers, users in the South East Asian region ("Project") subject to the terms and conditions of the MOU.

(vii) On 29 September 2022, a direct owned subsidiary of the Company has entered into a loan agreement with Bank of the Philippine Islands. The amount of this loan agreement is US$7,000,000 which is repayable every quarter starting from financial year 2024 for 3 years.

(viii) On 9 February 2023, the Company announced that a substantial shareholder of the Company, Dato' Michael Loh Soon Gnee ("Dato' Loh"), who holds 130,209,600 shares representing 19.89% shareholding interest in the Company as at 8 February 2023, has informed the Company that he has entered into a share purchase agreement dated 8 February 2023 ("SPA") involving the disposal of his entire shareholding in the Company ("Sale Shares") with an unrelated third party, Capital Engineering Network Public Company Limited (the "Purchaser").

Pursuant to the terms of the SPA, Dato' Loh will transfer the Sale Shares for a consideration in the form of the issuance of 80,000,000 ordinary shares in the Purchaser valued at of THB 216,147,936.

The approval of the Purchaser's shareholders has been obtained at the Purchaser's extraordinary general meeting on 15 March 2023 for the issuance of 80,000,000 ordinary shares in the Purchaser valued at of THB 216,147,936 in consideration for the sale of 130,209,600 shares representing a 19.89% shareholding interest in the Company from Dato' Loh to the Purchaser.

(ix) On 12 May 2023, the Company has received an unsolicited, non-binding letter of intent (the "LOI") from a consortium of two parties (collectively, the "Potential Offeror Consortium"). The LOI states the Potential Offeror Consortium's genuine interest in making a possible pre-conditional voluntary general cash offer (the "Potential Offer") through a special purpose vehicle (the "Potential Offeror") for all the issued ordinary shares in the capital of the Company (each a "Share"), other than Shares held by the Company in treasury and Shares held directly or indirectly by the Potential Offeror Consortium.

The Potential Offeror is Prospera Alliance Pte. Ltd., and that the members of the Potential Offeror Consortium are Capital Engineering Network Public Company Limited (a company listed on the Stock Exchange of Thailand) and Mr. Heah Theare Haw (who is as at the date hereof a substantial shareholder of the Company) which was announced on 30 May 2023.

The Company has announced that the LOI sets out the basis on which the Company and the Potential Offeror Consortium have agreed to continue discussions for the implementation of the Potential Offer and does not constitute a legally binding agreement, save for, inter alia, limited exclusivity and confidentiality undertakings on 10 July 2023.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 41. EVENTS OCCURING AFTER THE REPORTING PERIOD (CONT'D)

(x) On 20 July 2023, the Company has applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for a further extension to 31 August 2023 to hold its FY2021 AGM and 31 October 2023 to hold its FY2022 AGM pursuant to Rule 707(1) of the SGX-ST Listing Manual ("Further Applications").

Despite the Company having previously submitted an application for an extension of time to hold its annual general meeting for FY2022 on 28 April 2023, the Company was notified by the SGX-ST on 11 May 2023 that they are unable to grant the Company the extension of time to comply with Rule 707(1) of the Listing Manual by 30 November 2023 in respect of the Company's AGM for FY2022 taking into consideration that the Company has been in breach of Rule 707(1) in relation to its FY2021 AGM since 7 September 2022. The Company has submitted an appeal on 12 May 2023.

(xi) On 19 July 2023, Board of Directors ("Board") of the Company received a letter bearing the date 18 July 2023 (the "Letter") issued by Mr. Ng Yew Nam, Mr. Lim Chee San, Mr. Toh Cheng Hai and Mr. Ng Kok Hian (the "Requisitioning Shareholders") giving the Company notice that the Requisitioning Shareholders intend to call an extraordinary general meeting ("EGM") pursuant to section 177 of the Companies Act 1967 ("Companies Act"), along with a copy of the circular to shareholders, attaching the notice of the EGM which is intended to be held on 22 August 2023 at 10 a.m. at Meeting Room, 9 Straits View, Level 3, Marina One West Tower, Singapore 018937 ("Notice of EGM"), and the accompanying proxy form.

Based on the Letter, the Requisitioning Shareholders have stated that they collectively hold not less than 10% of the total number of issued shares of the Company, and intend to call the EGM for the purpose of considering and if thought fit passing (with or without modifications) the following resolutions as ordinary resolutions (reproduced in their entirety below, as they were set out in the Letter) (the "Proposed Resolutions"). Refer to the announcement on SGX on 20 July 2023.

## 42. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of ASTI Holdings Limited for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 15 August 2023.

# APPENDIX 3

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2021

## THE PROPOSED APPOINTMENT OF RT LLP AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**APPENDIX DATED 16 AUGUST 2023**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

This Appendix is circulated to Shareholders of ASTI Holdings Limited (the "**Company**") together with the Company's annual report ("**Annual Report**"). Its purpose is to explain to shareholders of the Company ("**Shareholders**") the rationale and provide information relating to the proposed change of auditors to be tabled at the annual general meeting ("**AGM**") to be held on 31 August 2023 at 2.00 p.m.

