ANNUAL REPORT
2022

NERA

GENERATING CONNECTIONS
THAT EMPOWER BUSINESSES

TABLE OF CONTENTS

GENERATING CONNECTIONS THAT *EMPOWER BUSINESSES*

With 45 years of proven track record and expertise in Network Infrastructure, Wireless Network Infrastructure, Cybersecurity, as well as Support and Managed Services, Nera Telecommunications Ltd leverages its diversified geographical footprint in over 16 countries across Asia Pacific, Europe, Middle East and Africa to serve its global clientele and support their digital transformation and growth.

CHAIRPERSON AND CEO STATEMENT

Dear Shareholders

On behalf of the Board of Directors, we are pleased to present the Annual Report and Financial Statements of Nera Telecommunications Ltd ("NeraTel" or the "Group") for the year ended 31 December 2022 ("FY2022").

The recovery of our operating performance has been encouraging in the year under review, despite the intense challenges of the pandemic and regional operating challenges. While financial performance rebounded in FY2022 compared to FY2021, this is only the beginning of a broader effort to build a stronger foundation and pursue new growth opportunities.

ECONOMIC BACKDROP

Business momentum has recovered from the earlier impact of COVID-19, driven by pent-up demand and the lifting of movement restrictions and border controls. However, recovery has been offset by elevated levels of inflation, rising interest rates, and ongoing supply chain disruptions amid geopolitical conflicts including the Russia-Ukraine conflict.

According to the International Monetary Fund's latest outlook, the global economy is expected to grow 2.9% in 2023, a slower rate than 3.4% recorded in 2022 (a year during which the Singapore economy expanded by 3.8%).

FINANCIAL HIGHLIGHTS

Our financial performance during the year under review has improved in several aspects. Revenue rose by 29.2% to S$132.5 million from S$102.6 million in FY2021, driven by higher contributions from our Service Provider ("SP") and Government, Transport and Utility ("GTU") segments.

Meanwhile, revenue for our Network Infrastructure ("NI") and Wireless Infrastructure Network ("WIN") segments improved by 37.1% and 7.3%, respectively, to S$103.1 million (FY2021: S$75.2 million) and S$29.4 million (S$27.4 million), respectively. The increases were driven by higher revenue from Singapore, Indonesia, Malaysia and Europe, Middle East & Africa ("EMEA") markets.

We secured several sizeable contracts totalling over S$58.0 million, lifting our order intake for FY2022 by 15.0% to S$158.3 million (FY2021: S$137.7 million). The Group is focused on securing higher quality projects that offer better margins as well as lower collection risks.

FY2022 gross profit increased by 51.6% to S$29.6 million (FY2021: S$19.5 million), surpassing the revenue growth rate. This underscores our ongoing efforts to improve internal efficiencies, such as reducing outsourcing to third-party vendors. Significantly, we recorded net cash flow from operations of S$7.6 million in FY2022, sharply reversing cash outflow of S$0.5 million in FY2021.

CHAIRPERSON AND CEO STATEMENT

Our net loss narrowed to S$7.3 million in FY2022 from a loss of S$16.0 million a year earlier. The FY2022 loss included an unrealised foreign exchange loss of S$4.7 million that was due to the strengthening of the Singapore dollar against the Indonesian rupiah, the Philippine peso and the Pakistan rupee. Excluding this, loss after tax for the year under review would have been even lower at S$2.6 million.

RELOCATION TO 19 TAI SENG AVENUE

As shareholders are aware, we also successfully relocated our corporate headquarters from 109 Defu Lane 10 to 19 Tai Seng Avenue in January 2023. This relocation is in line with our strategy to improve internal efficiencies. Following the sale of the Defu Lane premises, we will recognise a gain on disposal of S$6.2 million which will be reflected in the unaudited results of the first half of FY2023 ("1H2023").

Having centralised the Singapore team "under one roof" in the new Tai Seng headquarters, we are striving for better internal communication, inter-department synergies and other efficiencies. We have also stepped up in-house training and upgraded the skills of our remote teams. These efforts have enhanced our capabilities without increasing headcount significantly.

OUTLOOK

While the worst of the pandemic is behind us, the world is faced with fresh challenges as outlined earlier. Nonetheless, the Management team is conducting a strategic review to build a leaner, more agile NeraTel, and provide a critical path to recovery and position us to capture new opportunities.

The key pillars of our strategy include (i) increasing order intake and revenue, while improving project quality and execution; (ii) diversifying our customer base from the telco sector to enterprises in the Financial Services Industry, utilities, oil & gas, and transportation sectors; (iii) increasing revenue contributions from our other offerings, such as Cybersecurity and Managed Services and (iv) reviewing our geographical footprint to focus on growing our presence in high-growth countries, while reducing exposure in locations which have underperformed or are even loss-making.

We will outline these strategies in greater detail in due course. Barring unforeseen circumstances and further foreign exchange losses and impairments, we are cautiously optimistic that our operations and prospects in FY2023 will improve compared to FY2022.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to thank our customers, business partners, suppliers and partners for their unwavering support throughout these challenging years. We would also like to thank the NeraTel Management team and staff, whose dedication and commitment have been crucial to the Group's recovery.

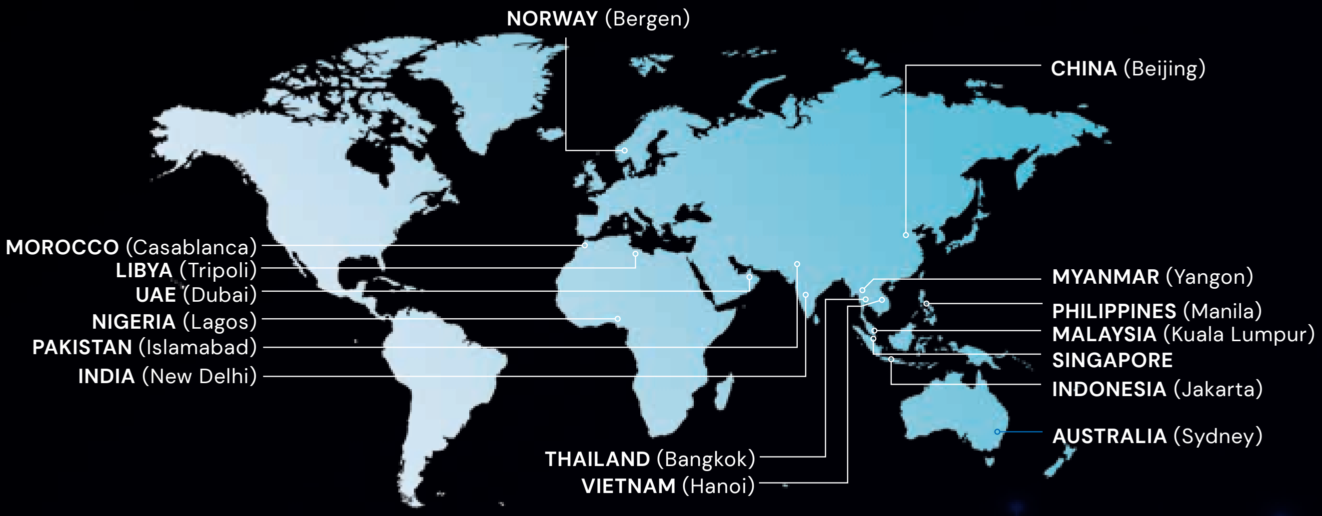
We also deeply appreciate the advice of our fellow Directors. On that note, this is the first joint report that Dr Lim Puay Koon is presenting following his appointment as Chairperson of the Board on 23 December 2022, and we welcome Ms Kay Pang Ker-Wei, who joined as Independent Non-Executive Director on 23 December 2022. The Board also expresses its appreciation to Ms Wong Su-Yen for her nine years of service as Chairperson of the Board; her advice has been invaluable over the years.

Last but not least, we want to express our deep appreciation to our shareholders, for their faith in NeraTel's long-term vision. We will continue to innovate and remain committed to providing value to our customers and shareholders.

DR LIM PUAY KOON
Chairperson

MR CHONG HOI MING
CEO

GEOGRAPHICAL PRESENCE



NAME OF NERA TELECOMMUNICATIONS LTD SUBSIDIARY COMPANIES

- Nera Networks (S) Pte. Ltd., Singapore
- Nera (Malaysia) Sdn. Bhd., Malaysia
- Nera Infocom (M) Sdn. Bhd., Malaysia
- P.T. Nera Indonesia, Indonesia
- Nera (Thailand) Limited, Thailand
- Nera (Philippines), Inc., Philippines
- Nera Telecommunications (Myanmar) Co. Ltd., Myanmar
- Nera Telecommunications (India) Pvt. Ltd., India
- Nera Telecommunications (Australia) Pty. Ltd., Australia
- Nera Telecommunications (Vietnam) Co. Ltd., Vietnam
- Nera Telecommunications (Vietnam) Co. Ltd. – Ho Chi Minh City Branch, Vietnam

SUBSIDIARIES OF NERA NETWORKS (S) PTE LTD

- Nera Telecommunications AS, Norway
- Nera Telecommunications AS, Libya Branch, Libya
- Nera Telecommunications Maroc S.A.R.L AU, Morocco
- Nera Telecommunications (Pakistan) (Private) Limited, Pakistan
- Nera Telecommunications FZ-LLC, United Arab Emirates
- Nera Networks (Nigeria) Limited, Nigeria
- Nera Telecommunications Holding (Thailand) Co. Ltd

REPRESENTATIVE OFFICE

- Nera Telecommunications Ltd, Beijing, Representative Office, China

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Lim Puay Koon*
Mr Chong Hoi Ming**
Mr Basil Chan***
Ms Kay Pang Ker-Wei***
Mr Tommy Teo Zhi Zhuang****
Mr Wong Chee-Yann****

** Chairperson, Independent Director*
*** Executive Director and Chief Executive Officer*
**** Independent Director*
***** Non-Executive Director*

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Basil Chan, Chairperson
Dr Lim Puay Koon
Mr Tommy Teo Zhi Zhuang

REMUNERATION COMMITTEE

Dr Lim Puay Koon, Chairperson
Mr Wong Chee-Yann
Ms Kay Pang Ker-Wei

NOMINATING COMMITTEE

Ms Kay Pang Ker-Wei, Chairperson
Mr Basil Chan
Mr Wong Chee-Yann

COMPANY SECRETARY

Ms Chan Wan Mei
Ms Chan Lai Yin

REGISTERED OFFICE

19 Tai Seng Avenue #06-01
Singapore 534054
Tel: (65) 6233 2433
Fax: (65) 6233 2466

REGISTRARS AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

AUDITORS

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Mr Ong Beng Lee, Ken
(appointed with effect from 31 December 2020)

PRINCIPAL BANKERS

DBS Bank Ltd
The Hong Kong and Shanghai Banking Corporation Limited
RHB Bank Berhad
Hong Leong Bank Berhad
Citibank, N.A.

BOARD OF DIRECTORS

DR LIM PUAY KOON

Independent Director since 21 October 2021
Chairperson of the Board since 23 December 2022
Chairperson, Remuneration Committee since 8 March 2022
Member, Audit and Risk Management Committee since 8 March 2022
Last re-elected on 29 April 2022

Dr Lim Puay Koon was appointed to our Board on 21 October 2021 as an Independent Director. He has over 30 years of extensive international experience in information technology solutions and infrastructure businesses across the Asia Pacific region. Dr Lim is also a Non-Executive Independent Director of Procurri Limited and Novo Tellus Alpha Acquisition Limited, both of which are listed on the SGX-ST. He served from 1993 to 2019 as Non-Independent Non-Executive Director at HupSteel Limited, which was formerly listed on the SGX-ST.

Dr Lim was also the Chief Executive Officer of Dimension Data North Asia from October 2014 to December 2019, and the Managing Director of Dimension Data ASEAN from April 2008 to October 2019. He was also Director & General Manager for Outsourcing Services (South East Asia) at Hewlett Packard Asia Pacific for 12 years and has held various executive positions in Dell Asia Pacific and IDA. Dr Lim received his PhD (Computer & Systems Engineering) in 1990, Master of Business Administration (Management) in 1989, Master of Engineering (Computer and Systems Engineering) in 1986 and Bachelor of Science (Computer and Systems Engineering) in 1983 from Rensselaer Polytechnic Institute, New York.

MR CHONG HOI MING

Executive Director since 7 February 2022
Chief Executive Officer since 7 February 2022
Last re-elected on 29 April 2022

Mr Chong is the CEO of the Company and is responsible for the overall performance of the Group. He has over 27 years of experience in corporate leadership, including change and general management, and senior management experience in leading specialist IT infrastructure solutions, applications and services business in international, multicultural environments. He had worked in various capacities at Dimension Data Asia-Pacific Pte Ltd ("Dimension Data"), 3D Networks Pte Ltd, BMC Software (M) Sdn Bhd, Global IM-PACT (now known as Silverlake Innovation Partners Sdn Bhd), IBM Malaysia and Mesiniaga Berhad, prior to joining Nera.

Mr Chong holds a Bachelor of Computing and Mathematical Sciences from University of Waikato, New Zealand, with a major emphasis on computing, mathematics, business management, marketing and psychology.

BOARD OF DIRECTORS

MR BASIL CHAN

Independent Director since 18 March 2020
Chairperson, Audit and Risk Management Committee since 18 March 2020
Member, Nominating Committee since 29 May 2020
Last re-elected on 29 April 2022

Mr Basil Chan is the Founder and Managing Director of MBE Corporate Advisory Pte Ltd. He was a Council Member and Board Director of the Singapore Institute of Directors ("SID") from 2002 to 2013 and was formerly a member of SID's Audit Committee Chapter. He was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code. He was previously a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore ("ICPAS"), formerly a member of the Audit and Assurance Standards Committee of the Institute of Singapore Chartered Accountants ("ISCA", formerly known as "ICPAS") and was formerly the Deputy Chairperson of the Corporate Governance Committee of ISCA. He has been re-appointed as member on the Audit and Assurance Standards Committee of ISCA. Mr Chan has more than 35 years of audit, financial and general management experience having held senior financial positions in both private and listed companies. Mr Chan is also an Independent Non-Executive Director on the Boards of several publicly listed companies on the Singapore Stock Exchange namely Grand Banks Yachts Limited, and Broadway Industrial Group Limited. In the last 3 years, he previously sat on the Boards of Global Invacom Group Limited, AEM Holdings Ltd, and Memories Group Ltd.

He holds a Bachelor of Science (Economics) Honours degree majoring in Business Administration from the University of Wales Institute of Science and Technology, United Kingdom and is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as a Fellow Member of ISCA. He is a Fellow Member of the Singapore Institute of Directors.

MS KAY PANG KER-WEI

Independent Director since 23 December 2022
Chairperson of Nominating Committee since 23 December 2022
Member of the Remuneration Committee since 23 December 2022

Ms Kay Pang is an attorney with more than 20 years of experience spanning Ethics and Compliance, Commercial IT, Software, Cloud, Big Data & AI, Corporate, Civil and Criminal Litigation.

She is currently the Global Markets Compliance Officer, Senior Director and Associate General Counsel, at VMware Inc.

Prior to joining VMware Inc in 2018, she was Head of Legal, APAC and Director at Cloudera Inc, a US-based Big Data, Machine Learning and AI company, as well as at Hewlett Packard Enterprise, where she supported the organisation's Enterprise, Software and Cloud business units. She also has eight years of private practice experience, having worked at Drew & Napier LLC and Allen & Overy LLC, a London-based law firm.

Ms Pang is called to the Bar of England & Wales (Barrister-at-law) and the Supreme Court of Singapore (Advocate & Solicitor). She has a Bachelor of Laws (Hons) degree from the University of Sheffield. In addition to her legal qualifications, she has also successfully completed the Stanford Innovation and Entrepreneurship Program (2014), the INSEAD International Corporate Governance Program (2017) and the MIT Blockchain Technologies: Business Innovation and Applications Course (2018).

BOARD OF DIRECTORS

MR TOMMY TEO ZHI ZHUANG

Non-Executive Director since 27 February 2018
Member, Audit and Risk Management Committee since 19 April 2018
Last re-elected on 29 April 2022

Mr Teo is a Managing Director at Cercano Management (formerly known as Vulcan Capital) and leads the investment team based in Singapore. Prior to joining Cercano, Mr Teo was an Executive Director with the Northstar Group, a Singapore headquartered private equity firm where he focused on growth and technology opportunities in Southeast Asia. Previously, Mr Teo was an investment banker with Citigroup in Singapore, and with Perella Weinberg Partners and Bear, Stearns & Co. Inc. in New York. Mr Teo was also an analyst at hedge fund sponsor Capital Z Asset Management.

Mr Teo graduated with a Bachelor of Business Administration from the Stephen M. Ross School of Business at the University of Michigan.

MR WONG CHEE-YANN

Non-Executive Director since 28 February 2022
Member, Remuneration Committee since 28 February 2022
Member, Nominating Committee since 28 February 2022
Last re-elected on 29 April 2022

Mr Wong Chee-Yann is the Chief Investment Officer of Northstar. Northstar is a Southeast Asia-focused private equity fund manager with more than US$2.5B under management. Mr Wong has focused on private equity investments in Southeast Asia and China since 2004, with a particular focus on consumer, financial services, and digital economy sectors. Prior to joining Northstar, he was with Actis Capital in its Beijing and Singapore offices. Mr Wong began his private equity career with GIC Special Investments.

He holds a Bachelor of Science and Master of Engineering from Cornell University, and a Master of Finance from Princeton University.

SENIOR MANAGEMENT

MS TAN GEOK LENG JACQUELINE is the Chief Financial Officer. She is responsible for financial and reporting matters for the Group and supports the Group's investor relations. She has more than twenty years of experience in finance and accounting in various industries such as telecommunications and information technology, packaging, property development, ship repair and electronics manufacturing. Ms Tan holds an honours degree in Commerce from the Flinders University of South Australia. She is also a member of CPA Australia.

MR ALEX LOH WENG LEONG is the Senior Vice President, Sales (APAC). He is responsible for the Group's business operations, sales and profitability in the APAC region. Mr Loh has a solid track record in driving business growth, backed by strong business acumen honed over a career spanning more than twenty years in the IT industry. He is a former councillor member of PIKOM, the National Tech Association of Malaysia, where he also served a stint as the Chairperson for PIKOM Cybersecurity Chapter. Mr Loh received both his MBA and Bachelor's degree in Finance from Oklahoma City University.

MR YONG KEH SOON is the Senior Vice President, Solutions and Services. He is responsible for leading the Group's Presales and Services strategy and operations, which includes structuring internal delivery organisation, governance processes and skill development. With close to 25 years of experience in the IT industry, Mr Yong is also in charge of spearheading the Group's internal IT transformation initiatives. He has a Master's degree in Data Science from the University of Malaya and a Bachelor's degree in Computer Science from Universiti Sains Malaysia.

MR TAN BOON CHEONG RICHARD is the Vice President of EMEA and Global Head of Wireless Infrastructure Networks (WIN). He is responsible for both the Group's microwave radio business, as well as growing the Group's presence in the EMEA region. He has more than 20 years of experience in the telecommunications industry and has a proven track record in business development, sales and channel management. Mr. Tan holds a Bachelor's degree in Computer System Engineering from University of Arkansas, Fayetteville.

MR PHIL JEON is the Vice President of Cybersecurity and responsible for leading the strategy and implementation of the Group's Cybersecurity solutions including consultation, tech solutions and the management of security services in the APAC/EMEA regions. Mr Jeon brings with him nearly 30 years of operational and leadership experience in the IT industry, specialising in Cybersecurity, IT/OT governance, risk management, compliance and enterprise architecture consulting. Mr Jeon formerly served as Adjunct Professor at Korea Polytechnic University and Hansei University in South Korea. He obtained his Bachelor's degree in Electronics Engineering from Myongji University, South Korea.

BUSINESS LINES

The combined forces of the COVID-19 pandemic and disruptive technologies have accelerated the development of new technology and innovation applications aiming to change the business world dramatically. Advances in technologies will play an ever-increasing role in driving business operations and processes across a multitude of industries. These wide-range disruptions are forcing businesses to adapt to the new normal, prioritising digital transformation initiatives and projects.

NeraTel aims to support these digital transformations, as we strive to design and build best-in-class products and solutions for our customers. We employ technological solutions to provide our customers with frameworks that are flexible and adaptable to meet their changing business requirements. The frameworks are built from technologies, tools and processes necessary for our customers' digital transformations.

5G Technology

With 5G spreading throughout the globe and with many countries starting to deploy 5G services, Internet of Things (IoT) development is just around the corner. Creative and innovative use cases like autonomous vehicles, virtual reality, augmented reality, remote healthcare and smart city applications which utilises 5G features and capabilities will eventually become a reality.

As we continue to build the network infrastructure to cater for 5G services and IoT, NeraTel is fully committed to providing end-to-end solutions to build, upgrade, improve and optimise networks covering Wireless, IP Networking, Optical, Cybersecurity, Terminal Devices and Infrastructure, making NeraTel a competent one-stop solution provider.

Companies can leverage on 5G technology to create environments with services that are virtualised, agile, software-defined and responsive to user experiences whilst improving operational efficiencies with user-centric designs and user convenience.

To support the requirements of growing 5G Technology, NeraTel's 5G service offerings will address the ever-increasing demands of telecommunication service providers, infrastructure providers, manufacturing, healthcare, government, energy & utilities, transportation, logistics and education sectors.

BUSINESS LINES

Cybersecurity

With the rapid evolution and sophistication of cyber-attacks worldwide, cybersecurity has grown to be a major concern for all organisations. This is especially so for organisations which are continuously accumulating technologies to address their business and cloud migration activities with an ever expanding IT network. With 5G deployment, there will be a growing demand for IoT connected devices and mass machine type communication, which will lead to a further rise in security threats.

The increasing sophistication and persistence of cyber attacks means organisations must adopt more advanced approaches in the detection of malicious activities and conducting investigations with contextual information in order to be able to respond quickly to any security incident.

Today's distributed and rapidly growing digital landscape makes complex demands which require a new approach to our security strategy. NeraTel continues to expand its cybersecurity portfolio by providing a comprehensive suite of industry-leading security solutions ranging from network, endpoint, data, application, identity, cloud, OT/IOT securities and security orchestration and automation, which enables our customers to dynamically bridge any gaps to stop cyber attacks and network breaches from taking place, without slowing down their business operations.

To enhance our security portfolio, we offer cybersecurity services which can be bundled with NeraTel's other offerings, ranging from security strategy and architecture consulting, security risk and compliance assessment, Vulnerability Assessment and Penetration Testing (VAPT) and managed security services, to improve our customers' security posture.

Network Infrastructure – IP Networking

NeraTel is a leading provider of network solutions, offering a comprehensive range of tailored services to a wide range of industries including service providers, enterprises, government agencies, transportation, utilities, as well as the healthcare, education, finance and hospitality sectors.

Our expertise in network infrastructure, optical and cloud solutions makes us the preferred partner for organisations looking to improve their network performance, reliability and observability in order to succeed in today's digital economy.

The demand for IP networking has never been greater due to the digitalisation movement fuelled by the new norm of working from home or remotely. As many of our customers continue moving to programmable and automated network operations in this post-pandemic era, we recognise that it can be a challenge in managing, orchestrating and securing that complex transition.

We believe that it is critical for us to deliver continuous value to our customers and take an innovative approach to deliver solutions, which focuses on simplicity, automation and security. This allows our customers to manage and govern the interactions of users, devices and applications across their IT environments, streamlining and automating their networks for faster network changes, quicker deployment of new applications and more intuitive troubleshooting.

Optical Networks

The optical domain has remained the preferred choice when it comes to transmitting high amounts of data going to terabytes and petabytes. NeraTel provides enterprise and carrier-grade optical network solutions to serve the mobile optical transport, business services, data centre interconnections, edge and provider aggregation. Our solutions cater to a wide range of customers from all sectors which shows our competency and capability.

NeraTel's product solution suites include high-capacity, high network resilience and ultra-low latency long-haul and very long-haul systems, across the network dense and coarse wavelength division multiplexing solution, optical multi-service platforms, and mobile xHaul (fronthaul/midhaul/backhaul) solutions which are important in delivering 5G technology. This comprehensive suite of optical networking products aims to provide our customers with seamless and cost-effective solutions to enable higher data throughput, better latency and quality of service in their digitised network.

BUSINESS LINES

Microwave Transmission

Our highly versatile Evo series microwave radio is built around a software-defined core which enables a wide range of radio applications to be based on one common product platform. The cutting-edge technology deployed in the Evo series microwave radio is 5G-ready to meet the high capacity and low latency requirements in 5G networks.

Mobile Coverage

Our passive and active solutions for In Building System (IBS) focus on delivering quality solutions for our customers' indoor mobile coverage needs. Additionally, our outdoor solutions deliver tremendous value relative to its cost.

Managed Services

As technology continues to advance, network and infrastructure management has become increasingly complex. With the emergence of new and innovative technologies in the market, organisations face the challenge of striking a balance between attaining the best solutions and expertise, and the associated costs that come with it.

NeraTel offers comprehensive managed services that enable clients to leverage the best and most effective solutions, without having to lose focus on their core competencies and allocate time and resources to hire additional staff to oversee the solution implementation or worry about product life-cycles and maintenance.

One of the biggest challenges facing organisations today is the constant threat of cyber crime such as hacking. Hackers are constantly coming up with new ways to breach an organisation's security mechanism, often using zero-day malware that escape traditional security solutions' field of detection, jeopardising its ability to provide protection against it.

To help address this challenge, NeraTel provides solutions to help our clients build Network Operations Centre (NOC) and Security Operations Centre (SOC) services to manage their operations, security fabric and monitoring.

We also provide services to assess the cybersecurity readiness of clients' digital environment. Upon completing the assessment, NeraTel would recommend the most appropriate tools and technologies to effectively ringfence, detect, mitigate and remediate any threats as part of the organisation's overall cybersecurity defences.

Other Products and Services

Multi-cloud: NeraTel's multi-cloud architecture allows our customers' IT functions to establish a competitive advantage for their business stakeholders, translating into cost savings, performance optimisation and improved reliability without a lock-in period.

Broadcast Networks: NeraTel offers various digital TV broadcast solutions, complete over the top platform and services to broadcasters and service providers. Our range of products include content creation, acquisition, IP video transport solutions, encoders/ multiplexers, transmission and complete network management systems.

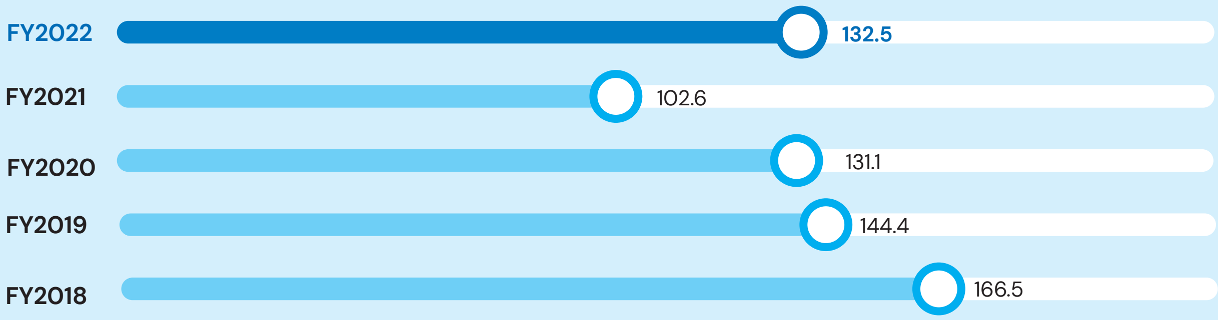
IoT and Smart City Solutions: Neratel provides a seamless portfolio of Smart City solutions from sensors and data acquisition devices to collection of last-mile information in real-time. Neratel's solutions address an open platform of IoT/M2M gateway that supports both analog and digital devices, and any brand of input devices. We provide analytics hosted either on-prem or in the public cloud to provide visualisation and gain insights which are valuable for users.

Radio Access Network: NeraTel provides a comprehensive service and solution portfolio for Radio Access Network optimisation and performance benchmarking. We provide full turnkey solutions for private mobile networks in both licensed and unlicensed frequency bands.

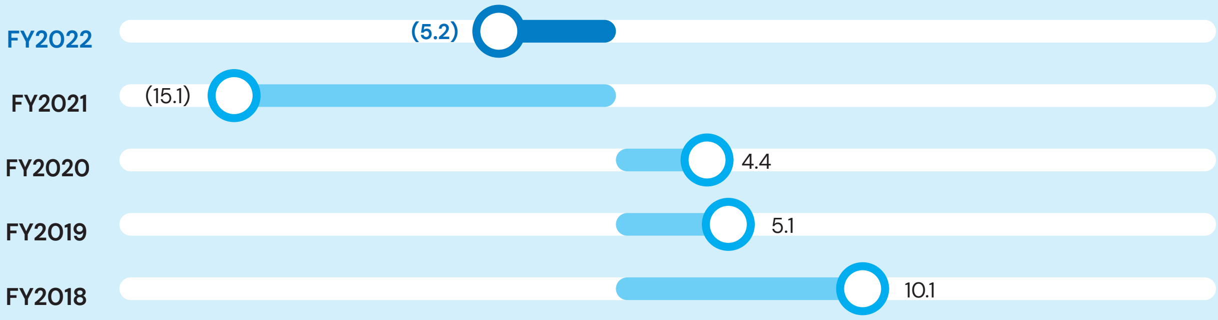
Turnkey Solutions and Projects: NeraTel maintains our strategy of undertaking long-term, comprehensive projects that span across the projects' complete life-cycles. Our highly trained and experienced teams provide expertise in planning, designing, installation, commissioning and testing of solutions, including our comprehensive post-sales service and support to provide a one-stop service to our customers.

FINANCIAL HIGHLIGHTS

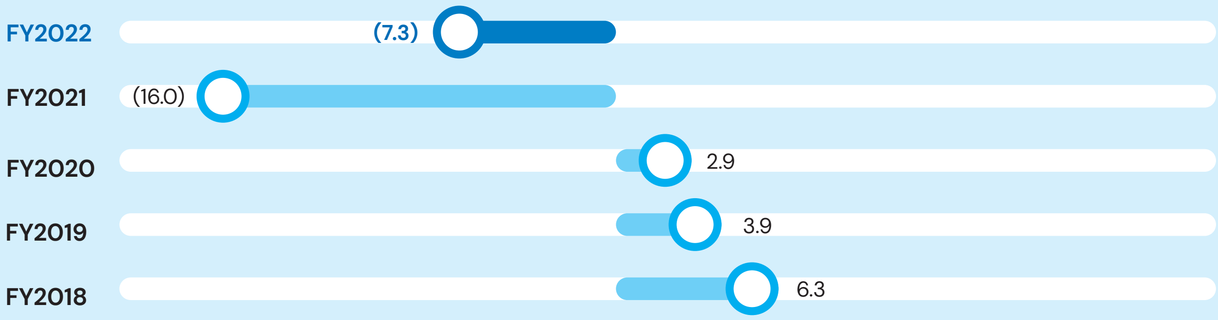
REVENUE ($M)



PROFIT/(LOSS) BEFORE TAX ($M)



PROFIT/(LOSS) AFTER TAX ($M)



SUSTAINABILITY REPORT

1. BOARD STATEMENT

Our sustainability agenda is led by our Board of Directors who oversees and ensures that we remain steadfast in our commitment to be a responsible and sustainable organisation.

We believe that creating enduring value is essential for the long-term future of the Group and to do so, a balance needs to be struck between the pursuit of growth and profit, governance and environmental considerations, as well as the development of our people and the well-being of the communities in which we operate.

This forms our sustainable business strategy and the material environmental, social, governance ("ESG") factors, economic performance and customer experience (collectively as "Sustainability Factors"), which are shown in this sustainability report ("Report").

Our sustainability framework communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("SDGs") and creating long-term value for key stakeholders, comprising communities, customers, employees, regulators, shareholders and vendors. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus. Our material Sustainability Factors and related SDGs are as follows:

SUSTAINABILITY REPORT

A summary of our key sustainability performance in FY2022 is as follows:

Sustainability factor	Performance Indicator	Sustainability performance	
		FY2022	FY2021
Customer satisfaction	Market presence	16 countries across 4 continents	16 countries across 4 continents
Economic	Economic value generated[1]	$133.3 million	$103.6 million
	Operating costs[2]	$111.5 million	$98.7 million
	Employee benefits expenses	$19.8 million	$16.6 million
	Payments to providers of capital[3]	$0.9 million	$2.5 million
	Taxes to governments	$1.3 million	$1.2 million
Environmental	Water consumption intensity (Cu M/per permanent full-time employee)	4.9	3.5
	Greenhouse Gas ("GHG") emissions (tonnes CO_2e)[4]	632	553
	GHG emissions intensity (tonnes CO_2e per permanent full-time employee)	2.2	2.4
Social	Number of workplace fatalities	–	–
	Number of high-consequence[5] work-related injuries	–	–
	Number of recordable work-related injuries	–	1
	Number of recordable work-related ill-health	–	–
	Average training hours per permanent full-time employee	4.8	9.9
	Turnover rate	31%	39%
	Number of reported incidents of unlawful discrimination against employees	–	–
Governance	Number of fraud incidents[6]	–	–

1 Economic value generated includes revenue, other income and interest income net of government grant and any unrealised gains.
2 Operating costs include cash payments to suppliers and contractors; net of employee-related costs.
3 Payments to providers of capital include dividends to all shareholders and interests paid.
4 GHG emissions are calculated based on the emissions factors published by the relevant local authorities.
5 High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
6 A fraud incident is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S$100,000.

SUSTAINABILITY REPORT

With pent up demand for better bandwidth and supporting infrastructure as global markets recover from pandemic-related headwinds and adapt to a post-COVID-19 world, the Group is uniquely positioned to bridge the gap and support the digital transformation journeys of both public and private entities.

The Group has been planning and deploying necessary resources ahead of time to ensure we are able to capitalise on these opportunities, including (i) moving up the value chain by offering higher-margin products and services such as cybersecurity amid increasing cyberattacks, phishing and online fraud; and (ii) reducing outsourcing and capturing more activities in-house to improve internal efficiencies.

2. INTRODUCTION

We are experiencing digital transformation and disruption across many sectors globally. Unparalleled changes have been taking place in the way we communicate and conduct business, which in turn changes the way we live.

Emerging technologies and digitalisation are key driving forces behind much of these changes, and we believe they will continue to transform the environment we operate in.

As we innovate and grow amidst this rapidly evolving landscape, we recognise that in order to continue doing so sustainably, it is imperative that we not only manage our impact on the environment and the communities in which we operate responsibly, but also maintain accountability to our stakeholders.

Value Chain

Our material Sustainability Factors identified are closely linked to our business operations. An overview is presented as follows:

OUR SUPPLIERS

Source hardware and software from international vendors (distributors and principals)

OUR OPERATIONS

Provide a full suite of turnkey network and wireless solutions – ranging from cybersecurity, cloud network infrastructure to wireless network and managed services

OUR CUSTOMERS

Serve a wide range of industries such as telecommunications, enterprises, government organisations, transportation and utilities

3. VISION, MISSION AND CORE VALUES

Our vision, mission and core values are closely aligned with the SDGs and we aim to create long-term value for our key stakeholders. You may refer to our corporate website for further details: https://nera.net/about-us.html.

SUSTAINABILITY REPORT

4. REPORTING FRAMEWORK

This Report has been prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules.

The Company has reported information cited in the Global Reporting Initiative ("GRI") content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in the Appendix of this Report.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("UN Sustainability Agenda"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are 17 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy. Please refer to Section 10 for more details on the alignment of our material Sustainability Factors with SDGs.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") in our climate-related disclosure.

We have relied on internal data monitoring and verification to ensure accuracy of this Report. We will work towards internal review and/or external assurance for our future sustainability reports.

5. REPORTING SCOPE

This report is applicable for our financial year ended 31 December 2022 ("FY2022" or "Reporting Period") and a report will be published annually.

This Report covers Singapore, Malaysia, Philippines and Indonesia operations (collectively known as the "Operations") which contributed approximately 81% (FY2021: 84%) of our total revenue for the Reporting Period.

6. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: corporate@nera.net.

7. STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that have an interest in and are affected or could be affected by our activities.

Our efforts are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and vendors.

SUSTAINABILITY REPORT

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER
1	Communities	Community campaigns	Ongoing	Social inclusion
2	Customers	• Meetings and visits • Email communications • Phone calls • Teleconferences	Regularly	• Customer service • Diversity, quality and safety of products • Market presence
3	Employees	Staff evaluation sessions Virtual town hall meetings	Annually Quarterly	• Career development and training opportunities • Job security • Remuneration • Workplace health and safety
4	Regulators	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange	Ad-hoc	• Corporate governance • Regulatory development towards environmental goals • Workplace health and safety
5	Shareholders	• Annual general meeting • Annual reports • Results announcement on SGXNET • Company website • Corporate announcements	Annually Half-yearly Regularly When needed	• Corporate governance • Dividend payment • Sustainable business performance • Market valuation
6	Vendors	• Email communications • Meetings and visits • Virtual events such as vendor conferences	Regularly	• Ability to distribute products • Maintain and expand brand presence • Maximise end customers' satisfaction

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

8. POLICY, PRACTICE AND PERFORMANCE REPORTING

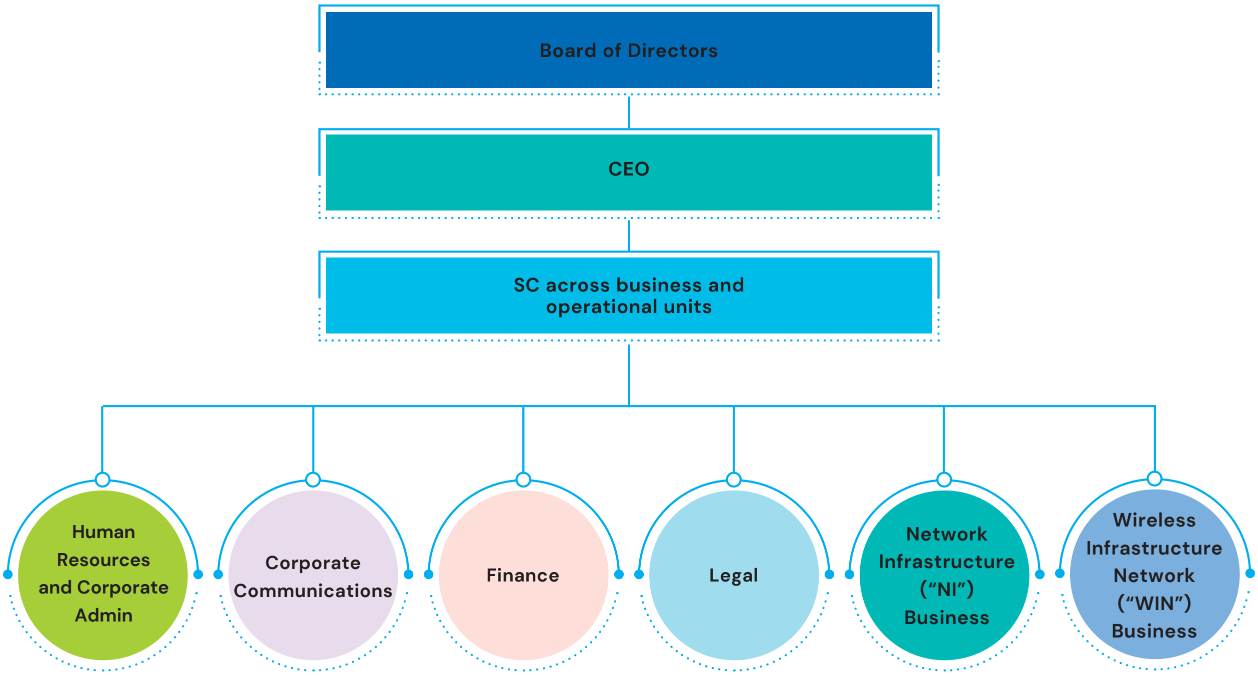
8.1 REPORTING POLICY

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors is in place and serves as a point of reference in the conduct of our sustainability reporting.