If you have sold or transferred all your shares in the capital of ASTI Holdings Limited held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or the transferee as arrangement will be made by CDP for a separate Appendix to be sent to the purchaser or the transferee. If you have sold or transferred all your ordinary shares in the capital of ASTI Holdings Limited. (the "**Company**"), you should immediately forward this Appendix, the Notice of AGM and the Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The legal advisers appointed by the Company for the purpose of the corporate action set out in this Appendix is Mr Ng Li Yong, WNLEX LLC.

This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the accuracy of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

ASTI Holdings Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199901514C)

**APPENDIX TO THE ANNUAL REPORT**

**IN RELATION TO**

**THE PROPOSED APPOINTMENT OF RT LLP AS AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

**IMPORTANT DATES AND TIMES**

| | | |
|---|---|---|
| Last date and time for lodgement of Proxy Form | : | 28 August 2023 at 2.00 p.m. |
| Date and time of the AGM | : | 31 August 2023 at 2.00 p.m. |
| Place of the AGM | : | The Annual General Meeting will be held at Lifelong Learning Institute, Event Hall 2-1, 11 Eunos Road 8, Singapore 408601 |

# TABLE OF CONTENTS

## DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires: -

| | |
|---|---|
| **"Accountants Act"** | The Accountants Act 2004 of Singapore, as amended, supplemented or modified from time to time |
| **"ACRA"** | Accounting and Corporate Regulatory Authority of Singapore |
| **"AGM"** | The annual meeting of the Company to be held on 31 August 2023 at 2.00 p.m., the notice of which is set out on Appendix 5 of the Annual Report 2021 |
| **"Appendix"** | This Appendix to Shareholders dated 16 August 2023 |
| **"Audit Committee"** | The Audit Committee of the Company as at the date of this Appendix |
| **"Auditors"** | The auditors of the Company as appointed from time to time |
| **"Board"** | The board of directors of the Company as at the date of this Appendix |
| **"CDP"** | The Central Depository (Pte) Limited |
| **"Company"** | ASTI Holdings Limited |
| **"Companies Act"** | The Companies Act 1967, as amended, modified or supplemented from time to time |
| **"Constitution"** | The constitution of the Company, as may be amended or modified from time to time |
| **"Director"** | A director of the Company as at the date of this Appendix or at any relevant time as the case may be |
| **"EY"** | Ernst & Young LLP |
| **"FY"** | Financial year ended or ending 31 December |
| **"Group"** | The Company and its subsidiaries |
| **"Latest Practicable Date"** | 10 August 2023, being the latest practicable date prior to the printing of this Appendix |
| **"Listing Manual"** | The SGX Listing Manual, as amended, modified or supplemented from time to time |
| **"NOC"** | The notice of compliance issued by the SGX-RegCo on 21 July 2023 to the Board |
| **"Notice of AGM"** | The Notice of AGM as set out on Appendix 5 of the Annual Report 2021 |
| **"Ordinary Resolution"** | The ordinary resolution in relation to the Proposed Appointment of RT LLP as auditor of the Company in place of EY |
| **"Proposed Appointment of Auditors"** | The proposed appointment of RT LLP as auditor of the Company in place of EY |
| **"RT"** | RT LLP |
| **"SFA"** | Securities and Futures Act 2001, as amended, modified, or supplemented from time to time |
| **"SGX-ST"** | Singapore Exchange Securities Trading Limited |

| | |
|---|---|
| **"Shareholders"** | Registered holders of Shares, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares |
| **"Shares"** | Ordinary shares in the share capital of the Company |
| **"%" or "per cent."** | Percentage or per centum |
| **"S$", "$" and "cents"** | Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore |

The expressions "**related corporation**", "**subsidiary**" and "**Substantial Shareholder**" shall have the meaning ascribed to them respectively in the Companies Act.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa,* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA and the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA and the Listing Manual or modification as the case may be, unless otherwise provided.

Any reference in this Appendix to a time of day and date shall be a reference to Singapore time and date respectively, unless otherwise stated.

**ASTI HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199901514C)

**Directors:**
Mr Anthony Loh Sin Hock
*(Executive Director and Acting Chief Executive Officer)*
Dr Kriengsak Chareonwongsak
*(Non-Executive Director and Non-Independent Chairman)*
Dato' Sri Mohd Sopiyan B Mohd Rashdi
*(Non-Executive and Lead Independent Director)*
Mr Charlie Jangvijitkul
*(Non-Executive and Independent Director)*
Mr Theerachai Leenabanchong
*(Non-Executive and Non-Independent Director)*

**Registered Office:**
33 Ubi Avenue 3,
#08-69 Vertex
Singapore 408868

Date: 16 August 2023

**To: The Shareholders of ASTI Holdings Limited**

Dear Sir / Madam,

**THE PROPOSED APPOINTMENT OF RT LLP AS AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

**1. INTRODUCTION**

**1.1** The Board is convening the AGM to be held on 31 August 2023 to seek the approval of the Shareholders for the Proposed Appointment of RT as Auditor of the Company in place of EY.

**1.2** The purpose of this Appendix is to provide Shareholders with relevant information pertaining to above-mentioned proposal and the rationale thereof, and to seek Shareholders' approval for the same as an ordinary resolution at the AGM to be convened, the notice of which is set out on Appendix 5 of the Annual Report 2021.

**2. THE PROPOSED CHANGE OF AUDITORS**

**2.1 Background and rationale**

The Company's current Auditors, EY, have been the Auditors of the Company since the financial year ended 31 December 1999 and was last re-appointed at the AGM held on 31 May 2021, to hold office until the conclusion of the next annual general meeting of the Company. The appointment of EY as auditors of the Company will therefore expire upon conclusion of the AGM.

EY Audit Partner had informed the Audit Committee ("AC") that EY would not be seeking re-appointment during the 23 February 2023 AC Meeting. EY had been considering for quite some time to step down as the auditor of the Group. In light of EY's retirement and as part of good corporate governance initiatives as well as the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board conducted a cost rationalisation exercise and is of the view that it would be timely to effect a change of Auditors subject to Shareholders' approval.

Additionally, the SGX-RegCo had issued the NOC directing the Directors to take certain actions by 31 August 2023, including the appointment of a new auditor pursuant to Rule 712(3) of the Listing Manual, to minimise any further delay to the preparation of the audited financial statements for FY2022.

The management of the Company had sought and obtained quotations and proposals from several reputable audit firms. The Board, in consultation with the Audit Committee, having considered the suitability of the audit firms and the needs of the Company and Group, has nominated and recommended RT to replace EY as the Auditors.

In particular, RT was selected amongst various other audit firms which had provided their quotations and proposals to the Company, after taking into account, *inter alia*, the adequacy of the resources and experience of RT, the audit engagement partner assigned to the audit, the other audit engagements of RT, the Group's audit requirements (taking into consideration the size and complexity of the Group) and the number and experience of supervisory and professional staff to be assigned to the audit. The Board and Audit Committee have also considered the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of the proposed appointment, and are of the opinion that RT will be able to fulfil the audit requirements of the Company and the Group without compromising the quality and effectiveness of the audit of the Company and the Group.

The Group expects the Proposed Change of Auditors to result in cost savings of approximately 32% in audit fees with the change in Auditors. The Proposed Appointment of Auditors is not expected to affect the quality of the audit to be undertaken and there will be no change in the scope of audit to be undertaken by RT.

EY will retire as Auditors upon the conclusion of the AGM. RT has, on 8 August 2023, given their consent to act as Auditors, subject to Shareholders' approval at the AGM.

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of RT as Auditors in place of EY must be specifically approved by Shareholders in a general meeting.

Accordingly, the appointment of RT as Auditors will therefore take effect upon the date of approval of Shareholders at the AGM. RT, if appointed, will hold office until the conclusion of the next annual general meeting of the Company.

The Board wishes to express its appreciation for the past services rendered by EY.

**2.2 Information on RT and the Audit Engagement Partner**

*The information on RT and the audit engagement partner provided below was provided to the Company by RT and their representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.*

RT LLP started as a partnership operating under the name of Soh, Wong & Partners in 1985. Over the years, the partnership acquired other practices. In 2000, it changed its name to LTC & Associates, and it converted to a limited liability partnership (LLP) in 2008 with the approval of ACRA. With that conversion, it changed its name to LTC LLP. In August 2013, with re-branding, the firm changed its name from LTC LLP to RT LLP with the vision to focus on high value clients with complex advisory needs and to develop an ASEAN strategy with a regional focus. RT LLP has acted as statutory auditors for more than 70 companies listed on SGX-ST over the years. It currently acts as the statutory auditors for 12 companies listed on SGX-ST.

RT LLP has been a member of one of the top global accounting associations, BKR International since the late 1980s. BKR International was formed in 1989 as the result of a merger of National CPA Group, based in the United States of America, and several members of the primarily European DHR International. It has a combined strength of more than 160 independent accounting and business advisory firms in over 500 offices and 80 countries. The member firms are monitored at regular intervals to ensure that standards are maintained. BKR International was ranked seventh in the International Accounting Bulletin's (IAB) 2022 World Survey for global associations.

RT LLP is also a leading, well established and dynamic public accounting practice in Singapore that is a member of RT ASEAN, which is a network of multi-disciplinary business solution providers. RT ASEAN was founded by RT LLP. RT ASEAN, headquartered in Singapore, is the first global professional network in Asia to be recognised as a member of Forum of Firms.

The Forum of Firms is an association of networks of international accounting firms that perform transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide, including the use of International Standards on Auditing, and the maintenance of appropriate quality management standards in accordance with International Standards on Quality Management issued by the International Auditing and Assurance Standards Board. Through their organisations, members also conduct globally coordinated internal quality assurance reviews on a regular basis and have policies and methodologies that conform to the Code of Ethics for Professional Accountants. The Transnational Auditors Committee is the Executive Committee of the Forum of Firms and a committee of the International Federation of Accountants. All partners and directors of RT LLP are experienced in cross-border work, and have developed considerable expertise in advising individuals, owner-managers, small and medium-sized businesses, public sector entities and/or listed companies. The partners, directors and staff of RT LLP are from diverse geographic cultural, academic and professional backgrounds with a shared purpose of striving for excellence in the delivery of public accounting and other professional services. Its team of qualified and experienced professionals endeavour to deliver unique and pragmatic solutions that are tailored to specific requirements of its clients and to meet statutory obligations. Currently, RT LLP in Singapore, has 5 audit partners, 3 directors and about 50 professional staff.