SUSTAINABILITY REPORT

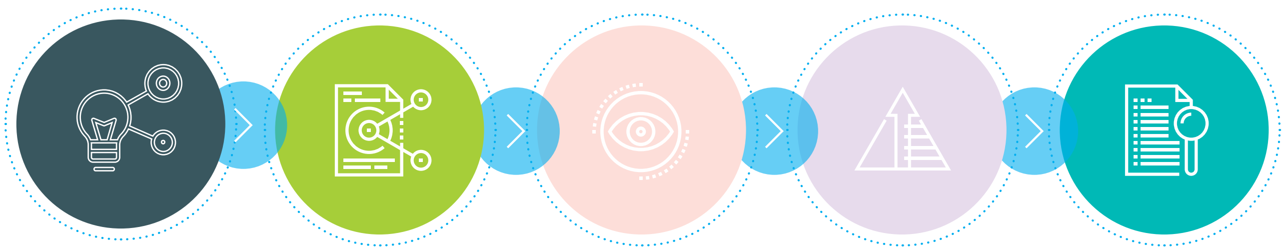
8.2 REPORTING STRUCTURE

Our sustainability strategy is developed and directed by Senior Management in consultation with the Board of Directors. Our sustainability committee ("SC"), which includes Senior Management executives, is led by the Chief Executive Officer ("CEO"). The CEO leads the SC in reporting to the Board as well as providing updates such as relevant proposals on our sustainability strategy and performance for the Board's review and approval.



8.3 SUSTAINABILITY REPORTING PROCESSES

Our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of material Sustainability Factors disclosed in this Report.



CONTEXT

Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests

IDENTIFICATION

Identify actual and potential impacts on the economy, environment, people and their human rights

ASSESSMENT

Assess the significance of impacts

PRIORITISATION

Prioritise the most significant impacts to determine the material Sustainability Factors for reporting

REVIEW

In each reporting period, review the material Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received from engagement with stakeholders, organisational and external developments

SUSTAINABILITY REPORT

8.4 MATERIALITY ASSESSMENT

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts ("Likelihood of Impact") and significance of our impacts on the economy, environment, people and their human rights, which include our contribution (negative or positive) to sustainable development ("Significance of Impact").

8.5 PERFORMANCE TRACKING AND REPORTING

We track the progress of our material Sustainability Factors by identifying the relevant data points, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused on our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capture systems.

9. MATERIAL FACTORS

In FY2022, a materiality assessment was conducted by the SC to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors material to the sustainability of our business and their reporting priority level were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below is a list of key Sustainability Factors applicable to our Operations:

S/N	MATERIAL SUSTAINABILITY FACTOR	SDG	KEY STAKEHOLDER
CUSTOMER EXPERIENCE			
1	Total customer satisfaction	Decent work and economic growth	• Customers • Vendors
ECONOMIC			
2	Sustainable business performance	Decent work and economic growth	• Employees • Regulators • Shareholders
ENVIRONMENTAL			
3	Electricity, water conservation and emission reduction	• Affordable and clean energy • Clean water and sanitation	• Communities • Shareholders
4	Responsible waste management	Responsible consumption and production	• Communities • Regulators • Shareholders
SOCIAL			
5	Occupational health and safety	Good health and well-being	• Employees • Regulators
6	Talent development and retention	Quality education	Employees
7	Equality and diversity in the workplace	Reduced inequalities	Employees
8	Ongoing community development	Sustainable cities and communities	Communities
GOVERNANCE			
9	Corporate governance and code of ethics	Peace, justice and strong institutions	• Regulators • Shareholders

SUSTAINABILITY REPORT

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each key Sustainability Factor are presented as follows:

9.1 TOTAL CUSTOMER SATISFACTION

Our clientele comprises service providers, enterprises, government entities, transport and utilities companies that require infocomm solutions. In line with our mission to deliver best-in-class solutions that elevate business values for our clients, we are committed to customer satisfaction for our long-term sustainability through the following:

Maintain presence and proximity to the customers we serve

Over the years, we have established ourselves in 16 countries across 4 different continents (FY2021: 16 countries across 4 different continents). This geographical spread brings us closer to the markets we serve and more importantly, to the clients we serve. You may refer to our geographical presence in this Annual Report for further details.

Nurture a team of highly trained and experienced employees

We are dependent on our highly trained and experienced teams to serve our clients by providing expertise in planning, designing, installation, commissioning and testing of solutions, inclusive of comprehensive post sales service and support management.

Our strategy to establish a best-in-class footprint is driven by a core regional team of qualified and experienced professional engineering staff that supports our local operations in the development and delivery of complex end-to-end turnkey solutions to our clients.

For more details on staff retention, refer to section 9.6 for further details.

Cultivate a long-term and sustainable relationship with our vendors

Our solutions are built on hardware and software sourced from various reputable international vendors. Such vendors include distributors and principals with whom we maintain long-term sustainable relationships. We seek to select vendors that supply goods which meet our requirements on functionality, features, quality and safety, with preference towards vendors with good sustainability practices. Upon acceptance, they are evaluated regularly to ensure that they continue to supply goods that meet ours as well as customers' requirements and maintain good sustainability practices.

With strategic vendors, we are able to gain access to a wider range of hardware and software and develop solutions that meet customers' requirements. In addition, our volume purchases allow us to secure competitive prices through discounts, rebates or pricing protection support which we can then leverage to provide our customers with value-added solutions.

Better solutions through continuous feedback and building a knowledge base

We recognise the need to constantly develop new and better solutions that meet our customers' requirements. Our efforts on this front are as follows:

- Customer feedback is collected from various touchpoints such as sales teams and annual customer satisfaction surveys and mined to gather valuable insights into current and future customers' requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational level and provide inputs for better strategies;
- A centralised knowledge database is maintained to retain the cumulative and valuable knowledge gained from past projects such as designs, marketing strategies, used cases and lessons learned. The knowledge base serves multiple purposes of securing sales, developing solutions, customer support, employee training and employee on-boarding. The knowledge base is stored in a secured location and made accessible to authorised personnel; and
- To better nurture and build closer customer relationships, a customer relationship management system has been implemented to organise and manage customer information and opportunities.

SUSTAINABILITY REPORT

Adopt market standards for the quality and safety of our products

Our operations in Singapore are certified under ISO 9001:2015 and the adoption of such international standards demonstrates our ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.

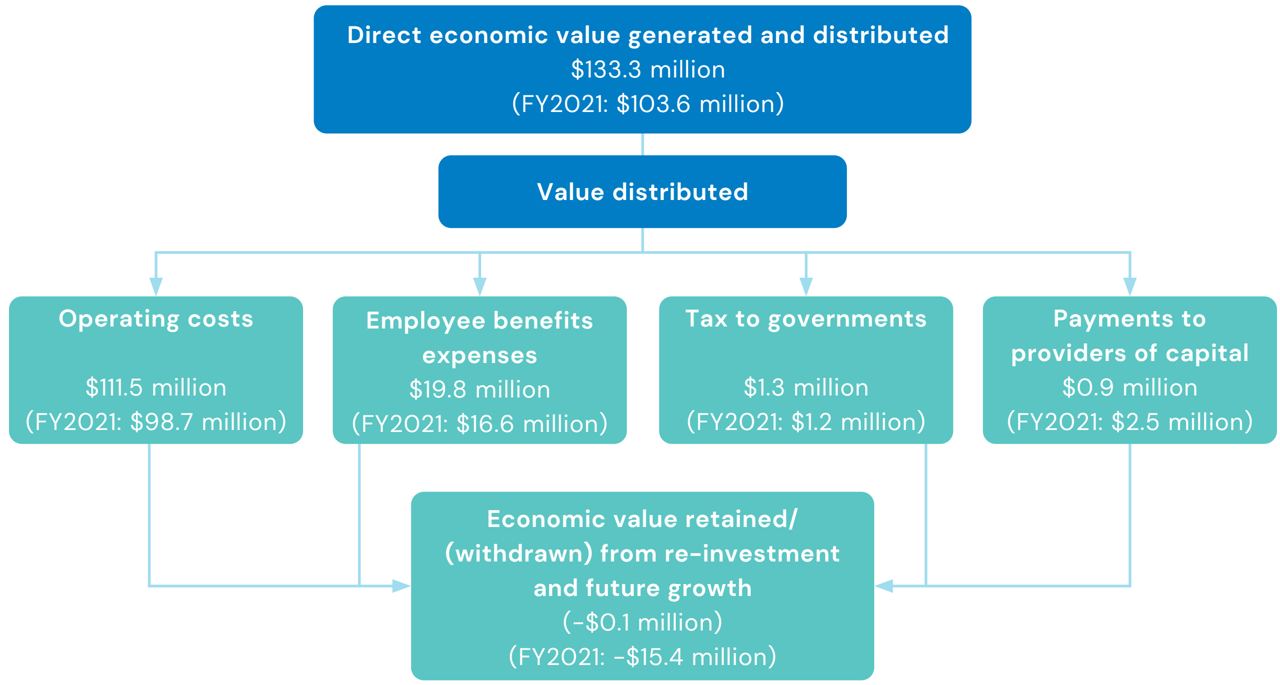
Supporting customers during the pandemic

Work-from-home arrangements have become more common as the world gradually recovers from the pandemic. We will continue to develop and offer IT solutions that allow our customers to implement their business continuity plans and to facilitate their shift towards a hybrid work model.

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain or improve market presence • Adhere to the market standards for quality and safety of our products	• Maintained our market presence in 16 countries across 4 different continents • We adhered to international standards for quality and safety of our products	Adhere to the market standards for quality and safety of our products

9.2 SUSTAINABLE BUSINESS PERFORMANCE

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, value created[7] in FY2022 is distributed as follows to enable a more sustainable future:



[7] Total distribution differs from the amount disclosed in the value-added statement as it included dividends to shareholders, a key stakeholder group of the Group and excluded non-controlling interests, finance costs, depreciation and amortisation expenses.

SUSTAINABILITY REPORT

We will continue to leverage on opportunities brought about by the increasing digitalisation trend.

Details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve our financial performance subject to market conditions	We reported an increase in economic value generated from \$103.6 million to \$133.3 million	Maintain or improve our economic value retained subject to market conditions

9.3 ELECTRICITY, WATER CONSERVATION AND EMISSION REDUCTION

In line with our mission to be environmentally responsible, we are committed to responsible usage of electricity and water resources that help to reduce carbon emissions and preserve the environment in which we operate in. It also reduces cost and enhances returns to our shareholders.

To run our Operations, we rely on energy and water resources in the following areas:

- Electricity for running equipment for lighting, office work, cooling and ventilation (Scope 2[8]); and
- Water for cleaning purposes, restrooms and pantries.

Other than indirect GHG emissions (Scope 2), we do not generate material direct GHG emissions (Scope 1[9]) from our operations. Therefore, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, as and when applicable.

Key statistics on electricity and water consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021
Energy consumption			
Electricity consumption	kWh	1,387,516	1,234,243
Electricity consumption intensity	kWh/total number of permanent full-time employees	4,751.8	5,274.5
Water consumption			
Water consumption	Cu M	1,418	830
Water consumption intensity	Cu M/total number of permanent full-time employees	4.9	3.5
GHG emissions			
Indirect GHG emissions (Scope 2[10])	tonnes CO_2e	632	553
GHG emissions intensity	tonnes CO_2e/total number of permanent full-time employees	2.2	2.4

8 Scope 2 GHG emissions arise from the generation of purchased electricity consumed by the reporting entity. Scope 2 GHG emissions physically occur at the facility where electricity is generated.

9 Scope 1 GHG emissions occur from sources that are owned or controlled by the reporting entity.

10 GHG emissions from the generation of purchased electricity consumed by the reporting entity. Scope 2 GHG emissions physically occur at the facility where electricity is generated.

SUSTAINABILITY REPORT

The increase in water consumption intensity was mainly due to more staff returning to office to work following the easing of COVID-19 measures. The decrease in electricity consumption intensity was mainly due to the increase in total number of permanent full-time employees being more than proportional to the increase in electricity consumption in view of our ongoing initiatives to reduce electricity consumption.

Some of our key energy and water conservation initiatives are as follows:

- Turn off air conditioners earlier than usual operating hours;
- Switch on the chiller an hour later and turn off half-an hour earlier on working days;
- Switch off office lights in the common areas half-an hour earlier on working days and during lunch hour;
- Put up signage at light switches to remind staff to switch off lights when not in use; and
- Deploy and use water efficient tap filters to optimise water usage.

Target for FY2022	Performance in FY2022	Target for FY2023
• In the event the pandemic comes to an end and with the resumption of normal business activities, reduce or maintain the energy and water consumption rates achieved in FY2019 • In the event that the pandemic continues, reduce or maintain the GHG emissions and water consumption rates achieved in FY2021	With some countries easing COVID-19 restrictions earlier than others, electricity consumption intensity decreased, while water consumption intensity increased	• Maintain or reduce water consumption intensity • Maintain or reduce GHG emissions intensity

9.4 RESPONSIBLE WASTE MANAGEMENT

We recognise that environmental preservation through efficient waste management such as reducing consumption and recycling allows us to operate in a sustainable manner. We are committed to manage and minimise waste in our operations and minimise the potential impact of our business operations on the environment. Main wastes generated from our operations are electronic waste ("e-waste").

We will make the relevant waste-related disclosure on our business in the next financial year.

Target for FY2022	Performance in FY2022	Target for FY2023
Not applicable as this is a newly disclosed sustainability factor added in this Report	We will make the relevant waste-related disclosure on our business in the next financial year	Initiate various initiatives to monitor e-waste generated from operations

9.5 OCCUPATIONAL HEALTH AND SAFETY

Building a conducive work environment that prioritises the well-being of employees and their safety helps raise staff morale and build trust amongst employees, which in turn supports the sustainability of our business.

SUSTAINABILITY REPORT

Key measures adopted to manage health and safety in the workplace environment are as follows:

- A set of safety rules and regulations is in place;
- Safety committees are in place and safety inspections are performed and reported regularly;
- Briefings, talks and trainings on occupational safety are organised regularly; and
- Accidents are tracked and monitored regularly.

Our operations in Singapore are ISO 45001:2018, bizSAFE STAR and SafeContractor Accreditation certified and these certifications recognise our continuous efforts to incorporate safety as part of our business model. We recorded zero fatalities, zero high-consequence work-related injuries, zero recordable work-related injuries and zero recordable work-related ill-health cases in FY2022 (FY2021: zero fatalities, zero high-consequence work-related injuries, 1 recordable work-related injury and zero recordable work-related ill health cases). Lessons from the non-fatal workplace injury were shared across business units to prevent recurrence and we continue to work towards maintaining zero workplace incidents.

Pandemic fatigue partly attributed to limited physical meetings and interactions had impacted and taken a toll on our employees mentally, emotionally and physically. To take care of our employees' mental, emotional and physical well-being, we have put in place the following initiatives:

- "Family Fridays" initiative, where employees officially end their work day at 5:00 pm every last Friday of the month so that they can spend more quality time with their family;
- Circulate periodic COVID-19 and health and safety announcements to provide guidelines for our employees; and
- Organised events targeted at bringing employees together and increasing team bonding. Events were conducted safely in compliance with COVID-19 guidelines.

Target for FY2022	Performance in FY2022	Target for FY2023
Minimise the number of workplace accidents	There were no workplace accidents in FY2022	Minimise the number of workplace accidents

9.6 TALENT DEVELOPMENT AND RETENTION

An effective employee training programme is vital to the long-term success of any business. We have a set of training programmes that caters to various types and levels of our employees. One of the key objectives of the programmes is to develop our human capital base so that our employees can better perform their jobs, better serve our customers and also to raise productivity. We place a high priority on the competency development of our employees. Technical staff are encouraged to attain technical certifications relevant to their work whilst Management staff are also encouraged to attend Leadership Development courses and programmes.

SUSTAINABILITY REPORT

During the Reporting Period, the average training hours attained per permanent full-time employee was 4.8 hours (FY2021: 9.9 hours). Key statistics on training hours by gender group are as follows:

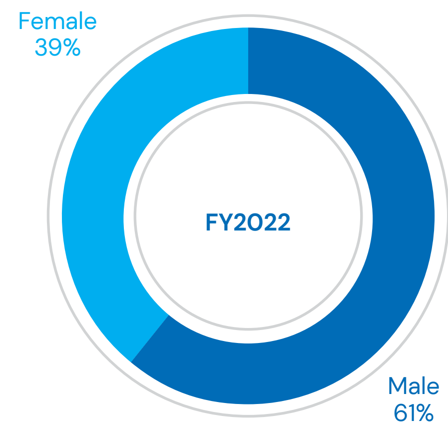
Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
Total training hours	996	400	1,770	543
Average training hours per permanent full-time employee	5.0	4.4	10.5	8.2

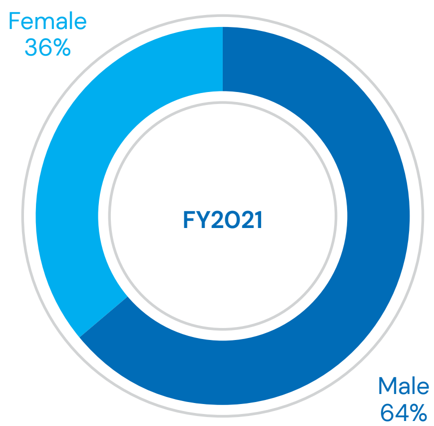
As our business activities increased in FY2022 following the end of the COVID-19 pandemic, we logged less training conducted for our employees. We will continue to invest in training and development to enhance our competencies, that is, not limited to functional skills but also in areas such as leadership capabilities, succession planning and team performance.

Key statistics on new employee hires by gender and age group are as follows:

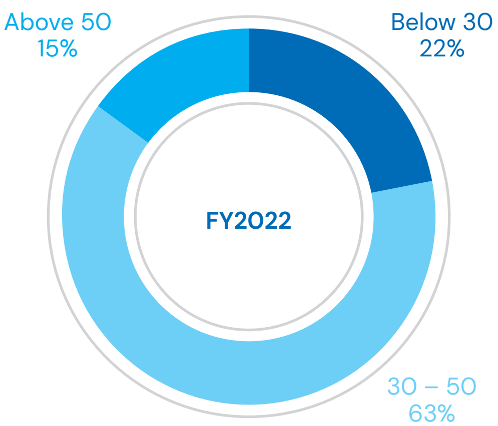
NEW HIRES

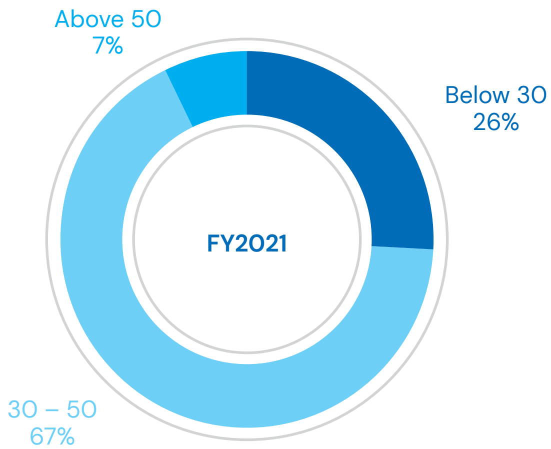
Gender





AGE



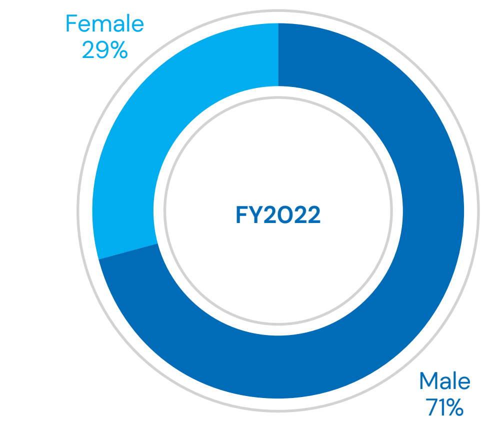


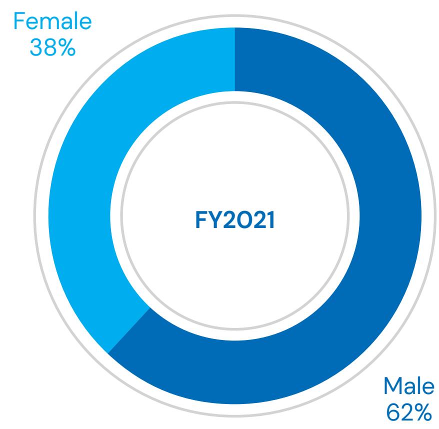
SUSTAINABILITY REPORT

We believe that a low turnover improves the sustainability of our operations and allows us to contribute positively to the development of social and human capital in a wider community. During the Reporting Period, our turnover rate was 31% (FY2021: 39%). Key statistics on employee turnover by gender and age group are as follows:

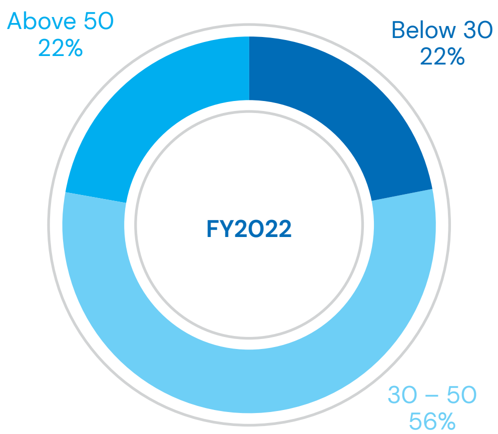
TURNOVER

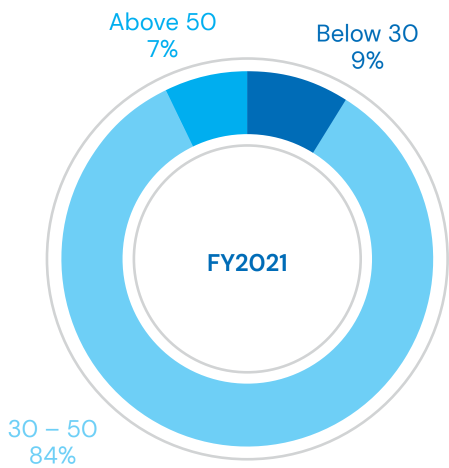
Gender





AGE





SUSTAINABILITY REPORT

As part of our continual efforts to upgrade the knowledge of our Directors on sustainability reporting and to meet the requirement of Listing Rule 720(7) of SGX-ST, we confirm that all Directors have attended one of the approved sustainability training courses during the Reporting Period.

Target for FY2022	Performance in FY2022	Target for FY2023
Improve or maintain employee retention rate subject to market conditions	Employee turnover rate decreased from 39% to 31%	Improve or maintain the average hours of training per employee per year

9.7 EQUALITY AND DIVERSITY IN THE WORKPLACE

We are committed to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity. We have a workforce of 292 (FY2021: 234) permanent full-time employees in our Group as at 31 December 2022.

Gender diversity (%)

We view diversity in the Board and Company as essential in supporting sustainable development and in relation to the Board, one out of six of our Directors is female (FY2021: one out of six of our Directors) or 17% (17% as at 31 December 2021) of the Board. Key statistics on gender diversity of our permanent full-time employees are as follows:

Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
Overall	68%	32%	72%	28%
Management level				
Management	75%	25%	74%	26%
Non-management	66%	34%	71%	29%

Age diversity (%)

On age diversity, matured workers are valued for their experience, knowledge and skills. Key statistics on age diversity of our permanent full-time employees are as follows:

Disclosure	FY2022			FY2021		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	10%	75%	15%	13%	68%	19%
Management level						
Management	–	72%	28%	21%	77%	2%
Non-management	14%	76%	10%	9%	65%	26%

During the Reporting Period, we had no (FY2021: zero) reported incident of unlawful discrimination against employees.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero reported incident of unlawful discrimination against employees	Maintained zero reported incident of unlawful discrimination against employees	<u>On-going and long-term target:</u> Maintain zero reported incident of unlawful discrimination against employees

SUSTAINABILITY REPORT

9.8 ONGOING COMMUNITY DEVELOPMENT

In line with our mission to give back to the community and contribute to a more inclusive society, we strive to set a good example and encourage individuals and other corporations to embrace the spirit of giving, especially during this post-pandemic period when the vulnerable in our communities are impacted most. We recognise that the long-term success of our business is closely related with the health and prosperity of the communities in which we operate. During the Reporting Period, we engaged in the following initiatives:

Continuing our support for Dover Park Hospice

Dover Park Hospice was founded in 1992 as a non-profit organisation to provide comfort and palliative care to patients with advanced disease regardless of age, race or religion and to support their families.

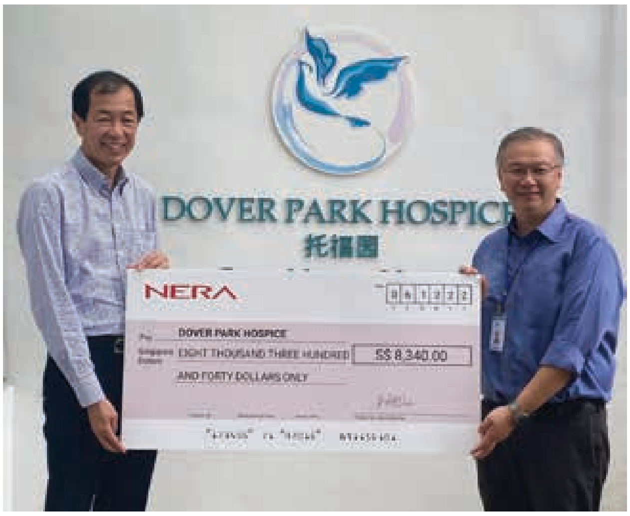
Recognising the importance of a holistic approach to palliative care, one that is compassionate, dignified and most importantly, accessible to patients in a fast-paced and rapidly ageing society like Singapore, we organised a charity auction on 19 August 2022 in support of the Hospice. With the company matching our employees' donations dollar for dollar, we raised $8,340 which was donated in full to Dover Park Hospice.

Caring for underprivileged children at Yauma Orphanage House

In honour of the holy month of Ramadhan in 2022, employees from our office in Indonesia organised a donation drive in support of the Yauma Orphanage House. The money raised was then used to purchase groceries and other necessities for the children at the Orphanage. Some employees also volunteered at the Orphanage to help serve food to the children.

Contributing to the Pakistan Army Flood Relief Fund

Following unprecedented floods that ravaged Pakistan and affected millions of people in the region, we made a donation to the Pakistan Army Flood Relief Fund to help the displaced and with rebuilding efforts. In appreciation of our contribution, the Director General of the Special Communications Organisation, a public sector organisation under the Pakistan Government's Ministry of Information Technology, presented us with a plaque of recognition.



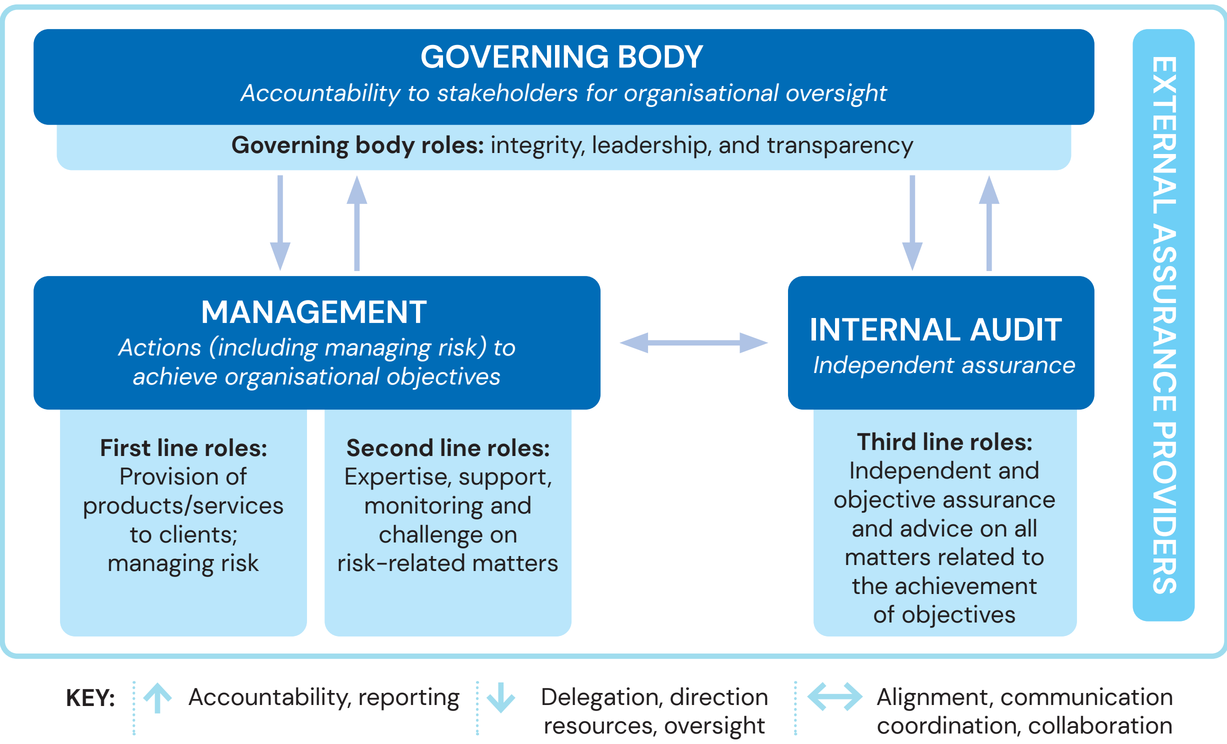
SUSTAINABILITY REPORT

Target for FY2022	Performance in FY2022	Target for FY2023
Initiate various campaigns to help communities	Initiated various campaigns to help communities	On-going and long-term target: Initiate various campaigns to help communities

9.9 CORPORATE GOVERNANCE AND CODE OF ETHICS

A high standard of corporate governance and code of ethics is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long-term shareholder value. We are committed to carrying out our business with integrity by avoiding corruption in any form, including bribery, and complying with the local relevant regulatory requirements of the countries in which we operate.

To ensure the Group's sustainability, it is essential to manage our business risks to the best of our abilities. Our corporate governance and risk management approach is aligned with the Three Lines Model published by the Institute of Internal Auditors ("IIA") to facilitate strong governance and risk management. The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first and second line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model of the IIA

We have put in place a risk management framework to track and manage the risks to which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group can be converted into opportunities which will lead to favourable results for us.

SUSTAINABILITY REPORT

An employee handbook is also in place to provide guidance to employees on our culture. In addition, we have put in place a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting, business activities and operations and others.

Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by the National University of Singapore Business School was 82 for FY2022 (FY2021: 82). In FY2022, no fraud incidents were reported (FY2021: zero).

You may refer to the Corporate Governance Report of this Annual Report for details of our corporate governance practices.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain zero incidents of fraud	Maintained zero incidents of fraud	On-going and long-term target: Maintain zero incident of fraud

10. SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

We have incorporated the SDGs under the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, where appropriate, as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our Sustainability Factors relate to these SDGs:

SDG		Our effort
	Ensure healthy lives and promote well-being for all at all ages	Section 9.5 Occupational health and safety We create a safe working environment that will lower injury or illness costs, reduce absenteeism and turnover, increase productivity and raise employee morale.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Section 9.6 Talent development and retention We invest in training and development of our people to enhance our business competencies as well as overall productivity.
	Ensure availability and sustainable management of water and sanitation for all	Section 9.3 Electricity, water conservation and emission reduction We implement checks and measures to reduce water wastage, which in turn help us work towards achieving sustainable management and efficient use of natural resources.
	Ensure access to affordable, reliable, sustainable and modern energy for all	Section 9.3 Electricity, water conservation and emission reduction We implement measures to reduce our energy consumption as it not only helps improve energy efficiency and reduce GHG emissions, but also helps us reduce costs incurred to support our business operations.

SUSTAINABILITY REPORT

SDG		Our effort
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Section 9.1 Total customer satisfaction We are determined to bring outstanding products and services to our customers, starting from quality management to being attentive and responsive to customer feedback. Section 9.2 Sustainable business performance We contribute to economic growth through creating long-term economic value for our shareholders.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 9.7 Equality and diversity in the workplace We ensure equal opportunity for all employees regardless of age, gender, race as well as educational background.
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	Section 9.8 Ongoing community engagement While we strive to achieve our business goals, we also believe in giving back to society and serving our local communities to promote social inclusion and sustainable communities.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Section 9.4 Responsible waste management We contribute to the reduction of waste generation by ensuring proper disposal of e-waste requiring special disposal.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Section 9.9 Corporate governance and code of ethics We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholder value and carry out business with integrity by avoiding corruption in any form.

SUSTAINABILITY REPORT

11. SUPPORTING THE TCFD

We are committed to supporting the recommendations by TCFD and have made climate-related financial disclosures in the following key areas:

Key area	Our approach
Governance	The Board oversees the management and monitoring of the Sustainability Factors and considers climate-related issues in determining the Group's strategic direction and policies. Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. The Group's SC includes representatives from various support units. The Group's Senior Management advises the SC in reviewing our sustainability progress. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.
Strategy	The climate-related risks and opportunities identified by the Group during the climate-risk identification exercise include the following: • The reputational and financial risks for not meeting the demands of regulators and shareholders amidst the enhanced emissions reporting requirements. • On the other hand, the rising climate awareness due to these obligations enabled defined job responsibilities for the organisation to be in place and staff to attend courses regularly to stay updated on the latest climate reporting requirements. We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/subsector scenarios and time horizons, to anticipate and manage climate change impacts.
Risk management	The Group's climate related risks and opportunities are identified and assessed during the climate-related risk assessment exercise. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.
Metrics and targets	We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts. To support the climate change agenda, we disclose our Scope 2 GHG emissions[12] in the Report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. We will continue to monitor our emissions and disclose Scope 1 and Scope 3 GHG emissions wherever applicable and practicable.

[12] Scope 1 GHG emissions is not disclosed as it is not material.

SUSTAINABILITY REPORT

APPENDIX GRI CONTENT INDEX

Statement of use	Nera Telecommunications Ltd has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location/Page
GRI 2: General Disclosures 2021	2-1 Organisational details	5, 11-12, 82, 106-110, 150-151
	2-2 Entities included in the organisation's sustainability reporting	17, 106-110
	2-3 Reporting period, frequency and contact point	17
	2-4 Restatements of information	None
	2-5 External assurance	17
	2-6 Activities, value chain and other business relationships	10-12, 16, 106-110
	2-7 Employees	28
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	6-8, 19, 37-41
	2-10 Nomination and selection of the highest governance body	44-46
	2-11 Chair of the highest governance body	6-8, 41-44
	2-12 Role of the highest governance body in overseeing the management of impacts	19
	2-13 Delegation of responsibility for managing impacts	19
	2-14 Role of the highest governance body in sustainability reporting	19
	2-15 Conflicts of interest	37-41, 65-66
	2-16 Communication of critical concerns	30-31, 55-61
	2-17 Collective knowledge of the highest governance body	25-28, 37-43
	2-18 Evaluation of the performance of the highest governance body	47-48
	2-19 Remuneration policies	48-51
	2-20 Process to determine remuneration	48-51

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location/Page
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	2-3, 14-16
	2-23 Policy commitments	30-33
	2-24 Embedding policy commitments	30-31
	2-25 Processes to remediate negative impacts	30-31, 55-61
	2-26 Mechanisms for seeking advice and raising concerns	30-31, 55-61
	2-27 Compliance with laws and regulations	28, 30-31
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	17-18
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18-20
	3-2 List of material topics	20-21
	3-3 Management of material topics	21-31
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	22-23
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	30-31
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	23-24
	302-3 Energy intensity	23-24
GRI 303: Water and Effluents 2018	303-5 Water consumption	23-24
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	23-24
	305-2 Energy indirect (Scope 2) GHG emissions	23-24
	305-4 GHG emissions intensity	23-24
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	25-28
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	24-25
	403-10 Work-related ill health	24-25

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location/Page
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	25-28
	404-2 Programmes for upgrading employee skills and transition assistance programmes	25-28
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	28
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	29-30

CORPORATE GOVERNANCE REPORT

Nera Telecommunications Ltd (the "Company") is committed to high standards of corporate governance so as to ensure greater transparency and protect the interests of its employees, customers and shareholders. The Board of Directors ("Board") and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance.

To discharge its governance function, the Board and its committees have established policies and rules to govern their activities. The Board and its committees are guided by their respective Terms of References.

The Board is pleased to report to its shareholders on the Company's corporate governance practices for the financial year ended 31 December 2022 ("FY2022") with specific reference to each provision of the Code of Corporate Governance 2018 (the "Code") issued in August 2018. The Board confirms that the principles and provisions of the Code have been adhered to and to the extent that the Company's practices may vary from the provisions of the Code, the Company has explained in this report how its practices are consistent with the intent of the relevant principles of the Code.

BOARD MATTERS

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its success. The Management plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

Provision 1.1

Board's Role

The principal functions of the Board include, inter alia, providing entrepreneurial leadership, setting strategic objectives, monitoring Management's performance, establishing a framework for prudent and effective control for risk management, safeguarding shareholders' interests and the Company's assets as well as setting values and standards (including ethical standards) for the Company. The Board is also mindful of the Company's social responsibilities.

The Board sets the directions for the Company where ethics and values are concerned. This helps to nurture an environment where integrity and accountability are key.

The Board's Conduct of Affairs

The principal functions of the Board include, inter alia:

(a) Providing entrepreneurial leadership, setting key business and financial strategic objectives and strategies and ensuring necessary financial and human resources are in place for the Company to meet those objectives;

(b) Approving the annual budget, major investments and divestments, and funding proposals;

(c) Reviewing and monitoring Management's performance;

(d) Establishing a framework for the oversight of prudent and effective internal controls, risk management, financial reporting and compliance; and

(e) Assuming responsibility for good corporate governance to protect the Company's assets and enhancing the long-term value of the Company for its shareholders.

CORPORATE GOVERNANCE REPORT

Objective Decision Making

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Any Director who has a conflict of interest which is likely to impact his or her independence or conflict with a subject under discussion by the Board is required to immediately declare his or her interest to the Board, remove himself or herself from the information flow and recuse from participating in any further discussion or voting on the subject matter.

Provision 1.2

Continuous Training and Development of Directors

Management and Professional Advisers keep the Directors up-to-date on pertinent developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters. Such periodic updates are provided to Directors to facilitate the discharge of their duties.

The Directors attend appropriate courses, conferences and seminars conducted by various Regulatory Authorities, Financial Institutions and Professional Consultants, including, Singapore Institute of Directors ("SID"), Singapore Stock Exchange, Accounting and Corporate Regulatory Authority (ACRA), Association of Chartered Certified Accountants (ACCA), Australian Institute of Company Directors (AICD), A.T. Kearney, Certified Practicing Accountants (CPA) Australia, National Association of Corporate Directors (NACD), Stewardship Asia Centre (SAC), Singapore Institute of Directors (SID), PricewaterhouseCoopers (PwC) and Ernst & Young (EY). Funding is also provided in support of relevant training for Directors. During FY2022, the training hours recorded by all Directors are approximately 67 hours.

Directors are also encouraged to read and actively engage in informal discussions on subjects which are relevant to the Group's business.

Appointment Letter to new Director

Orientation programmes will be organised during the year for new incoming Directors to ensure that they are familiar with the Company's key businesses and corporate governance practices. This allows the new Director to get acquainted with Senior Management, thereby facilitating Board interaction and independent access to Senior Management. Directors may also at any time request further explanations, briefings and informal discussions on any aspect of the Company's operations or business.

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

The Company has adopted internal guidelines governing matters that require the Board's approval.

Matters which are specifically reserved to the Board for approval are:

(a) Strategic business plans and policies of the Group;

(b) Annual budgets;

CORPORATE GOVERNANCE REPORT

(c) Material acquisitions and disposal of assets;

(d) Corporate or financial restructuring;

(e) Share issuances, interim dividends and other returns to shareholders;

(f) Matters involving a conflict of interest for a substantial shareholder or a director; and

(g) Terms of reference of the Board and its Committees.

The matters which are specifically decided and approved by the Board are clearly documented in the minutes of meetings and kept with the Company.

Provision 1.4

Delegation of Authority to Board Committees

The Board is supported by a number of committees to assist it in the discharge of its responsibilities and also enhance the Company's corporate governance framework. These committees include the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit and Risk Management Committee ("ARMC"). Each Board committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

Provisions 1.5 & 1.6

Meetings of Board and Board Committees

The Board and its committees meet regularly through scheduled meetings and as warranted by particular circumstances. A schedule of meetings is provided in advance to each Director prior to the commencement of each Financial Year. If Directors are unable to attend meetings in person, telephonic means of communication are allowed under the Constitution of the Company. During the COVID-19 pandemic, the Board and its committees met by electronic means. To enable members of the Board and its committees to prepare for the meetings, agendas together with Board papers and related materials are circulated within five working days before the meetings.

The Board normally meets at least four times a year with additional meetings convened as and when necessary.

During FY2022, the Company held six (6) Board Meetings.

Multiple Board Representations

All Directors are required to declare their Board Representations. The NC has set guidelines on the maximum number of Board appointments in listed companies that Directors can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. The NC recommends that Independent Directors serve concurrently on no more than five listed company Boards, and that the Senior Management serve concurrently on no more than two listed company Boards besides the Company. The NC considers that the multiple Board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

CORPORATE GOVERNANCE REPORT

The Directors had committed considerable time towards the many Board meetings and Board committee meetings held in FY2022 and adjusted their schedules to ensure participation in Board and Board committee meetings for the deliberation of issues. The NC finds the Directors have committed their time effectively to discharge their responsibilities.