For information about RT LLP, please visit www.rtasean.sg.

For information on RT ASEAN, please visit: https://rtasean.com.

For information on the Forum of Firms and RT ASESN membership, please visit: https://www.ifac.org/who-we-are/committees/transnational-auditors-committee-forum-firms.

For information on BKR International, please visit: https://bkr.com.

RT LLP will assign a team comprising of three partners (including a lead engagement partner (Mr Kenneth Ng), an engagement quality control partner (Miss Heng Sot Leng) and advisory partner (Mr Andrew Chua Yong Qiang)), one senior manager, one assistant manager, one senior and two associates with respect to the audit of the Group. RT has agreed to set aside adequate resources to work on this engagement as soon as their appointment is approved by the shareholders of the Company in the coming FY2021 AGM and to enable the Company to hold its FY2022 AGM by 31 October 2023.

Mr Kenneth Ng ("**Kenneth**"), who is the Head of Audit of RT LLP will be the Audit Partner-in-Charge. He is a Chartered Accountant with the Institute of Singapore Chartered Accountants (ISCA) and CPA Australia. He is also a certified Public Accountant, approved by ACRA. He graduated with a Bachelor of Commerce with a double major in Accounting and Taxation from Curtin University in Australia.

Kenneth has more than 10 years of experience working in Big Four audit firms in Singapore, Brunei and Malaysia of which he has more than 5 years working experience at a managerial level. In the earlier part of Kenneth's career, he was a Senior Audit Manager overseeing engagements in both listed and private companies clients across a wide range of industries such as banking, fund Management, oil and gas, telecommunication, shipping, fast moving consumer goods (FMCG) and manufacturing. As audit engagement partner or engagement leader, Kenneth has experience in assessing valuation or impairment assessment of investment in associated companies.

Kenneth was involved in the audit of the Group prior to joining RT and is currently the Engagement Partner of the following SGX listed companies: -

| Client | Industry | Financial year ended | Size of Company[1] | Status of Audit | Partner |
|---|---|---|---|---|---|
| Fuxing China Group Limited And Its Subsidiaries | Zipper production which involves dyeing, plating and weaving | 31/12/2022 | Larger | Completed | Engagement Partner |
| Khong Guan Limited And Its Subsidiaries | Trading of wheat flour and other edible products and investment holding | 31/7/2023 | Similar | On going | Engagement Partner |
| Incredible Holdings Ltd. and Its Subsidiaries | Distribution of equipment and consumable materials for the electronics industry | 31/12/2022 | Smaller | Completed | Engagement Partner |
| Ntegrator Holdings Limited and Its Subsidiaries | Provision of network infrastructure and voice communication services | 31/12/2022 | Similar | Completed | Engagement Partner |
| Shanghai Turbo Enterprises Ltd and Its Subsidiaries | Precision Engineering Manufacturer | 31/12/2022 | Smaller | On going | Engagement Partner |
| Zixin Group Holdings Limited and Its Subsidiaries | Sweet potato biotech-focused value chain operator | 31/3/2023 | Similar | Completed | Engagement Partner |
| Anan International Limited and Its Subsidiaries | Investments holding of its oil distribution business | 31/12/2022 | Larger | Just started | Engagement Partner |

*Note:*
*[1] Size of the listed company as compared to the Group.*

Other than financial auditing, Kenneth is also experienced in advising clients on International Financial Reporting Standards (IFRS) conversions, Reverse Takeovers (RTO), Initial Public Offering (IPO) and financial due diligence projects.

Currently, Kenneth serves as the Vice Chairman of ESG Committee of the BKR International – Asia Pacific region. He is also the Regional Managing Director and a member of the EXCO of RT ASEAN Singapore.

Kenneth's Public Accountant ("**PA**") license (registration number: 02097) was issued on 19 April 2023 and he has not been selected for the Practice Monitoring Programme ("**PMP**') review as of to date.

### 2.3 Compliance with Rule 712 of the Listing Manual and the Companies Act

In compliance with Rules 712(1) and 712(2) of the Listing Manual, the Board, for the reasons set out in Paragraph 2.1 and having regard to the information on RT and the audit engagement partner in Paragraph 2.2 above, are of the view that RT is a suitable auditing firm to meet its audit obligations, having regard to:

(a) the adequacy of the resources and experience of RT;
(b) the experience of the audit engagement partner-in-charge assigned to the audit;
(c) RT's other audit engagements;
(d) the size and complexity of the Group;
(e) the number and experience of supervisory and professional staff assigned to the audit; and
(f) that RT is approved under the Accountants Act,

Pursuant to Section 205 of the Companies Act 1967, a copy of the notice of nomination of the proposed new Auditor dated 1 August 2023 from a Shareholder is attached as Annex 1 to this Appendix.