A record of the Directors' attendance at the Board and Board Committee meetings as well as General Meeting for the financial year ended 31 December 2022 is set out below:

2022 Meeting Attendance*	Board Meetings	Audit and Risk Management Committee Meetings	Remuneration Committee Meeting	Nominating Committee Meeting	General Meeting
Number of meetings held in FY2022	6	7	2	3	1
Name of Directors	**Number of meetings attended**				
Dr. Lim Puay Koon, Chairperson[1]	6/6	6/6	1/1	N/A	1/1
Ms. Wong Su-Yen[2]	6/6	N/A	2/2	3/3	1/1
Mr. Chong Hoi Ming[3]	4/4	N/A	N/A	N/A	1/1
Mr. Basil Chan	6/6	7/7	N/A	3/3	1/1
Mr. Tommy Teo Zhi Zhuang	6/6	6/7	N/A	N/A	1/1
Mr. Wong Chee-Yann[4]	2/3	N/A	1/1	1/1	1/1
Ms. Kay Pang Ker-Wei[5]	N/A	N/A	N/A	N/A	N/A
Dr. Lee Kwok Cheong[6]	1/3	1/1	1/1	N/A	N/A
Mr. Tan Choon Hong[7]	3/3	N/A	1/1	2/2	N/A
Mr. Beck Tong Hong[8]	2/2	N/A	N/A	N/A	N/A

* *Referred to meetings held/attended while each Director was in office in FY2022.*

1 *Dr. Lim Puay Koon appointed as the Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee on 8 March 2022. Dr. Lim was further re-designated to the Chairperson of the Board on 23 December 2022.*

2 *Ms. Wong Su-Yen resigned as Independent Director, the Chairperson of the Board, the Chairperson of the Nominating Committee and a Member of the Remuneration Committee on 23 December 2022.*

3 *Mr. Chong Hoi Ming was appointed as Executive Director and Chief Executive Officer on 7 February 2022.*

4 *Mr. Wong Chee-Yann was appointed as Non-Executive Director, a member of the Nominating Committee and a member of the Remuneration Committee on 28 February 2022.*

5 *Ms. Kay Pang Ker-Wei was appointed as Independent Director, the Chairperson of the Nominating Committee and a member of the Remuneration Committee on 23 December 2022.*

6 *Dr. Lee Kwok Cheong resigned as Independent Director, the Chairperson of Remuneration Committee and a Member of the Audit and Risk Management Committee on 8 March 2022.*

7 *Mr. Tan Choon Hong resigned as Non-Executive Director, a member of the Nominating Committee and a member of the Remuneration Committee on 28 February 2022.*

8 *Mr. Beck Tong Hong resigned as Executive Director and Chief Executive Officer on 7 February 2022.*

CORPORATE GOVERNANCE REPORT

Board's Access to information

The Board is supported by accurate, complete and timely information, and has unrestricted access to Management. Management places a high priority on providing timely and accurate information to the Board on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively. Board members receive quarterly management reports pertaining to the operational and financial performance of the Company, including updates on the Company's financials, cash flow positions and forecasts, budget variance reports, order in-take, order backlog and sales pipelines. The Board will also be updated on industry trends and developments.

Provision 1.7

Board's Access to Management and Company Secretary

The Board has at all times separate and independent access to the Management through electronic mail, telephone and face-to-face meetings and are entitled at all times to request for any additional information needed to make informed decisions. Similarly, key Management staff, the Company's auditors or external consultants are invited to attend Board and Board Committee meetings to update and provide independent professional advice on specific issues, where necessary.

Directors have separate and independent access to the Company Secretary through electronic mail, telephone and face-to-face meetings.

The role of the Company Secretary includes the responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Further, the Company Secretary assists in coordinating the flow of information within the Board and Board Committees as well as between the Management and the Board. The Company Secretary also assists the Chairperson and the Board in implementing and strengthening corporate governance practices and processes.

Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Board's Access to Independent Professional Advice

Where required, procedures are also in place for the Board and individual Board Committees to seek independent professional advice, paid for by the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provisions 2.1, 2.2 & 2.3

Independent Element of the Board, Composition of Independent Directors and Non-Executive Directors on the Board

As at the date of this Report, the Board comprises six (6) Directors, one (1) of whom is an Executive Director, two (2) of whom are non-Executive Directors and the remaining three (3) Directors are independent, thus providing a strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group. The Chairperson of the Board is an Independent Director.

CORPORATE GOVERNANCE REPORT

Independence of Directors

The NC, in its deliberation as to the independence of a Director, takes into consideration examples of relationships as set out in the Code, and considers whether a Director has business relationships with the Group, and if so, whether such relationships can interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment.

The NC, having considered the assessment made by the Directors on the independent status of Dr. Lim Puay Koon, Mr. Basil Chan, Ms. Kay Pang Ker-Wei and other relevant factors, has determined that each has no relationship with the Company, its related corporations, its substantial shareholders or its officers and is also independent of the executive functions of the Company. In the discharge of their duties, they had exercised their independent business judgment in the best interest of the Company. In this respect, the NC affirmed that Dr. Lim Puay Koon, Mr. Basil Chan and Ms. Kay Pang Ker-Wei remain as Independent Directors of the Company and each abstained from the discussions and taking a decision in respect of their own independence.

The Board also confirms that none of the Independent Directors has served on the Board beyond nine (9) years from the date of his/her first appointment. However, taking into consideration the need for Board renewal, the Board has undergone refreshment to ensure that the Board comprises the proper mix of Directors to meet both current and long-term needs of the Board by bringing in a new Executive Director and CEO, Mr. Chong Hoi Ming, Independent Directors, Mr. Basil Chan, Dr. Lim Puay Koon and Ms. Kay Pang Ker-Wei, and Non-Executive Director, Mr. Wong Chee-Yann.

Under Listing Rules of SGX-ST which took effect from 1 January 2022, an Independent Director will not be considered independent if he has served on the Board for more than nine years unless prior to 1 January 2022 he has had obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the Directors and the Chief Executive Officer and their associates.

On this basis, Dr. Lee Kwok Cheong and Ms. Wong Su-Yen resigned on 8 March 2022 and 23 December 2022 respectively at the end of their 9-year term from the date of their first appointment and did not undertake the two-tier voting to extend their terms.

On 11 January 2023, SGXRegCo announced that the two-tier vote mechanism for companies to retain long-serving Independent Directors who have served for more than 9 years will be removed with immediate effect. Therefore, the tenure for Independent Directors serving on the boards of listed issuers will be limited to 9 years.

Provision 2.4

Composition and Size of the Board

The Company's Board Diversity Policy endorses the principle that the Board should have an appropriate mix of skills, knowledge and experience required to effectively oversee and support the management of the Company. Selection of candidates will be based on a range of diversity perspectives, including the balance of skills, knowledge, experience, age and gender.

The NC conducts an annual review on the composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive and other aspects such as gender and age. Having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the business operations of the Company.

CORPORATE GOVERNANCE REPORT

A summary of the composition of the Board and its Committees is set out below:

Director	Board	ARMC	NC	RC
Dr. Lim Puay Koon	Chairperson, Independent Director	Member	–	Chairperson
Mr. Chong Hoi Ming	Executive Director and CEO	–	–	–
Mr. Basil Chan	Independent Director	Chairperson	Member	–
Ms. Kay Pang Ker-Wei	Independent Director	–	Chairperson	Member
Mr. Wong Chee-Yann	Non-Executive Director	–	Member	Member
Mr. Tommy Teo Zhi Zhuang	Non-Executive Director	Member	–	–

The NC with the concurrence of the Board, is of the opinion that the current Board size of six (6) Directors, is appropriate and that the Board possesses the appropriate diversity. The NC also takes into account gender and age diversity in relation to the composition of the Board, as well as a mix of skills and core competencies of its members, to ensure a good balance and diversity of skills, knowledge and experience. Amongst the Directors are IT, accounting, finance, corporate governance, private equity and legal/law professionals who possess the relevant expertise and skill sets in their respective fields for effective decision making. Key information regarding the Directors is set out on pages 6 to 8 of this Annual Report.

Competency of the Board

To assist the NC in its annual review of the Directors' mix of skills, knowledge and experiences that the Board requires for it to function competently and efficiently, the Directors complete a Board of Directors Competency Matrix form providing information on their areas of specialisation and expertise. The NC reviews and subsequently presents the results to the Board for further consultation, highlighting key areas for improvement.

Provision 2.5

Regular Meetings of Non-Executive Directors and Independent Directors

During the year under review, the Non-Executive Directors and Independent Directors communicate among themselves without the presence of Management as and when the need arises. The Chairperson of the meeting then provided feedback to the Board and/or Management, as appropriate. The Company also benefitted from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

PRINCIPLE 3: CHAIRPERSON AND CEO

Provisions 3.1 & 3.2

Roles and Responsibilities of Chairperson & CEO

The functions of the Chairperson and the CEO are assumed by two separate individuals so as to ensure effective supervision and maintenance of an appropriate balance of power and authority. There is a clear demarcation between the roles of the Chairperson and the CEO, which promotes increased accountability and a greater capacity of the Board for independent decision making.

CORPORATE GOVERNANCE REPORT

Dr. Lim Puay Koon is an Independent Director and was appointed as the Chairperson of the Board on 23 December 2022. He is responsible for the overall leadership of the Board and engages Senior Management regularly on pertinent issues. He approves the agendas for Board Meetings and promotes a culture of open and free discussion amongst the Directors. He also ensures that the Board receives timely and accurate information from Management, and provides valuable insight, guidance and advice on corporate governance systems and processes.

The CEO, Mr. Chong Hoi Ming leads the Management and has full executive responsibility for the overall management and performance of the Group's business. He translates the Board's decisions into executive action and is accountable to the Board.

Provision 3.3

The Independent Chairperson and the CEO of the Company are separately held by two unrelated individuals. In light of the foregoing, the Board has not appointed a lead Independent Director.

PRINCIPLE 4: BOARD MEMBERSHIP

Provisions 4.1 and 4.2

NC Membership and Terms of Reference

The NC comprises three members, majority of whom, including the Chairperson, are independent. The composition of the NC is as follows:

Ms. Kay Pang Ker-Wei, Chairperson	(Independent Director, appointed on 23 December 2022)
Mr. Basil Chan	(Independent Director)
Mr. Wong Chee-Yann	(Non-Executive Director)

Ms. Wong Su-Yen was the Chairperson of the NC during the FY2022; Ms. Wong stepped down on 23 December 2022 and in place, Ms. Kay Pang Ker-Wei was appointed on the same date.

During the year under review, the NC held three (3) meetings, which all members attended.

The principal functions of the NC are:

(a) To identify candidates, review nominations for both appointment and reappointment of the Directors to the Board for its approval. For the appointment of new candidates to the Board, the proposed appointee's background, experience and other board memberships will be taken into consideration. The NC also reviews the Board's succession plans for the Directors, CEO, and Senior Management;

(b) To review the Board structure, size, competencies including the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;

(c) To review the independence of each Director annually;

(d) To decide whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when the Director has multiple Board representations;

CORPORATE GOVERNANCE REPORT

(e) To assess the effectiveness of the Board and contribution of each Director to the effectiveness of the Board; and

(f) To review suitable training and professional development programmes for the Board and its Directors.

NC Responsibilities

The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board as a whole. It also ensures compliance with the provisions of the Constitution of the Company which stipulates that at each AGM, one-third of the Directors, (or, if their number is not three or a multiple of three, the number nearest to one-third), shall retire from office by rotation in accordance with the Constitution, and may stand for re-election.

Each member of the NC abstains from voting on any resolution and making any recommendation and/or participating in respect of matters in which he/she is interested.

In accordance with the Constitution of the Company, new Directors must submit themselves for re-election at the next Annual General Meeting of the Company and one third of the Directors must retire by rotation at each Annual General Meeting and they shall be available for re-election.

The NC has recommended the nomination of the following Directors retiring under Regulations 94 and 100 of the Constitution of the Company, for re-election at the forthcoming AGM:

(i) Mr. Tommy Teo Zhi Zhuang (Regulation 94)

(ii) Mr. Chong Hoi Ming (Regulation 94)

(iii) Ms. Kay Pang Ker-Wei (Regulation 100)

Upon re-election as Director, Mr. Tommy Teo Zhi Zhuang will remain as a member of the Audit and Risk Management Committee; Mr. Chong Hoi Ming will remain as the Executive Director and CEO of the Company; Ms. Kay Pang Ker-Wei will remain as the Chairperson of the Nominating Committee and a member of the Remuneration Committee;

As at the date of this report, none of the Company's Independent Directors is appointed as Director on the Boards of the Group's principal subsidiaries in jurisdictions outside of Singapore.

Alternate Directors

There are no Alternate Directors on the Board.

Provision 4.4

Determining Directors' Independence

Each Director completes a checklist to confirm his/her independence on an annual basis. The NC has reviewed the independence of the Directors as mentioned under Provision 2.1 above and satisfied that none of the Independent Directors and their immediate family members are related with its related corporations, its substantial shareholders or its officers.

CORPORATE GOVERNANCE REPORT

An Independent Director will not be considered independent if he has served on the Board for more than nine years unless prior to 1 January 2022 he has obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the Directors and the Chief Executive Officer and their associates under the Listing Rules of SGX-ST. However, SGXRegCo had on 11 January 2023 announced that the two-tier vote mechanism for companies to retain long-serving Independent Directors who have served for more than 9 years will be removed with immediate effect. Therefore, the tenure for Independent Directors serving on the Boards of listed issuers will be limited to 9 years.

In view of the above, the Board will ensure a maximum tenure for all Independent Directors of nine (9) years pursuant to the SGX-ST Listing Rules. If the NC has conducted an assessment of the Director who has served more than 9 years and considers that he has shown significant commitment to the Group and brought to the Board his experiences as director of the Company, the NC may recommend to the Board to re-designate such Independent Director to Non-Executive Director.

Provisions 4.3 and 4.5

Process for the Selection and Appointment of New Directors

The NC determines a suitable size and composition of the Board, and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the operations of the Company. For the appointment of a new Director, a rigorous search process is undertaken by the NC which evaluates the academic and professional qualifications, knowledge and experience in relation to the business of the Group, independence status and other directorships of the candidate(s). Subsequently, the NC makes a recommendation to the Board for approval of the new Director.

New Directors are at present appointed by way of Board resolution or at the Board meeting based on the evaluation and recommendation made by the NC. Before making a recommendation to the Board for approval, extensive searches are conducted and the NC ensures that the potential candidate possesses the necessary skills, knowledge, qualifications, working experience and other relevant factors that could facilitate the Board in making sound and well considered decisions. The incoming Director will also be required to undertake an assessment of independence.

A formal letter is sent to newly-appointed Directors upon his/her appointment stating his/her duties and obligations as director.

Key Information on Directors

Key information of each member of the Board including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board committees, date of first appointment and last re-election, etc. can be found under the Directors' Profile section on pages 6 to 8.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2

Board Performance

The Company has implemented a formal process to assess the Board as a whole, its committees, the Chairperson, and each individual Director in their ability to discharge their responsibilities in providing stewardship, corporate governance and oversight of Management's performance.

For the year under review, Directors participated in the evaluation by providing feedback to the NC in the form of completing an overall Board Performance Evaluation, Board of Directors Committee Evaluation and Board of Directors Individual Assessment. To ensure confidentiality and frank assessment, the evaluation returns completed by Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

The Chairperson will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

Performance Criteria for Board Evaluation

The Board Performance Evaluation form is circulated and completed by each member of the Board annually. This involves scoring and an invitation for feedback on a number of key areas, including:

(a) Board composition and size;

(b) Board access to timely and accurate information;

(c) Board processes;

(d) Internal controls and risk management;

(e) Board accountability to the shareholders;

(f) Performance of each Board Committee;

(g) Board interaction with CEO/Senior Management; and

(h) Board's Standards of Conduct.

For FY2022, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review.

CORPORATE GOVERNANCE REPORT

Evaluation of Individual Directors

The performance of Individual Directors is also evaluated annually by the NC. A peer review process is carried out, assessing each Director's contribution to the Board on a number of key areas, including:

(a) Understanding of the Company's mission, strategic plans and long-term objectives;

(b) knowledge of the Group's business and operations;

(c) business acumen;

(d) knowledge of Corporate Governance and Committee work;

(e) contribution and engagement;

(f) communication and interaction;

(g) integrity; and

(h) any other special contributions made.

Following the foregoing assessment the Board is of the view that the Board and its Board Committees operate efficiently and that each Director is contributing to the overall effectiveness of the Board.

REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and employees who are related to the controlling shareholders and/or Directors (if any) are handled by the RC whose primary functions include development of formal and transparent policies on remuneration matters in the Company.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1, 6.2 and 6.3

Remuneration Committee and Terms of Reference

The Remuneration Committee ("RC") comprises the following Directors, all of whom are Non-Executive and the majority, including the Chairperson, are independent:

Dr. Lim Puay Koon, Chairperson	(Independent Director)
Ms. Kay Pang Ker-Wei	(Independent Director, appointed on 23 December 2022)
Mr. Wong Chee-Yann	(Non-Executive Director)

Ms. Wong Su-Yen was a member of the RC during the FY2022; Ms. Wong stepped down on 23 December 2022 and in place, Ms. Kay Pang Ker-Wei was appointed on the same date.

During the year under review, the RC held two (2) meetings, which all members attended.

The RC is guided by its written Terms of Reference, which set out its authority and duties.

CORPORATE GOVERNANCE REPORT

The principal functions of the RC are:

(a) To review and recommend to the Board a general framework for remuneration for the Directors, CEO and Senior Management of the Company;

(b) To recommend the remuneration of the Non-Executive Directors to the Board for approval at the Annual General Meeting;

(c) To determine specific remuneration packages for each Executive Director, CEO, Senior Management and any relative of a Director and/or its substantial shareholders who is employed in a managerial position by the Company;

(d) To review the Company's obligations arising in the event of termination of the Executive Directors, CEO and Senior Management's service contracts and to ensure that these service contracts contain fair and reasonable termination clauses which are not overly generous; and

(e) To review the remuneration packages of employees related to Executive Director, CEO and substantial or controlling shareholders of the Group and to ensure that the remuneration of such employees are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

Provision 6.4

RC's Access to Advice on Remuneration Matters

The RC has access to professional advice of external experts in the area of remuneration, where required and paid for by the Company.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Provision 7.1

Remuneration of Executive Director and Key Management Personnel

The Company's remuneration structure for its Executive Director and Key Management Personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Group/Company's performance as well as individual's performance. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

For the purpose of assessing the performance of the Executive Director and Key Management Personnel, key performance indicators ("KPIs") are set out for each year.

Link between Remuneration and Performance

In determining the remuneration of the Executive Director and Key Management Personnel, the RC reviewed their respective KPIs achievement and assessed their performance for the year.

CORPORATE GOVERNANCE REPORT

The KPIs for individual performance take into consideration the broad categories of objectives, namely financial, business and functional, regulatory and controls, and organisational and people development as well as alignment to the Group's risk policies. For FY2022, the RC has evaluated the extent to which the Executive Director and each of Key Management Personnel has delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation for the Executive Director and Key Management Personnel which were subsequently endorsed by the Board.

Contractual Provisions

The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Director and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Director owes a fiduciary duty to the Company. Hence, the Company should be able to avail itself to remedy against the Executive Director in the event of such breach of fiduciary duties.

Provision 7.2

Remuneration of Non-Executive Directors

Non-Executive Directors have no service agreements with the Company. Each of the Non-Executive Directors receives a basic fee for serving on the Board. Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairperson of the Committees receiving a higher fee in respect of their service as Chairperson of the respective Board Committees.

The framework for Non-Executive Directors' fees for FY2022 is set out below:

	Chairperson $	**Member $**
Board of Directors (Non-Executive Director only)	60,000	30,000
Audit and Risk Management Committee	18,000	12,000
Nominating Committee	12,000	6,000
Remuneration Committee	12,000	6,000

In view that the Directors' fees have not been adjusted since 2013 and to ensure that remuneration of Non-Executive Directors is set at a level which is fair and reflective of their current role and responsibilities, the Company has engaged a third-party remuneration consultant, Robinson Consulting Pte Ltd to review and make recommendations on the remuneration framework and level of Directors' fees for the Non-Executive Directors. After considering the assessment by the remuneration consultant, the RC proposed the following framework for Non-Executive Directors' fees for the financial year ending 31 December 2023, to be payable quarterly in arrears:

	Chairperson $	**Member $**
Board of Directors (Non-Executive Director only)	65,000	30,000
Audit and Risk Management Committee	30,000	15,000
Nominating Committee	14,000	7,000
Remuneration Committee	14,000	7,000

CORPORATE GOVERNANCE REPORT

The RC confirmed that the appointed remuneration consultant is free from any relationships with the Company which might affect their objectivity and independence. No member of the RC or Director was involved in deciding his or her own remuneration.

The Board concurred with the RC that the proposed Directors' fees for the financial year ending 31 December 2023 is appropriate and not excessive taking into account factors such as effort and time spent for serving on the Board and Board committees, and the increasingly onerous responsibilities of the Directors. The Board recommended the same for approval by the shareholders at the AGM of the Company.

The RC will consider to implement the scheme of Non-Executive Directors' holding shares in the Company, where appropriate, to encourage alignment of interests with shareholders.

Provision 7.3

Remuneration Framework

To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration frameworks for the Directors and Key Management Personnel of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant.

During the year under review, the RC considered and approved the CEO's remuneration package which included salary, bonus and benefits-in-kind. In addition, the RC reviewed the performance of the Key Management Personnel and considered the CEO's recommendation for bonus and remuneration for the Key Management Personnel.

Short-term Incentive Scheme

To build a strong performance-based culture across the Company, a short-term incentive ("STI") scheme has been implemented to reward the achievement of Executive Directors and Key Management Personnel based on the targeted corporate and individual performance identified at the beginning of the performance cycle. It is also devised to motivate employees to achieve the Company's business goals, attract and retain talented senior executives critical to the success of the Company.

Employee Share Scheme

The Employee Share Scheme approved at an extraordinary general meeting held on 29 April 2014, was put in place to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees. No share awards were issued in FY2022.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

Provisions 8.1 and 8.3

Remuneration Report

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented in the following table.

CORPORATE GOVERNANCE REPORT

Remuneration of Directors

The fees of the Independent and Non-Executive Directors will only be paid upon approval by the shareholders at the Annual General Meeting.

The breakdown (in dollar terms) for the remuneration and fees of the Directors for the year ended 31 December 2022 is as follows:

Remuneration and Fees/Name of Directors	Fees ($)	Salary ($)	Bonus ($)	Total[1] ($)
$750,000 to $1,000,000				
Remuneration paid to Executive Director/CEO				
Mr. Chong Hoi Ming[1]	–	536,740	265,020	801,760
$250,000 to $500,000				
Remuneration paid to Executive Director/CEO				
Mr. Beck Tong Hong[1][2]	–	326,439	–	326,439
Below $250,000				
Fees paid to Independent and Non-Executive Directors				
Dr Lim Puay Koon	50,403	–	–	50,403
Mr. Basil Chan	54,000	–	–	54,000
Mr. Wong Chee-Yann[3]	35,195	–	–	35,195
Mr. Tommy Teo Zhi Zhuang	42,000	–	–	42,000
Ms. Kay Pang Ker-Wei[3]	1,184	–	–	1,184
Ms. Wong Su-Yen[3]	76,291	–	–	76,291
Dr. Lee Kwok Cheong[3]	9,913	–	–	9,913
Mr. Tan Choon Hong[3]	6,790	–	–	6,790
Total Directors' Remuneration and Fees	275,776 20%	863,179 61%	265,020 19%	1,403,975 100%

Notes:

(1) Executive Director/CEO does not receive Director's fee. His salary and bonus disclosed above include employer's CPF contributions for FY2022.

(2) Mr. Beck Tong Hong last day of service was on 06 August 2022.

(3) Director's fee was pro-rated for the period he/she served on the Board during FY2022.

Under Listing Rules of SGX-ST which will take effect for annual report prepared for the financial year ending on or after 31 December 2024, listed companies are required to disclose remuneration paid to individual Directors and CEO by the Company and its subsidiaries.

On this basis, the Company has decided to continue to disclose remuneration paid to its individual Directors and CEO of the Company in detail.

CORPORATE GOVERNANCE REPORT

Remuneration of Key Management Personnel

Top five highest paid key Management Personnel of the Company who received remuneration in the $250,000 and $500,000 band and below $250,000 (in percentage terms) during the calendar year are set out below:

Name and Position of Key Management Personnel	Salary[1]	Bonus[2]	Total	Remuneration Bands of $250,000 to $500,000 and below $250,000
Ms. Tan Geok Leng Jacqueline Chief Financial Officer	70%	30%	100%	$250,000 – $500,000
Mr. Loh Weng Leong Alex[3] Senior Vice President, Sales (APAC)	70%	30%	100%	$250,000 – $500,000
Mr. Phil Jeon[3] Vice President of Cybersecurity	76%	24%	100%	$250,000 – $500,000
Mr. Yong Keh Soon[3] Senior Vice President, Solutions and Services	77%	23%	100%	Below $250,000
Mr. Tan Boon Cheong Richard Vice President of EMEA and Global Head of Wireless Infrastructure Networks (WIN)	84%	16%	100%	Below $250,000
Mr. Tan Cham Khain Orlando[4] Chief Commercial Officer	95%	5%	100%	Below $250,000
Mr. Pantoja, Rodolfo Paguia[4] Country Manager, Philippines	94%	6%	100%	Below $250,000
Total Remuneration of Top 5 Key Management Personnel	78% $1,369,699	22% $381,314	100% $1,751,013	

Notes:

(1) Salary includes allowances, benefits in-kind and statutory contributions.

(2) Bonus includes statutory contributions.

(3) Mr. Phil Jeon joined on 18 April 2022; and Mr. Loh Weng Leong Alex and Mr. Yong Keh Soon joined on 06 May 2022.

(4) Mr. Tan Cham Khain Orlando and Mr. Pantoja, Rodolfo Paguia's last day of service was on 31 July 2022.

The Code recommends the disclosure of the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).

Provision 8.2

Employee Related to Directors/CEO/Substantial Shareholders

There is no employee who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company, whose remuneration exceeded $100,000 during FY2022.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1

Risk Management and Internal Controls System

The Board recognises the importance of maintaining sound systems of risk management and internal controls to safeguard shareholders' interests and the Group's assets. The ARMC oversees and ensures that the Company's risk management and internal controls system have been appropriately implemented and monitored.

A summary of the Company's risk management and internal controls system is appended below.

Risk Management

The Group adopts a comprehensive and systematic approach towards Enterprise Risk Management ("ERM") to help identify, measure, prioritise and respond to risks challenging its objectives, initiatives, and day-to-day operating activities.

As part of ERM, the Group has conducted on an annual basis a Risk Assessment exercise where a total of ten key risks have been identified and evaluated. In addition, the Group evaluates its risk exposure by adopting a Four-by-Four Matrix Model where risks are assigned risk exposure ratings based on the likelihood and consequences of each risk identified.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team.

Internal Controls

An internal control system has been implemented to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

Provision 9.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

ERM has become an essential part of the Group's business planning and monitoring process and has been incorporated into its business cycle. The Group engages a professional services firm PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC") to conduct internal audit reviews based on the plan approved by the ARMC.

During the year under review, the ARMC reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls. These reports covered the year 2022.

CORPORATE GOVERNANCE REPORT

Board's Comment on Adequacy and Effectiveness of Risk Management and Internal Controls

The Board is satisfied that the Company worked closely with the internal and external auditors to implement the recommended measures and procedures and strived to achieve high standards in risk management and internal controls.

Based on the framework of risk management and internal controls established and maintained in the Group, the work performed by the internal auditors, statutory audit review undertaken by the external auditors, the Board with the concurrence of the ARMC, is of the opinion that the risk management and internal control systems that the Group has put in place to address the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2022 to meet the needs of the Group's current business environment. The Board, has received written assurance from the CEO and the Chief Financial Officer that:

(a) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are adequate and effective.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARMC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate Risk Committee is not required.

PRINCIPLE 10: AUDIT AND RISK MANAGEMENT COMMITTEE

Provision 10.1

Roles, Responsibilities and Authorities of ARMC

The ARMC is guided by its Terms of Reference which stipulate that its principal functions include, inter alia, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm, regulatory compliance matters, the risk management framework, recommendation on the appointment/re-appointment/removal of external auditors and their remuneration.

The key functions of the ARMC are:

(a) Review the adequacy and effectiveness of financial, operational, compliance controls and risk management;

(b) To consider the appointment and re-appointment of the external auditors, audit fees and matters relating to the removal of the auditors;

CORPORATE GOVERNANCE REPORT

(c) To review the audit plans and reports of the internal and external auditors and consider the effectiveness of the actions taken by Management on the auditors' recommendations, review and evaluate the Group's internal accounting controls system;

(d) To review the assurance from the CEO and Chief Financial Officer on the financial records and financial statements;

(e) To review the half year and annual financial statements for recommendation to the Board for approval, focusing in particular, on:

  (i) Significant financial reporting issues and judgments

  (ii) Changes in accounting policies and practices

  (iii) Major risk areas

  (iv) Significant adjustments resulting from the audit

  (v) Going Concern statement

  (vi) Compliance with accounting standards

  (vii) Compliance with statutory and regulatory requirements

(f) To review any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;

(g) To review Interested Persons Transactions and Related Party Transactions;

(h) To review the scope and results of the internal audit procedures; and

(i) To review the assistance given by the Management to the auditors.

The ARMC has explicit authority to investigate any matter within its Terms of Reference. It has full access to, and has had the full co-operation of the Management and staff. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

On a half-yearly basis, the ARMC reviewed the interested person transactions, if any, and financial results announcements of the Company before their submission to the Board for approval.

The ARMC has explicit authority to investigate any matter including whistle-blowing reports within its Terms of Reference. All whistle-blower complaints were reviewed by the ARMC to ensure independent and thorough investigation and adequate follow-up action as well as arrangements for staff or third party to raise concerns and improprieties in confidence. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents were reviewed by the ARMC at its quarterly meetings and closed appropriately. There were no whistle-blowing reports received during FY2022.

CORPORATE GOVERNANCE REPORT

Minutes of the ARMC meetings are routinely tabled at Board meetings for information.

The ARMC had reviewed the external auditor's audit plan for FY2022 and agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARMC's review of the financial statements of the Group for FY2022, it had discussed with Management the accounting principles that were applied and their judgment of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARMC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2022.

KAM	HOW THE ARMC REVIEWED THESE MATTERS AND WHAT DECISIONS WERE MADE
Revenue recognition	The ARMC reviewed the policy and basis for revenue recognition with Management and concurred with their determination of the revenue. The ARMC discussed with the auditors on their audit procedures performed including the Group's basis for identification of performance obligations and whether they were satisfied over time or at a point in time, review of contract revenues recognised and project costs incurred, as well as Management's estimate of the costs to complete. The ARMC was satisfied with the appropriateness of the revenue recognised in the consolidated financial statements of the Group for the financial year ended 31 December 2022.
Recoverability of trade receivables and contract assets	The ARMC assessed the recoverability of specific long overdue trade receivables and potential impairment of contract assets. The ARMC noted that the audit procedures performed by the auditors included evaluating Management's assumptions and inputs used in the computation of historical credit loss rates and reviewing the data and information that management had used to make forward-looking adjustments as well as requesting for confirmations and obtaining evidence of receipts subsequent to the year end from selected customers. It concurred with Management on the adequacy of the provision for trade receivables and impairment of contract assets for the financial year ended 31 December 2022.

The Management reported to and discussed with the ARMC on changes to the accounting standards and accounting issues which have a direct impact on the financial statements. Directors had also been invited to attend relevant seminars on changes to accounting standards and issues by leading accounting firms.

ARMC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfil its responsibilities, the ARMC is kept up to date by the Management, external and internal auditors on changes to accounting standards, SGX-ST Listing Rules and other codes and regulations which can have an impact on the Group's business and financial statements.

Independence of External Auditors

The ARMC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal of the external auditors, the remuneration and terms of engagement of the external auditors. The annual re-appointment of the external auditors is subject to shareholders' approval at each AGM of the Company.

CORPORATE GOVERNANCE REPORT

The ARMC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors and the ARMC was of the view that the non-audit services (namely for tax compliance services) provided by the external auditors in FY2022 did not prejudice their objectivity and independence.

In respect of the audit quality indicators, the ARMC had reviewed, in particular, the following areas: audit hours planned, experience of the team, adequacy of training received by the team, results of internal and third party's inspection of their work, compliance with independence requirement, quality control, staff oversight, and staff attrition rate.

A breakdown of the fees paid to the Group's external auditor (including its member firms) is disclosed in the table below:

External Auditor Fees for FY2022	$'000	% of Total Fees
Total Audit Fees	353	78
Total Non-Audit Fees	101	22
Total Fees	454	100

The ARMC had recommended and the Board had accepted proposing to the shareholders, the re-appointment of Ernst & Young LLP as the independent auditors for the Group in the ensuing year. The Company has complied with Rules 712, 715 and 716 of the listing manual of the SGX-ST ("Listing Manual") in relation to the Company's appointment of its auditors.

Whistle-blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company has implemented a Whistle-blowing Policy. The policy provides a mechanism by which concerns about; plausible improprieties in matters of financial reporting, dishonest practice, suspected fraud, bribery and corruption, may be raised. A Whistle-blowing Committee ("WBC") had been established for this purpose.

The Company's Whistle-blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

Assisted by the WBC, the ARMC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARMC reports to the Board any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARMC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

Whistle-blowing Committee ("WBC")

The WBC consists of:

- ARMC
- Internal auditors of the Group, PwC Risk Services Pte Ltd

CORPORATE GOVERNANCE REPORT

The WBC is empowered to:

- look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the WBC which are dealt with by the ARMC);
- make the necessary reports and recommendations to the ARMC or the Board for their review and further action, if deemed required by them; and
- access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns on the integrity and honesty of its employees very seriously. The Whistle-blowing Policy as well as whistle-blowing communication channel, has been disseminated to all staff via email and also posted on the Company's corporate website. A copy of the Policy is also made available at the Company's internal shared drive for staff reference. This is to encourage staff to report any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. Whistle-blowers can also email members of the ARMC directly at auditcommittee@nera.net in confidence and his/her identity is protected from reprisals within the limits of the law.

The Company treats all information received confidentially and protects the identity and the interest of all whistle-blowers. Anonymous reporting will also be attended to and anonymity honoured.

All newly recruited employees are briefed on the existence of the Policy during their induction programme.

It has also been a standard item in the agenda of the quarterly meeting of the ARMC to review any entries in the register of whistle-blowing, and progress of investigation, if it remains outstanding.

The Whistle-blowing Policy is reviewed by the ARMC once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in legal and regulatory requirements. The last review was performed in January 2023.

Provision 10.2

ARMC Membership

The ARMC comprises the following Directors, all of whom are Non-Executive and the majority, including the Chairperson, are independent:

Mr. Basil Chan, Chairperson	(Independent Director)
Dr. Lim Puay Koon	(Independent Director)
Mr. Tommy Teo Zhi Zhuang	(Non-Executive Director)

During the year under review, the ARMC held seven (7) scheduled meetings, which were attended by majority of the members.

CORPORATE GOVERNANCE REPORT

Provision 10.3

Expertise of ARMC Members

The ARMC members bring with them invaluable professional expertise in the accounting and financial management domains.

The Chairperson of the ARMC, Mr. Basil Chan, is a Chartered Accountant and is a fellow member of the Institute of Chartered Accountants in England and Wales ("ICAEW"), a fellow member of the Institute of Singapore Chartered Accountants ("ISCA") and a Fellow of the Singapore Institute of Directors ("FSID"). The other members of the ARMC have many years of experience in business management and finance services. The Board is satisfied that the members of the ARMC have recent and relevant accounting or related financial management expertise and experience to discharge the ARMC functions.

Cooling-off Period for Partners or Directors of the Company's Auditing Firm

None of the ARMC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 2 years and (ii) holds any financial interest in the auditing firm or auditing corporation.

Provision 10.4

Internal Auditors

The ARMC's responsibilities over the Group's internal controls and risk management are complemented by the work of the internal auditors ("IA").

The Company has engaged PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC") to conduct internal audit reviews based on the plan approved by the ARMC. The ARMC assesses the adequacy of the IA function through the review of PwC's internal audit plan and the quality of its report. The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARMC. The IA's primary line of reporting is to the Chairperson of the ARMC.

Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, PwC, is staffed with professionals with relevant qualifications and experience. Our engagement with PwC stipulates that its work shall comply with the PwC's Internal Audit Services Methodology which is aligned with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The internal audit was conducted based on a two-year internal audit plan that was approved by the ARMC. The two-year internal audit plan entails a review of the major functions or business units of the Group.

Having reviewed the audit plan of PwC, the ARMC is satisfied that the Company's internal audit function is independent, effective and adequately resourced to perform the work for the Group.

CORPORATE GOVERNANCE REPORT

Adequacy and Effectiveness of Internal Audit Function

The ARMC reviews the adequacy of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function. The ARMC also reviews the IA's reports and remedial actions implemented by Management. The ARMC was satisfied that the internal audit function was adequate and effective.

Provision 10.5

Meeting with External and Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARMC meetings and make presentations as appropriate. They also met separately with the ARMC without the presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

Provision 11.1

Sufficient Information to Shareholders

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that may have a material impact on the price or value of its shares.

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of General Meetings through notices published in the newspaper and the Company's announcements via SGXNET and the reports/circulars sent to all shareholders. All resolutions tabled at General Meetings are put to vote by poll voting.

Shareholders are also informed of the rules and voting procedures governing such meeting.

Effective Shareholders' Participation

To facilitate shareholders' effective participation at General Meetings, the Company holds its General Meetings at a location which is considered convenient and accessible to shareholders. All shareholders of the Group receive annual report, circulars and notices of all shareholders' meetings. The notices are made available on SGXNET and the Company's corporate website.

The Group fully supports the Code's principle to encourage shareholders' participation in and vote at all the General Meetings. The Company's Constitution allows the appointment of not more than two proxies by shareholders to attend the AGM and vote on their behalf. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the General Meetings as proxies without being constrained by the two-proxy requirement.

CORPORATE GOVERNANCE REPORT

However, in view of the COVID-19 outbreak, the COVID-19 (Temporary Measures) Order 2020 sets out the alternative arrangements in respect of holding of General Meetings of companies. As a consequence, the Company held its last AGM in respect of FY2020 and FY2021 on 27 April 2021 and 29 April 2022 respectively, by way of electronic means, through a "live" audio-visual webcast and a "live" audio-only stream.

Shareholders participated in the AGM via electronic means, and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM. The Company had received questions from a few shareholders and the Company had on 21 April 2022 published on the SGXNET and on the Company's website the Company's responses to all questions submitted in advance by the shareholders.

As per the Regulator's Column dated 23 May 2022, General Meetings which are conducted virtually on or after 1 October 2022 and annual General Meetings for financial years ending 30 June 2022 onwards, will need to provide both (i) real-time electronic voting and (ii) real-time electronic communication.

In view that Singapore is exiting acute phase of the COVID-19 pandemic by return to Dorscon green level with effect from 13 February 2023, this has made the return to normalcy and the resumption of General Meetings in the physical face-to-face format practised pre-COVID possible. The Company's forthcoming AGM in respect of FY2022 will be held physically at Temasek Club, 131 Rifle Range Road, Singapore 588406 and be convened pursuant to the Guidance on the Conduct of General Meeting Amid Evolving COVID-19 Situation released by SGXRegCo on 4 February 2022.

Provision 11.2

Separate Resolutions at General Meeting

At the shareholders' meeting, the Board ensures that separate resolutions are proposed for approval on each distinct issue at General Meetings. Shareholders can vote either in person or through proxies. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

Proxies for Nominee Companies

The Constitution of the Company allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend General Meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at the General Meeting of the Company as their CPF agent banks' proxies.

Provision 11.3

Attendees at General Meeting

The Chairperson of the Board and its committees attend all General Meetings to address issues raised by shareholders. The Company's external auditors are also present to address any relevant queries from shareholders on the conduct of the audit and the preparation and contents of the auditors' report. Appropriate key management executives are also present at the General Meeting to respond, if necessary, to operational questions from shareholders.

The Directors' attendance at the General Meeting can be found on page 40 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Provision 11.4

The Company, however, has not implemented measures to allow shareholders who are unable to vote in person at the Company's AGM the option to vote in absentia, such as via mail, electronic mail or facsimile transactions as the authentication of shareholder indemnity information and other related security issues remain a concern.