### 2.4 Compliance with Rule 715 of the Listing Manual

Following Shareholders' approval of the Proposed Change of Auditors, RT will be the Auditors of the Company and Singapore-incorporated subsidiaries. The Company's significant subsidiaries incorporated in People's Republic of China and Philippines will be audited by Earnest Advisory (Shanghai) Co., Ltd (a member firm of RT ASEAN) and SyCip, Gorres, Velayo & Co (a member firm of Ernst & Young Global) respectively.

The Board and Audit Committee are satisfied that the appointment of a different audit firm for its significant subsidiaries incorporated in Philippines would not compromise the standard and effectiveness of the audit of the Company, and that SyCip, Gorres, Velayo & Co is a suitable auditing firm for its Philippines subsidiaries. Accordingly, the Board confirms that Rule 715 of the Listing Manual will be complied with.

### 2.5 Confirmations pursuant to Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

(a) the Company confirms that there were no disagreements with EY on accounting treatments within the last twelve (12) months up to the date of this Appendix;

(b) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Appendix;

(c) the Company confirms that the specific reasons for the Proposed Change of Auditors are as disclosed in Section 2.1 of this Appendix;

(d) the Company confirms that it is or will be in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of RT as the Company's new auditors.

Note: RT is currently in the midst of seeking professional clearance from EY. The Company will strive to obtain comments from EY on whether there are any issues that they will be raising to RT and will make necessary announcements within 5 days from the date of Appendix.

## 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

| | Direct interest | | Deemed Interest | |
|---|---|---|---|---|
| | Number of Shares | Shareholding (%)[(3)(4)] | Number of Shares | Shareholding (%)[(3)(4)] |
| **Directors** | | | | |
| Mr Anthony Loh Sin Hock | - | - | - | - |
| Dr Kriengsak Chareonwongsak | - | - | - | - |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | - | - | - | - |
| Mr Charlie Jangvijitkul | - | - | - | - |
| Mr Theerachai Leenabanchong | - | - | - | - |
| ***Substantial Shareholders*** | | | | |
| Dato' Michael Loh Soon Gnee | 130,209,600 | 19.89 | - | - |
| Mr Soh Pock Kheng [(1)] | 57,859,000 | 8.83 | 28,996,000 | 4.43 |
| Mr Ng Yew Nam | 45,171,700 | 6.90 | - | - |
| Mr Heah Theare Haw [(2)] | - | - | 41,484,000 | 6.34 |

***Notes:***

*(1) Deemed interested in 28,996,000 shares held by nominees.*
*(2) Deemed interested in 41,484,000 shares held by nominees.*
*(3) Based on 654,731,486 Shares in issue as at the Latest Practicable Date.*
*(4) Rounded to the nearest two decimal place.*

Dato' Michael Loh Soon Gnee ("**Dato' Loh**"), is the former Executive Chairman and former Chief Executive Officer of the Company up until 31 December 2021. Dato' Loh resigned as a Non-Executive Director of the Company on 23 February 2023. On 8 February 2023, Dato' Loh entered into a share purchase agreement with Capital Engineering Network Public Company ("CEN") for the disposal of his entire shareholding in ASTI, subject to (i) the approval from the CEN's shareholders which had been obtained at its extraordinary general meeting on 15 March 2023; and (ii) approval from SGX-ST pursuant to Rule 729 of the Listing Manual.

On 7 February 2023, Ng Yew Nam entered into share sale and purchase agreements with (i) Lim Chee San, (ii) Koh Wan Tiong and (iii) Tay Yam Sheng, Eric in respect of an aggregate of 13,644,000 ordinary shares in the Company. On 20 February 2023, Ng Yew Nam had entered into sale and purchase agreements with Ng Kok Hian, (ii) Chow Yew Kwan, (iii) Leow Geok Yew, (iv) Tan Ngok Peng, (v) Tan Kooi Jin and (vi) Ling Chui Chui in respect of an aggregate of 17,032900 ordinary shares in the Company. Pursuant to Section 7 of the Companies Act 1967, Ng Yew Nam has a deemed interest in these shares held by the Sellers, which legal interest are to be transferred to Ng Yew Nam in due course.

Save as disclosed above, none of the Directors or Substantial Shareholders have any interest, whether direct or indirect (other than through their respective shareholding interests in the Company), in the Proposed Change of Auditors.

**4. AUDIT COMMITTEE'S RECOMMENDATION**

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of RT as Auditors of the Company in place of EY, after taking into consideration the suitability and independence of RT to meet the audit requirements of the Group, the factors set out in Paragraph 2 of this Appendix, and compliance with the requirements of the relevant Listing Manual.

**5. DIRECTORS' RECOMMENDATION**

The Directors having considered, among other things, the rationale and benefit of the Proposed Change of Auditors as well as the recommendation of the Audit Committee, is of the opinion that the Proposed Change of Auditors is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Change of Auditors at the AGM.