Provision 11.5

Minutes of the General Meeting

The minutes of the General Meeting which incorporate substantial comments or queries from shareholders relating to the agenda of the meeting, response from the Board and Management, are available to shareholders at the registered office of the Company at 19 Tai Seng Avenue, #06-01, Singapore 534054 during normal business hours upon written request. The minutes of General Meeting will be published on the SGXNET and the Company's corporate website at http://nera.net/agm-egm-minutes.html.

Provision 11.6

Dividend Policy

As at the date of this Report, the Company does not have a formal dividend policy in place. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

The Company does not propose a dividend for FY2022 as it incurred a loss for the year and intends to conserve cash for its operations.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Provisions 12.1, 12.2 and 12.3

Communication with Shareholders

In line with the continuous disclosure obligations under the listing rules of the SGX-ST and the Singapore Companies Act 1967, the Board informs shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Material information on the Group is being released to the public through the Company's announcements via the SGXNET.

Timely Information to Shareholders

The Company communicates with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET including the financial statements announcements of the Company and the Group, which are published through the SGXNET on a half-yearly basis. In between half-yearly financial results, the Company provides business updates to its shareholders to keep them abreast of the Company's development and environment.

CORPORATE GOVERNANCE REPORT

In addition, in line with the Company's corporate social responsibility initiatives and sustainability strategy, the Company has implemented the use of electronic communications since year 2021 and shareholders can download its Annual Report from the Company's website. Nevertheless, shareholders who wish to receive a printed copy of the Annual Report could complete and forward the Annual Report Request Form (which could be downloaded from the SGXNET) to the Company within the stipulated timeframe.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. The Company provides regular briefings to analysts on its half yearly and full year results.

Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's General Meeting. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation.

All resolutions at AGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders. An independent scrutineer, Corporate Republic Advisory Pte. Ltd. has been appointed by the Company to ensure the satisfactory procedure of the electronic polling process and to direct and supervise the counting of votes during the last Annual General Meeting held in 2022.

Regular Dialogue with Shareholders

General Meeting have been and are still the principal forum for dialogue with shareholders. The Company also communicates with its shareholders, both institutional and retail, on a regular basis. Annual Reports and Notices of the General Meeting are forwarded to all shareholders of the Company.

All Directors, including chairpersons of the ARMC, NC and RC are encouraged to be present at the General Meeting. At the General Meeting, shareholders are given the opportunity to engage the Board and Management on the Group's business activities, financial performance and other business-related matters. To further enhance its communication with investors, the Company maintains a corporate website which includes a dedicated Investor Relations section. (http://www.nera.net/).

In view of the COVID-19 pandemic, Notice of the AGM, Letter to Shareholders detailing the alternative arrangements for the AGM held in 2021 and 2022 and Annual Report Request Form were published on both SGXNET and the Company's website. Shareholders could request for printed copy of the Annual Report by submitting the Request Form to the Company.

The Chairperson, CEO and Chief Financial Officer were present in person at the virtual 2022 AGM proceedings, while the rest of the Directors joined the 2022 AGM by way of video conference. The Minutes of the AGM was published on both SGXNET and the Company's website after the AGM.

The Company's website also contains the latest and past annual reports, quarterly results and results' presentation slides as presented to analysts. The Company's Investor Relations contact is also reflected on the website, to enable shareholders to contact the Company, if required.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2

Relationship 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 secure the long-term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors. During FY2022, the Company's strategy and keys areas of focus in relation to the management of stakeholder relationships can be found under the Sustainability Report on pages 17 and 18.

Provision 13.3

Communications with Stakeholders

The Company's Investor Relations contact is reflected on the website, to enable stakeholders to contact the Company, if required.

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

Dealings in Securities – Rule 1207(19) of the Listing Manual

The Company has adopted a policy on securities dealing by Directors and officers of the Company and its subsidiaries (comprising Directors and Key Personnel) in the form of a Code of Best Practices on Security Dealings (the "Code") to govern and regulate transactions relating to securities in the Company. The Code is based on the best practices on dealings in securities issued by SGX-ST and has been circulated to all relevant parties.

The Company issues circulars informing them that they, while in possession of price-sensitive information, must not trade in the listed securities of the Company one month before the announcement of the Company's half year and full year results and ending on the date of the announcement of such results. They are also informed not to deal in the Company's securities on short-term considerations.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

The Directors and Senior Management are aware, and a new Director or Senior Management staff will be briefed, that the Company should comply with the best practice pursuant to Rule 1207(19)(c) of the Listing Manual in not dealing in its securities during the restricted trading periods. The Company has complied with Rule 1207(19)(c) of the Listing Manual.

CORPORATE GOVERNANCE REPORT

Material Contracts

Pursuant to Rule 1207(8) of the Listing Manual, no material contract had been entered into by the Company or its subsidiaries involving the interests of the CEO, each Director or Controlling Shareholder.

Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the ARMC and the transactions are carried out at arm's length and under normal commercial terms. There are no interested person transactions for FY2022.

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity and professionalism on the conduct of its business activities. Employees are expected to embrace, practice and adopt these values while performing their duties and always act in the best interests of the Group and avoid situations that may create conflicts of interest.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nera Telecommunications Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheets and statements of changes in equity of the Company for the financial year ended 31 December 2022.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheets and statements of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. The Directors have reviewed the cash flow forecast prepared by management and are of the view that the Group will have sufficient net positive cash flow to satisfy its working capital requirements and meet its obligation as and when they fall due.

2. Directors

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

Dr Lim Puay Koon (Chairperson)
Mr Chong Hoi Ming
Mr Basil Chan
Mr Tommy Teo Zhi Zhuang
Mr Wong Chee-Yann
Ms Kay Pang Ker-Wei (appointed on 23 December 2022)

3. Arrangements to enable Directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures

The following director, 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 as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Nera (Philippines), Inc.				
Ordinary shares of Peso 100 each				
Mr Chong Hoi Ming	–	1*	–	–
Nera Telecommunications (Pakistan) Private Limited				
Ordinary shares of 100 Pakistan Rupees each				
Mr Chong Hoi Ming	–	1*	–	–
Nera (Thailand) Limited				
Preference shares of 100 Thai Baht each				
Mr Chong Hoi Ming	–	1*	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and on 21 January 2023.

Except as disclosed in this report, 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 at the end of the financial year or on 21 January 2023.

* Shares are held in trust for the Company.

5. Share plan

At an Extraordinary General Meeting held on 29 April 2014, shareholders approved the Nera Telecommunications Performance Share Plan 2014 ("NeraTel PSP 2014") for the granting of fully-paid ordinary shares of the Company or their equivalent cash value or combinations thereof, upon the satisfaction of certain prescribed performance condition(s), to eligible Directors and other employees.

The NeraTel PSP 2014 is administered by the Remuneration Committee (the "Committee") comprising three Directors, Dr Lim Puay Koon, Mr Wong Chee-Yann and Ms Kay Pang Ker-Wei.

DIRECTORS' STATEMENT

5. Share plan (cont'd)

Since the commencement of the NeraTel PSP 2014 till the end of the financial year:

- No shares have been granted to the controlling shareholders of the Company and their associates
- No participant has received 5% or more of the total shares available under the plan
- No shares have been granted to Directors and employees of the holding company and its subsidiaries
- No shares that entitle the holder to participate, by virtue of the plan, in any share issue of any other corporation have been granted
- No shares have been granted at a discount

There were no shares granted under the NeraTel PSP 2014 during the financial year.

6. Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") 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 financial information and annual financial statements and the 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, compliance and information technology controls and risk management via reviews carried out by the internal auditor
- Met with the external and internal auditors, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARMC
- 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

Further details regarding the ARMC are disclosed in the Corporate Governance Report.

DIRECTORS' STATEMENT

7. Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Lim Puay Koon
Director

Chong Hoi Ming
Director

Singapore
12 April 2023

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheets and the statements of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) SFRS(I) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Key audit matters (cont'd)

Revenue recognition

The Group recognises revenue from contracts by reference to the stage of completion of the respective contract activity (i.e., performance obligations) of its projects at the end of each reporting period. The stage of completion is measured by reference to the cost incurred to date relative to the total estimated cost to satisfy the performance obligation. These assessments required management to apply significant judgment and make assumptions and estimates in measuring costs incurred for each performance obligation, total budgeted contract cost and remaining cost to completion. The subjectivity and complexity involved in these assessments can significantly impact the results of the Group. Accordingly, we have determined this to be a key audit matter.

Our audit procedures included, amongst others:

- Evaluated the design and tested the effectiveness of selected internal controls with respect to project management, project cost estimation and budgeting process, and accounting for revenue from contracts.
- Evaluated the Group's procedures and processes for recognising revenue from contracts with customers. We assessed the basis for the identification of performance obligations and whether they are satisfied over time or at a point in time. Our assessment includes examining project documents and reviewing, on a sample basis, contractual terms and conditions and discussed with management on the performance obligations identified.
- Assessed contract revenues recognised and project costs incurred, on a sample basis, by comparing against the relevant contracts and supporting documents such as sales invoices, customer acceptance and supplier invoices.
- Evaluated the key inputs used by management in their estimation of the total cost to complete, on a sample basis, by comparing to supporting documentation such as supplier quotations.
- Assessed the arithmetic accuracy of the revenue and profit recognised based on the stage of completion calculations made for individually significant projects.
- Discussed with management, finance or project heads the progress of significant outstanding projects to understand if there is any known disputes, variation order claims, technical issues or other significant developments and events that could impact the estimated costs to complete the projects.
- Assessed whether the estimates showed any evidence of management bias based on our assessment of the historical accuracy of management's estimates in previous periods, identification and analysis of changes in assumptions from prior periods, and assessed the consistency of assumptions across projects.
- Evaluated the presentation and assessed the adequacy of the disclosure of significant accounting policies for revenue from contracts with customers, judgment and methods used in estimating revenue, contract assets, contract liabilities, capitalised contract costs, and transaction price allocated to remaining performance obligation.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Key audit matters (cont'd)

Recoverability of trade receivables and contract assets

Trade receivables and contract asset balances were significant to the Group and the Company as they represent 56% and 24% of the total assets of the balance sheets of the Group and the Company respectively. The Group's trade receivables and contract assets amounted to $48,884,000 and $36,227,000 respectively as at 31 December 2022, against which an allowance for expected credit loss ("ECL") and impairment of $10,496,000 and $3,296,000 had been made respectively. As at 31 December 2022, 39% of the trade receivables are aged more than 90 days. The Company's trade receivables and contract assets amounted to $7,990,000 and $11,609,000 respectively as at 31 December 2022, against which an allowance for ECL and impairment of $377,000 and $2,083,000 had been made respectively. As at 31 December 2022, 37% of the trade receivables are aged more than 90 days.

The collectability of trade receivables is a key element of the Group's working capital management. Managed on an ongoing basis by local management under the oversight of Group management, the terms of the Group's contracts with customers are complex and could lead to disputes with customers, resulting in long overdue trade receivables.

The Group determines ECL and impairment of trade receivables and contract assets by making debtor-specific assessment of expected impairment loss for long overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, adjusted for current and forward-looking information specific to the debtors and economic environment. Management has considered various factors such as past due balances, recent historical payment patterns and credit loss patterns over a period, debtors' financial ability to repay, existence of disputes, economic environment and forecast of future macro-economic conditions where the debtors operate, taking into consideration COVID-19 impact and any other available information concerning the creditworthiness of debtors. These assessments required management to apply significant judgment and accordingly, we determined that this is a key audit matter.

Our audit procedures included, amongst others:

- Assessed the Group's processes and controls relating to the monitoring of aged trade receivables and contract assets to identify collection risks.
- Evaluated management's assumptions and inputs used in the computation of historical credit loss rates and reviewed the data and information that management has used to make forward-looking adjustments.
- Requested for confirmations and checked for evidence of receipts subsequent to the year end from selected customers.
- We assessed management's assumptions used to determine expected impairment loss for long overdue trade receivables, through analyses of ageing of receivables to identify collection risk, reviewing historical payment patterns and correspondences with customers on expected settlement dates, taking into consideration of their specific profiles and risks.
- Checked the arithmetic accuracy of management's computation of ECL and impairment.
- Assessed the adequacy of the disclosures on the trade receivables, contract assets, expected credit losses and the related risks such as credit risk and liquidity risk in Note 10 Trade receivables and Note 34 Financial risk management objectives and policies.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Other information

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

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

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

Responsibilities of Management and Directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by that subsidiary corporation 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
12 April 2023

BALANCE SHEETS

AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Property, plant and equipment	5	5,197	5,386	1,003	230
Right-of-use assets	17	5,229	1,116	4,713	155
Intangible assets	6	734	971	683	869
Investments in subsidiaries	7	–	–	2,218	3,624
Long term trade and other receivables	11	312	682	–	–
Deferred tax assets	25	484	979	208	239
		11,956	9,134	8,825	5,117
Current assets					
Stocks	8	11,662	10,191	7,136	5,858
Contract assets	9	36,227	36,823	11,609	12,839
Trade receivables	10	48,884	47,510	7,990	14,119
Other receivables, deposits and prepayments	11	22,737	22,123	17,547	17,421
Amounts due from subsidiaries					
– trade	12	–	–	7,957	18,768
– non-trade	12	–	–	10,350	18,889
Fixed deposits	28	–	647	–	–
Cash and bank balances	28	18,200	22,856	6,337	7,748
		137,710	140,150	68,926	95,642
Assets held for sale	4,17	2,744	2,744	2,744	2,744
		140,454	142,894	71,670	98,386
Current liabilities					
Trade payables	13	39,112	28,206	7,537	6,726
Other payables and accruals	14	10,052	8,671	5,045	1,859
Contract liabilities	9	30,845	31,018	20,054	21,699
Amounts due to subsidiaries					
– trade	12	–	–	23	60
– non-trade	12	–	–	677	–
Short-term borrowings	16	21,000	32,000	21,000	32,000
Lease liabilities	17	539	803	169	53
Provision for taxation		572	527	106	–
Provision for warranty	15	479	531	304	390
		102,599	101,756	54,915	62,787
Liabilities directly associated with the assets held for sale	17	2,797	2,888	2,797	2,888
		105,396	104,644	57,712	65,675
Net current assets		35,058	38,250	13,958	32,711
Non-current liabilities					
Lease liabilities	17	5,399	420	5,211	103
Defined benefit obligation	38	550	423	–	–
		5,949	843	5,211	103
Net assets		41,065	46,541	17,572	37,725
Equity attributable to owners of the Company					
Share capital	18	29,909	29,909	29,909	29,909
Revenue reserve		11,717	19,008	(12,337)	7,816
Translation reserve	19	(1,044)	(2,866)	–	–
Other reserve		483	490	–	–
		41,065	46,541	17,572	37,725

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	9	132,529	102,609
Cost of sales		(102,949)	(83,094)
Gross profit		29,580	19,515
Distribution and selling expenses		(18,311)	(22,747)
Administrative expenses		(11,865)	(9,686)
Other expenses	20	(3,866)	(1,638)
Loss from operating activities	21	(4,462)	(14,556)
Finance income	23	86	143
Finance expenses	24	(859)	(647)
Loss before tax		(5,235)	(15,060)
Tax	25	(2,056)	(934)
Loss after tax		(7,291)	(15,994)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation of financial statements of foreign operations		1,822	83
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation		(7)	120
Other comprehensive income for the year, net of tax		1,815	203
Total comprehensive loss for the year attributable to owners of the Company		(5,476)	(15,791)
Earnings per share attributable to owners of the Company (cents per share)			
Basic	26(a)	(2.01)	(4.42)
Diluted	26(a)	(2.01)	(4.42)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company				
	Share capital (Note 18) $'000	Revenue reserve $'000	Translation reserve (Note 19) $'000	Other reserve $'000	Total equity $'000
Group					
At 1 January 2022	29,909	19,008	(2,866)	490	46,541
Loss for the year	–	(7,291)	–	–	(7,291)
Other comprehensive income for the year	–	–	1,822	(7)	1,815
Total comprehensive loss for the year	–	(7,291)	1,822	(7)	(5,476)
Total contributions by and distributions to owners	–	(7,291)	1,822	(7)	(5,476)
At 31 December 2022	29,909	11,717	(1,044)	483	41,065
At 1 January 2021	29,909	36,811	(2,949)	370	64,141
Loss for the year	–	(15,994)	–	–	(15,994)
Other comprehensive income for the year	–	–	83	120	203
Total comprehensive loss for the year	–	(15,994)	83	120	(15,791)
Contributions by and distributions to owners					
Dividends (Note 27)	–	(1,809)	–	–	(1,809)
Total contributions by and distributions to owners	–	(1,809)	–	–	(1,809)
At 31 December 2021	29,909	19,008	(2,866)	490	46,541

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company		
	Share capital $'000	Revenue reserve $'000	Total equity $'000
Company			
At 1 January 2022	29,909	7,816	37,725
Loss for the year	–	(20,153)	(20,153)
Total comprehensive loss for the year	–	(20,153)	(20,153)
Total contributions by and distributions to owners	–	(20,153)	(20,153)
At 31 December 2022	29,909	(12,337)	17,572
At 1 January 2021	29,909	12,994	42,903
Loss for the year	–	(3,369)	(3,369)
Total comprehensive loss for the year	–	(3,369)	(3,369)
Contributions by and distributions to owners			
Dividends (Note 27)	–	(1,809)	(1,809)
Total contributions by and distributions to owners	–	(1,809)	(1,809)
At 31 December 2021	29,909	7,816	37,725

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 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Loss before tax		(5,235)	(15,060)
Adjustments for:			
Amortisation of intangible asset	6	238	193
Bad debts written off	21	21	91
Depreciation of property, plant and equipment	5	797	575
Depreciation of right-of-use assets	17	1,035	947
Interest expense	24	859	647
Interest income	23	(86)	(143)
Net fair value loss/(income) on derivatives		56	(98)
Net (gain)/write off on disposal of property, plant and equipment	21	(21)	233
Net allowance for contract assets	9	993	1,902
Stocks write-down	8	78	583
Net allowance for doubtful trade debts	9	2,285	7,553
Net provision for warranty	15	234	76
Gain on sale of customer contracts		(631)	(774)
Pension cost		254	29
Operating cash flows before changes in working capital		877	(3,246)
Decrease/(increase) in:			
Stocks		(1,799)	(4,898)
Contract assets		(2,222)	(4,609)
Trade receivables		(8,109)	8,857
Other receivables, deposits and prepayments		(681)	(1,351)
Increase/(decrease) in:			
Trade payables		14,934	(2,892)
Other payables and accruals		1,898	(487)
Contract liabilities		314	9,343
Provision for warranty		(273)	(396)
Foreign exchange loss/(gain), net – forward currency contracts		56	(98)
Unrealised foreign exchange loss, net		4,613	844
Cash generated from operations		9,608	1,067
Income tax (paid)/refund		(1,256)	(1,184)
Interest paid		(618)	(374)
Benefits paid out from pension fund	38	(92)	(23)
Net cash flows generated from/(used in) operating activities		7,642	(514)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		22	5
Purchase of property, plant and equipment	5	(529)	(216)
Purchase of intangible assets	6	(6)	(333)
Proceeds from sale of customer contracts		338	1,304
Interest received		86	138
Net cash flows (used in)/generated from investing activities		(89)	898
Cash flows from financing activities			
Dividends paid to shareholders of the Company	27	–	(1,809)
Proceeds from bank loans		24,000	37,000
Repayment of bank loans		(35,000)	(33,500)
Repayment of lease liabilities		(1,109)	(1,051)
Net cash flows (used in)/generated from financing activities		(12,109)	640
Net (decrease)/increase in cash and cash equivalents		(4,556)	1,024
Effect of exchange rates changes on cash and bank balances		(761)	(641)
Cash and cash equivalents at beginning of the year		23,403	23,020
Cash and cash equivalents at end of the year	28	18,086	23,403

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. Corporate information

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The ultimate holding company is PGA Partners Ltd, acting solely in its capacity as general partner of Canopus Asia Systems, L.P.. The immediate holding company is Asia Systems Ltd, a wholly-owned subsidiary of Canopus Asia Systems, L.P.. Asia Systems Ltd, PGA Partners Ltd and Canopus Asia Systems, L.P. are domiciled in Cayman Islands.

The registered office and principal place of business of the Company is 19 Tai Seng Avenue #06-01, Singapore 534054.