**6. ANNUAL GENERAL MEETING**

The AGM, notice of which is set out on Appendix 5 of the Annual Report 2021, will be held at Lifelong Learning Institute, 11 Eunos Road 8, Singapore 408601, Event Hall 2-1 on 31 August 2023 at 2.00 p.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the Ordinary Resolution set out in the Notice of AGM.

**7. ACTIONS TO BE TAKEN BY SHAREHOLDERS**

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy or proxies to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, the Proxy Form must be submitted to the Company in the following manner: a) if submitted by post, be lodged with the Company at 33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868; or b) if submitted electronically, be submitted via email to the Company at agm2021@astigp.com, in either case not less than 48 hours before the time appointed for the AGM. The submission of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked. A Depositor shall not be regarded as a member entitled to attend, speak and vote at the AGM unless his name appears in the Depository Register 72 hours before the time appointed for holding the AGM.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of Appendix would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following are available for inspection at the registered office of the Company at 33 Ubi Avenue 3 #08-69, Vertex, Singapore 408868 during normal business hours from the date of this Appendix up to and including the date of the AGM: -

(a) Constitution of the Company; and
(b) RT's letter to the Company in respect of their consent to act as Auditors dated 8 August 2023.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to agm2021@astigp.com to make an appointment in advance.

Yours faithfully
For and on behalf of the Board of
**ASTI HOLDINGS LIMITED**

Dr. Kriengsak Chareonwongsak
Non-Executive Chairman
16 August 2023

**ANNEX 1 – NOTICE OF NOMINATION**

1 August 2023

The Board of Directors
ASTI Holdings Limited
33 Ubi Avenue 3
#08-69 Vertex
Singapore 408868

Dear Sirs

Notice of Nomination

Pursuant to the provisions of Section 205 of the Companies Act 1967, I, Noor Khuda Bte Mohd Selamat, in my capacity as a member of ASTI Holdings Limited (the "Company"), hereby give notice of my nomination of **RT LLP** of 70 Shenton Way #07-15, Eon Shenton, Singapore 079118, for appointment as Auditors of the Company in place of the retiring Auditor, Ernst & Young LLP of 1 Raffles Quay, #18-01 Singapore 048583 at the forthcoming Annual General Meeting of the Company to be held on 31 July 2023 or at any adjournment thereof.

Yours faithfully,

Noor Khuda Bte Mohd Selamat
Member, ASTI Holdings Limited

# APPENDIX 4

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2021

## STATISTICS OF SHAREHOLDINGS

# STATISTICS OF SHAREHOLDINGS

**As at 10 August 2023**

| | | |
|---|---|---|
| **Number of Equity Securities** | : | 654,731,486 |
| **Class of Equity Securities** | : | Ordinary shares (excludes treasury shares) |
| **Voting Rights** | : | One vote per share (excludes treasury shares) |
| **Number of Treasury Shares** | : | 27,234,855 |

The percentage of treasury shares against equity securities is 4.16%.

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 19 | 0.48 | 582 | 0.00 |
| 100 - 1000 | 512 | 13.03 | 466,596 | 0.07 |
| 1,001 - 10,000 | 1,434 | 36.49 | 7,775,169 | 1.19 |
| 10,001 - 1,000,000 | 1,920 | 48.85 | 187,324,518 | 28.61 |
| 1,000,001 and above | 45 | 1.15 | 459,164,621 | 70.13 |
| **Total** | **3,930** | **100.00** | **654,731,486** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| S/No | Name | No. of Shares | % |
|---|---|---|---|
| 1. | LOH SOON GNEE | 130,209,600 | 19.89 |
| 2. | CITIBANK NOMINEES SINGAPORE PTE LTD | 62,712,300 | 9.58 |
| 3. | SOH POCK KHENG | 57,859,000 | 8.84 |
| 4. | NG YEW NAM | 45,171,700 | 6.90 |
| 5. | RAFFLES NOMINEES (PTE.) LIMITED | 16,462,900 | 2.51 |
| 6. | DBS NOMINEES (PRIVATE) LIMITED | 15,620,013 | 2.39 |
| 7. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 12,624,100 | 1.93 |
| 8. | LIM CHEE SAN | 12,000,000 | 1.83 |
| 9. | HSBC (SINGAPORE) NOMINEES PTE LTD | 9,066,000 | 1.38 |
| 10. | TOH CHENG HAI | 8,350,000 | 1.28 |
| 11. | UOB KAY HIAN PRIVATE LIMITED | 7,703,800 | 1.18 |
| 12. | PHILLIP SECURITIES PTE LTD | 7,296,380 | 1.11 |
| 13. | TAN NGOK PENG | 6,600,000 | 1.01 |
| 14. | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 4,782,300 | 0.73 |
| 15. | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 3,969,000 | 0.61 |
| 16. | LIM AH KAW @ LIM LAN CHING | 3,701,400 | 0.57 |
| 17. | OCBC SECURITIES PRIVATE LIMITED | 3,544,900 | 0.54 |
| 18. | NG KOK HIAN | 3,464,200 | 0.53 |
| 19. | JEANETTE KOH CHEW TEE | 3,444,900 | 0.53 |
| 20. | LEOW GEOK YEW (LIAO YUYOU) | 2,780,000 | 0.42 |
| | **Total** | **417,362,493** | **63.76** |

**SUBSTANTIAL SHAREHOLDERS** (As recorded in the Register of Substantial Shareholders)

| | Direct Interest | %* | Deemed Interest | %* | Total %* |
|---|---|---|---|---|---|
| Loh Soon Gnee[1] | 130,209,600 | 19.89 | - | - | 19.89 |
| Soh Pock Kheng[2] | 57,859,000 | 8.84 | 28,996,000 | 4.43 | 13.27 |
| Ng Yew Nam[3] | 45,171,700 | 6.90 | - | - | 6.90 |
| Heah Theare Haw[4] | - | - | 41,484,000 | 6.34 | 6.34 |

**PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC (‘PUBLIC FLOAT’)# IS 53.60% OF ISSUED SHARE CAPITAL OF THE COMPANY**

[1] On 8 February 2023, Dato’ Loh Soon Gnee (“Dato’ Loh”) entered into a share purchase agreement with Capital Engineering Network Public Company (“CEN”) for the disposal of his entire shareholding in ASTI, subject to (i) the approval from the CEN’s shareholders which had been obtained at its extraordinary general meeting on 15 March 2023; and (ii) approval from SGX-ST pursuant to Rule 729 of the Listing Manual. Pursuant to Section 7 of the Companies Act 1967, CEN has a deemed interest in these shares held by the Dato’ Loh.

[2] Deemed interested in 28,996,000 shares held by nominees.

[3] On 7 February 2023, Ng Yew Nam entered into share sale and purchase agreements with (i) Lim Chee San, (ii) Koh Wan Tiong and (iii) Tay Yam Sheng, Eric in respect of an aggregate of 13,644,000 ordinary shares in the Company. On 20 February 2023, Ng Yew Nam had entered into sale and purchase agreements with Ng Kok Hian, (ii) Chow Yew Kwan, (iii) Leow Geok Yew, (iv) Tan Ngok Peng, (v) Tan Kooi Jin and (vi) Ling Chui Chui in respect of an aggregate of 17,032,900 ordinary shares in the Company. Pursuant to Section 7 of the Companies Act 1967, Ng Yew Nam has a deemed interest in these shares held by the aforementioned sellers.

[4] Deemed interested in 41,484,000 shares held by nominees.

* The above percentage is calculated based on the issued share capital of 654,731,486 shares (excluding treasury shares), rounded up.

# The Public Float meets the requirements of Rule 723 of the SGX-ST Listing Manual, which requires at least 10% of the shares of the Company to be held by the public.

# APPENDIX 5

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2021

## NOTICE OF ANNUAL GENERAL MEETING

# NOTICE OF ANNUAL GENERAL MEETING

**ASTI HOLDINGS LIMITED**
(Company Registration No. 199901514C)
(Incorporated in the Republic of Singapore)

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ASTI Holdings Limited (the "**Company**") will be convened and held at **Lifelong Learning Institute, Event Hall 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601** on **Thursday, 31 August 2023 at 2:00 p.m.** for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 88 of the Constitution of the Company:
   (i) Mr Anthony Loh Sin Hock; **(Resolution 2)**
   (ii) Mr Charlie Jangvijitkul; and **(Resolution 3)**
   (iii) Mr Theerachai Leenabanchong. **(Resolution 4)**

   [See Explanatory Note (i)]

3. To re-elect Dato' Sri Mohd Sopiyan B Mohd Rashdi who is retiring pursuant to Regulation 89 of the Constitution of the Company. **(Resolution 5)**

   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$232,962 for the financial year ended 31 December 2021 (FY2020: S$234,000). **(Resolution 6)**

5. To appoint Messrs RT LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

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

7. **AUTHORITY TO ALLOT AND ISSUE SHARES IN THE SHARE CAPITAL OF THE COMPANY**

   That pursuant to Section 161 of the Companies Act 1967 ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation 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 of the Company may in their absolute discretion deem fit; and

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

   provided that:

   (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

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

(b) new Shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments..

[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Theng Searn Por
Company Secretary
Singapore, 16 August 2023

**EXPLANATORY NOTES**

(i) Mr Anthony Loh Sin Hock will, upon re-election as a director of the Company, remain as the Executive Director of the Company.

Mr Charlie Jangvijitkul will, upon re-election as a director of the Company, remain as the Non-Executive and Independent Director of the Company, Chairman of the Nominating and Remuneration Committees, and a member of the Audit Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Theerachai Leenabanchong will, upon re-election as a director of the Company, remain as the Non-Executive and Non-Independent Director of the Company.

(ii) Dato' Sri Mohd Sopiyan B Mohd Rashdi will, upon re-election as a Director of the Company, remain as Lead Independent Director of the Company, Chairman of the Audit Committee and a member of Nominating and Remuneration Committees. He is considered independent for the purposes of Rule 704(8) of the Listing Rules of the SGX-ST.

(iii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied revoked by the Company in general meeting, whichever is the earlier, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the date 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 when this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and any subsequent bonus issue, consolidation or subdivision of Shares.

**Notes:**

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).

3. The instrument appointing a proxy, duly completed and signed, must either be (a) submitted by mail to **ASTI HOLDINGS LIMITED**, at **33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868**; or (b) submitted by email to **agm2021@astigp.com**, not later than **2:00 p.m. on 28 August 2023** (72 hours before the time set for the AGM).

4. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

5. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

6. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

7. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS Investors) and who wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM (i.e. by **2:00 p.m.** on **22 August 2023**).

**<u>Submission of questions prior to the Annual General Meeting</u>**

1. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than **2:00 p.m.** on **23 August 2023** by email to **agm2021@astigp.com** or by post to **ASTI HOLDINGS LIMITED** at **33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868**. The Company will endeavour to address substantial and relevant questions and will upload the Company's responses to the queries from shareholders on the SGXNet and the Company's website by **25 August 2023**.

2. If the questions are deposited in physical copy at the Company's Share Registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/ its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

**A Relevant Intermediary is:*

*(a) a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or*

*(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or*

*(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

**Miscellaneous:**

All documents relating to the AGM including Annual Report and the accompanying proxy form together with the Notice of AGM will be published on SGXNET and also made available for download from the Company's corporate website at https://www.astigp.com/PDF/AR2021_ASTI.pdf. **<u>There will not be any printed copy of Annual Report for FY2021.</u>**

## Personal data privacy:

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

# APPENDIX 6

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2021

## PROXY FORM

**ASTI HOLDINGS LIMITED**
(Company Registration No. 199901514C)
(Incorporated in the Republic of Singapore)

**IMPORTANT**
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and SRS Operators to appoint the Chairman of the Meeting to act as their proxy, at least seven (7) working days before the AGM (i.e. by 2:00 p,m. on 22 August 2023), in which case, CPF/SRS Investor shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

# PROXY FORM
# ANNUAL GENERAL MEETING

*(Please see notes overleaf before completing this Form)*

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

of ______________________________ (Address)

being a member/members* of **ASTI Holdings Limited** (the "**Company**"), hereby appoint:

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

and/or*

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

or failing him/her*, the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the AGM of the Company to be held at **Lifelong Learning Institute, Event Hall 2-1 (Level 2), 11 Eunos Road 8, Singapore 408601 on Thursday, 31 August 2023 at 2:00 p.m.** and at any adjournment thereof.

I/We* direct my/our* proxy to vote for, against and/or to abstain from voting on the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the appointment of the proxy will be treated as invalid and at any adjournment thereof.

**(Please indicate your vote "For", "Against" or "Abstain" with a tick [√ ] within the box provided.)**

| No. | Resolutions relating to: | For | Against | Abstain |
|---|---|---|---|---|
| 1 | Adoption of Directors' Report and Audited Financial Statements for the financial year ended 31 December 2021 ("**FY2021**") | | | |
| 2 | Re-election of Mr Anthony Loh Sin Hock as a Director of the Company | | | |
| 3 | Re-election of Mr Charlie Jangvijitkul as a Director of the Company | | | |
| 4 | Re-election of Mr Theerachai Leenabanchong as a Director of the Company | | | |
| 5 | Re-election of Dato' Sri Mohd Sopiyan B Mohd Rashdi as a Director of the Company | | | |
| 6 | Approval of payment of Directors' fees amounting to S$232,962 for FY2021 (FY2020: S$234,000) | | | |
| 7 | Appointment of Messrs RT LLP as Auditors of the Company in place of the retiring auditors Messrs Ernst & Young LLP and authority for Directors to fix their remuneration | | | |
| 8 | Authority to allot and issue shares in the share capital of the Company | | | |

**Note: Voting will be conducted by poll.**

Dated this ___________ day of August 2023.

| Total number of Shares in: | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________

*Signature of Shareholder(s)/ Common Seal of Corporate Shareholder*
**Delete where inapplicable*

**Important: Please read notes overleaf**

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore), you should insert that number of Shares in the box provided next to CDP Register. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares in the box provided next to Register of Members. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. The instrument appointing a proxy, duly completed and signed, must either be (a) submitted by mail to **ASTI HOLDINGS LIMITED,** at **33 Ubi Avenue 3 #08-69 Vertex, Singapore 408868**; or (b) submitted by email to **agm2021@astigp.com**, not later than **2:00 p.m. on 28 August 2023** (72 hours before the time set for the AGM).

3. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form shall be treated as invalid.

4. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number or class of shares shall be specified).

6. Subject to note 8, completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS Investors) and who wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions **at least seven (7) working days prior to the date of the AGM** (i.e. by **2:00 p.m.** on **22 August 2023**).

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*(a) a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or*

*(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or*

*(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

**PERSONAL DATA PRIVACY:**

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 August 2023.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

ASTI HOLDINGS LIMITED

33 Ubi Avenue 3
#08-69 Vertex
Singapore 408868
Tel: (65) 6512 8310
Website : www.astigp.com
(Co. Reg. No. 199901514C)