The principal activities of the Company are to engage in the sale, distribution, design, engineering, servicing, installation and maintenance of telecommunication systems and products in transmission networks and satellite communications and information technology networks. The principal activities of the subsidiaries are shown in Note 7 to the financial statements.

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 and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

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

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

The Group incurred a net loss of $7,291,000 for the financial year ended 31 December 2022 ($15,994,000 for the financial year ended 31 December 2021). Operating cash inflows was $7,642,000 for the year ended 31 December 2022 (cash outflows for the year ended 31 December 2021: $514,000). As of 31 December 2022, the Group had net assets of $41,065,000 (2021: $46,541,000) and net current assets of $35,058,000 (2021: $38,250,000).

The financial statements have been prepared on a going concern basis. The ability of the Group to continue as a going concern depends on the ability of the Group to renew or obtain short terms borrowings from the banks. Management has prepared a cash flow forecast and is of the view that the Group will have sufficient net positive cash flow to satisfy its working capital requirements and to meet its obligation as and when they fall due. This has taken into account the sale of the building as disclosed in Note 39 with sales proceeds of $6,300,000 and net gain on the sale of property of $6,219,000 (after deducting related expense) completed on 31 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.2 Adoption of new and amended standards and interpretations

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
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
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
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 an Investor and its Associate or Joint Venture	*To be determined*
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024

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

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.4 Basis of consolidation (cont'd)

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Foreign currency

The consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. 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 is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on divestiture of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.5 Foreign currency (cont'd)

(b) Consolidated financial statements

On consolidation, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On divestiture of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2.6 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.

2.7 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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

Property, plant and equipment and right-of-use assets are not depreciated or amortised once classified as held for sale.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, leasehold building, leasehold improvements, plant and other equipment, furniture and fittings, motor vehicles and equipment held for leasing are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Leasehold building	–	18 years
Leasehold improvements	–	10 years
Plant and other equipment	–	3 to 7 years
Furniture and fittings	–	5 to 10 years
Motor vehicles	–	5 years
Equipment held for leasing	–	2 to 5 years

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

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

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

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

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.9 Intangible assets (cont'd)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Brand

"NERA" brand name which was acquired, is capitalised and amortised on a straight-line basis over a useful life of 20 years. It is tested for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation period and method are reviewed at each financial year end.

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis over their useful lives of 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.10 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 an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when the entity 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.11 Financial instruments (cont'd)

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

Subsequent measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

(i) ***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 de-recognised or impaired, and through amortisation process.

(ii) ***Fair value through profit or loss***

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt instruments 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.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.11 Financial instruments (cont'd)

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet 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 and in the case of other financial liabilities, plus 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 de-recognised, 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 de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.12 Impairment of financial assets (cont'd)

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 180 days 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.

2.13 Cash and cash equivalents

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

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value and include all costs in bringing the stocks to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of stocks 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.

2.15 Provisions

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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.15 Provisions (cont'd)

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service is provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.16 Employee benefits

(a) ***Defined contribution plans***

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

(b) ***Defined benefit plans***

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

– Service cost
– Net interest on the net defined benefit liability or asset
– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.16 Employee benefits (cont'd)

(b) ***Defined benefit plans (cont'd)***

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(c) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.17 Leases

(a) ***As lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.17 Leases (cont'd)

(a) ***As lessee (cont'd)***

(i) ***Right-of-use assets (cont'd)***

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:

Leasehold land and building	–	2 to 24 years
Plant and other equipment	–	1 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

(ii) ***Lease liabilities***

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

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

The Group's lease liabilities are presented separately in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.17 Leases (cont'd)

(a) ***As lessee (cont'd)***

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

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 are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.18 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.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to 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.

(a) ***Sale and installation of network equipment***

The Group supplies and installs network equipment. The sale of equipment and rendering of installation service are either sold separately or in a bundled contract. For bundled contracts, the Group accounts for the sale of equipment and installation service separately. The transaction price is allocated to the sale of equipment and installation service based on their relative stand-alone selling prices. See Note 2.18(b) for the revenue recognition relating to the installation services. For sale of equipment, revenue is recognised upon delivery of equipment and criteria for acceptance being satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.18 Revenue (cont'd)

(b) ***Rendering of services***

(i) ***Professional services***

The Group is in the business of providing design and engineering, installation and service of satellite infrastructure network and info-communications network infrastructure. Revenue from providing services is recognised over time, based on cost incurred to date relative to the total estimated cost to satisfy the performance obligation.

(ii) ***Maintenance services***

The Group provides maintenance services for network system and solutions. Maintenance revenue is recognised over time on a straight line basis over the specified contract period. Maintenance revenue received in advance is recognised as contract liabilities and recognised as income over the life of the maintenance contracts.

(c) ***Turnkey project***

The Group is in the business of providing full suite of turnkey network and wireless solutions. The Group recognises revenue from contracts by reference to the stage of completion of the respective contract activity (i.e., performance obligations) of its projects at the end of each reporting period. The stage of completion is measured by reference to the cost incurred to date relative to the total estimated cost to satisfy the performance obligation.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognised the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.18 Revenue (cont'd)

(d) ***Rental income***

Rental income arising from operating leases on equipment is accounted for on a straight-line basis over the lease terms. 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.

For the revenue streams stated above, in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that includes a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customers.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to income, it may be presented as a credit in profit or loss, either separately or under a general heading such as "Other Income". Alternatively, they are deducted in reporting the related expenses.

2.20 Income taxes

(a) ***Current income tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.20 Income taxes (cont'd)

(b) ***Deferred tax***

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

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

– when the deferred tax liability arises from the initial recognition of goodwill or 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, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, 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 balance sheet date 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 re-assessed at each balance sheet date 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 end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.20 Income taxes (cont'd)

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

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

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

(c) ***Sales tax***

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

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

– when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.21 Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.22 Segment reporting

For management purposes, the Group is organised on a world-wide basis into two major operating businesses (divisions) which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager 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.

Segment accounting policies are the same as the policies of the Group as disclosed in the preceding paragraphs. The Group generally accounts for inter-segment sales transfers as if the sales or transfers were to third parties at current market prices.

2.23 Contingencies

A contingent liability is:

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Significant accounting judgments and estimates

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 accompanying disclosures, and the disclosure of contingent liabilities at the end of each reporting period. 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:

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and net deferred tax assets at 31 December 2022 are $572,000 (2021: $527,000) and $484,000 (2021: $979,000) respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated 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) ***Revenue from contracts***

The Group recognises revenue from contracts by reference to the stage of completion of the respective contract activity (i.e., performance obligations) of its projects at the end of each reporting period. The stage of completion is measured by reference to the cost incurred to date relative to the total estimated cost to satisfy the performance obligation. These assessments required management to apply significant judgment and to make assumptions and estimates in measuring costs incurred for each performance obligation, total budgeted contract cost and remaining cost to completion.

The carrying amounts of the assets and liabilities from contracts arising at the end of each reporting period are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Significant accounting judgments and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(ii) ***Recoverability of trade receivables and contract assets***

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. 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 and contract assets is disclosed in Note 10.

The carrying amount of trade receivables and contract assets as at 31 December 2022 are $48,884,000 and $36,227,000 (2021: $47,510,000 and $36,823,000) respectively.

(iii) ***Provision for warranty***

The Group recognises provision for warranty when the product is sold or service is provided. Initial recognition is based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranty were based on current sales level and current information available about the expected warranty claims. The Group's provisions for warranty at 31 December 2022 was $479,000 (2021: $531,000). The warranty provision will be reversed if not utilised upon expiry of warranty period.

4. Assets held for sale

As at 31 December 2022, the Group continued to classify leasehold building as held for sale. The carrying value of the assets held for sale was $2,744,000 mainly derived from leasehold building. With the conditions precedent for sale completion including approval from Jurong Town Corporation attained on 5 January 2023, the sale was completed on 31 January 2023. Sale proceeds of $6,300,000 was received from the purchaser on 31 January 2023 and a net gain on the sale of property is $6,219,000, to be recorded in financial year 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. Property, plant and equipment

	Leasehold building $'000	Leasehold improvements $'000	Plant and other equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment held for leasing $'000	Assets under construction $'000	Total $'000
Group								
Cost								
At 1 January 2021	5,150	1,639	3,627	877	773	866	4,864	17,796
Additions	–	–	110	4	–	43	82	239
Disposals/written off	–	(46)	(58)	(16)	–	(964)	(238)	(1,322)
Reclassification to assets held for sale	(5,150)	–	–	–	–	–	–	(5,150)
Transferred to plant and other equipment	–	–	396	–	–	–	(396)	–
Currency realignment	–	(24)	(91)	(26)	(21)	55	(173)	(280)
At 31 December 2021 and 1 January 2022	–	1,569	3,984	839	752	–	4,139	11,283
Additions	–	–	89	6	–	–	954	1,049
Disposals/written off	–	–	(762)	–	(152)	–	–	(914)
Transferred to plant and other equipment	–	–	1,013	–	–	–	(1,013)	–
Currency realignment	–	(67)	(190)	(41)	(49)	–	(379)	(726)
At 31 December 2022	–	1,502	4,134	804	551	–	3,701	10,692

	Leasehold building $'000	Leasehold improvements $'000	Plant and other equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Equipment held for leasing $'000	Assets under construction $'000	Total $'000
Group								
Accumulated depreciation								
At 1 January 2021	5,150	1,235	3,175	536	695	770	–	11,561
Charge for the year	–	135	266	86	29	59	–	575
Disposals/written off	–	(46)	(58)	(16)	–	(877)	–	(997)
Reclassification to assets held for sale	(5,150)	–	–	–	–	–	–	(5,150)
Currency realignment	–	(16)	(85)	(18)	(21)	48	–	(92)
At 31 December 2021 and 1 January 2022	–	1,308	3,298	588	703	–	–	5,897
Charge for the year	–	126	567	78	26	–	–	797
Disposals/written off	–	–	(761)	–	(152)	–	–	(913)
Currency realignment	–	(53)	(157)	(27)	(49)	–	–	(286)
At 31 December 2022	–	1,381	2,947	639	528	–	–	5,495
Net carrying amount								
At 1 January 2021	–	404	452	341	78	96	4,864*	6,235
At 31 December 2021	–	261	686	251	49	–	4,139*	5,386
At 31 December 2022	–	121	1,187	165	23	–	3,701*	5,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. Property, plant and equipment (cont'd)

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,049,000 (2021: $239,000). The cash outflow on acquisition of property, plant and equipment amounted to $529,000 (2021: $216,000). The remaining amount of $520,000 (2021: $23,000) is unpaid as at year end and is recorded in other payables.

* During the year, the Group purchased equipment amounting to $86,000 (2021: $82,000) which are held by Nera (Philippines), Inc. The equipment are currently classified in assets under construction and they were acquired for the purpose of a government project in the Philippines.

	Leasehold building $'000	Leasehold improvements $'000	Plant and other equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Company							
Cost							
At 1 January 2021	5,150	773	1,056	295	311	–	7,585
Additions	–	–	–	–	–	–	–
Disposals/written off	–	–	–	–	–	–	–
Reclassification to assets held for sale	(5,150)	–	–	–	–	–	(5,150)
At 31 December 2021 and 1 January 2022	–	773	1,056	295	311	–	2,435
Additions	–	–	–	–	–	868	868
Disposals/written off	–	–	(2)	–	(88)	–	(90)
At 31 December 2022	–	773	1,054	295	223	868	3,213
Accumulated depreciation							
At 1 January 2021	5,150	733	835	255	242	–	7,215
Charge for the year	–	6	100	11	23	–	140
Disposals/written off	–	–	–	–	–	–	–
Reclassification to assets held for sale	(5,150)	–	–	–	–	–	(5,150)
At 31 December 2021 and 1 January 2022	–	739	935	266	265	–	2,205
Charge for the year	–	6	56	10	23	–	95
Disposals/written off	–	–	(2)	–	(88)	–	(90)
At 31 December 2022	–	745	989	276	200	–	2,210
Net carrying amount							
At 31 December 2021	–	34	121	29	46	–	230
At 31 December 2022	–	28	65	19	23	868	1,003

As at 31 December 2022, the leasehold building of the Group and the Company consists of the following:

Location	Purpose	Approximate land area	Approximate gross floor area	Tenure of lease
109 Defu Lane 10, Singapore 539225	Office, workshop cum warehouse	3,875 sq. metre	3,246 sq. metre	30 years expiring 30 September 2042

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Intangible assets

	Brand $'000	Software $'000	Total $'000
Group			
Cost			
At 1 January 2021	1,289	237	1,526
Additions	–	333	333
Currency realignment	–	(6)	(6)
At 31 December 2021 and 1 January 2022	1,289	564	1,853
Additions	–	6	6
Currency realignment	–	(16)	(16)
At 31 December 2022	1,289	554	1,843
Accumulated amortisation			
At 1 January 2021	644	47	691
Amortisation	65	128	193
Currency realignment	–	(2)	(2)
At 31 December 2021 and 1 January 2022	709	173	882
Amortisation	65	173	238
Currency realignment	–	(11)	(11)
At 31 December 2022	774	335	1,109
Net carrying amount			
At 1 January 2021	645	190	835
At 31 December 2021	580	391	971
At 31 December 2022	515	219	734

	Brand $'000	Software $'000	Total $'000
Company			
Cost			
At 1 January 2021	1,289	77	1,366
Additions	–	288	288
At 31 December 2021 and 1 January 2022	1,289	365	1,654
Additions	–	–	–
At 31 December 2022	1,289	365	1,654
Accumulated amortisation			
At 1 January 2021	644	2	646
Amortisation	65	74	139
At 31 December 2021 and 1 January 2022	709	76	785
Amortisation	65	121	186
At 31 December 2022	774	197	971
Net carrying amount			
At 31 December 2021	580	289	869
At 31 December 2022	515	168	683

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Intangible assets (cont'd)

Brand relates to the 'NERA' brand and the useful life is estimated to be 20 years. The remaining amortisation period is 8 years.

Software relates to acquired computer software licences and the useful life is estimated to be 3 to 5 years.

Amortisation expense is recorded in 'Other expenses' line item in profit and loss.

7. Investments in subsidiaries

	Company	
	2022	**2021**
	$'000	**$'000**
Unquoted shares	5,869	5,869
Loan to a subsidiary	2,000	2,000
Impairment loss	(5,651)	(4,245)
Carrying amount after impairment loss	2,218	3,624
Movement in impairment loss:		
At 1 January	4,245	1,898
Charge for the year	1,406	2,347
At 31 December	5,651	4,245

Loan to a subsidiary which form part of the Company's net investments in subsidiaries, is unsecured, bear interest rates of 4.89% (2021: 3.20%) and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less impairment losses. Impairment losses of $2,000,000 was recognised to write-down the loan to subsidiary during financial year 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. Investments in subsidiaries (cont'd)

The details and the principal activities of the subsidiaries are:

Name of company	Principal activity	Country of incorporation and place of business	Percentage of equity interest 2022 %	2021 %	Cost of investment 2022 $'000	2021 $'000
Nera Networks (S) Pte Ltd[ß]	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communication and information technology networks	Singapore	100	100	1,000	1,000
Nera (Thailand) Limited[*][ii]	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Thailand	100	100	1,406	1,406
Nera (Philippines), Inc.[*]	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Philippines	100	100	1,128	1,128
Nera Infocom (M) Sdn. Bhd.[*]	Sales, installation and maintenance of information technology equipment	Malaysia	100	100	225	225
P.T. Nera Indonesia[*]	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Indonesia	100	100	347	347
Nera Telecommunications (Australia) Pty Ltd[#]	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Australia	100	100	589	589

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. Investments in subsidiaries (cont'd)

Name of company	Principal activity	Country of incorporation and place of business	Percentage of equity interest 2022 %	Percentage of equity interest 2021 %	Cost of investment 2022 $'000	Cost of investment 2021 $'000
Nera Telecommunications (India) Pvt. Ltd.(**)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	India	100	100	570	570
Nera (Malaysia) Sdn. Bhd.(*)	Sales, installation and maintenance of communications equipment	Malaysia	100	100	404	404
Nera Telecommunications (Myanmar) Company Limited(#)	Service, maintenance and leasing	Myanmar	100	100	133	133
Nera Telecommunications (Vietnam) Co., Ltd.(#)	Installation, maintenance, service and repair of info-communications and telecommunications equipment	Vietnam	100	100	67	67
					5,869	5,869
Held through Nera Networks (S) Pte Ltd						
Nera Telecommunications AS(#)(i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Norway	100	100	–	–
Nera Telecommunications Maroc S.A.R.L AU(**)(i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Morocco	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. Investments in subsidiaries (cont'd)

Name of company	Principal activity	Country of incorporation and place of business	Percentage of equity interest		Cost of investment	
			2022 %	2021 %	2022 $'000	2021 $'000
Held through Nera Networks (S) Pte Ltd (cont'd)						
Nera Telecommunications (Pakistan) (Private) Limited(#)(i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Pakistan	100	100	–	–
Nera Telecommunications FZ-LLC(#)(i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	United Arab Emirates	100	100	–	–
Nera Networks Nigeria Limited(#)(i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Nigeria	100	100	–	–
Nera Telecommunications Holding (Thailand) Co., Ltd.(#)(i)(iii)	Investment holding	Thailand	100	100	–	–

(ß) Audited by Ernst & Young LLP, Singapore.
(*) Audited by member firms of Ernst & Young Global in the respective countries.
(#) Audited by other CPA firms in the respective countries.
(**) No requirement for statutory audit.
(i) Cost of investment is not stated as the subsidiaries are not directly held by the Company (Nera Telecommunications Ltd).
(ii) The Company holds 49% of the ordinary shares in the subsidiary while the remaining 51% preference shares is held by its subsidiary, Nera Telecommunications Holdings (Thailand) Co. Ltd.
(iii) The Group holds 49% of the ordinary shares in the subsidiary while the remaining 51% is held by a preference shareholder. The preference shareholder is entitled to one vote per 30 shares held, fixed non-cumulative preferred dividend at a rate of 1% of paid-up value of the shares and has preferred right to receive such dividend and paid-up value prior to ordinary shares. Nera Telecommunications Holding (Thailand) Co., Ltd. is treated as a subsidiary of the Group as the Group has majority voting rights.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. Investments in subsidiaries (cont'd)

As required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit and Risk Management Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Impairment losses of $1,406,000 (2021: $347,000) was recognised to write-down the investment in Nera (Philippines), Inc. during the year.

8. Stocks

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Network equipment	11,662	10,191	7,136	5,858

At 31 December 2022, stocks recognised as an expense in the consolidated statement of comprehensive income under line item "Cost of sales" for the Group amounted to $50,029,000 (2021: $37,054,000) inclusive of stocks net write-down of $78,000 (2021: $583,000).

9. Revenue

(a) Disaggregation of revenue

Segments	WIN		NI		Total revenue	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Primary geographical markets						
Singapore	1,521	2,941	49,506	46,184	51,027	49,125
Indonesia	2,530	5,311	23,412	8,307	25,942	13,618
Malaysia	2,354	3,296	22,563	16,786	24,917	20,082
Philippines	1,085	370	4,770	2,663	5,855	3,033
Thailand	892	1,025	707	403	1,599	1,428
EMEA countries	18,423	14,026	1,730	650	20,153	14,676
Others	2,644	398	392	249	3,036	647
	29,449	27,367	103,080	75,242	132,529	102,609
Major product or service lines						
Sale of equipment	9,171	6,414	31,881	20,341	41,052	26,755
Rendering of services	5,695	8,341	42,432	39,715	48,127	48,056
Turnkey project	14,583	12,612	28,767	15,186	43,350	27,798
	29,449	27,367	103,080	75,242	132,529	102,609

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Revenue (cont'd)

(a) ***Disaggregation of revenue (cont'd)***

Segments	WIN		NI		Total revenue	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Timing of transfer of goods or services						
At a point in time	9,171	6,414	31,881	20,341	41,052	26,755
Over time	20,278	20,953	71,199	54,901	91,477	75,854
	29,449	27,367	103,080	75,242	132,529	102,609

(b) ***Judgment and methods used in estimating revenue***

(i) Determining transaction price and amounts allocated to sale of equipment with installation services, sale of equipment with maintenance services and turnkey project with maintenance services

For the bundled contracts, the Group allocates the transaction price to sale of equipment with installation services, sale of equipment with maintenance services and turnkey project with maintenance services based on their relative stand-alone selling prices. The standalone selling prices are determined based on estimated cost plus margin.

(ii) Recognition of revenue from professional services and turnkey project over time

For rendering of professional services and turnkey projects where the Group satisfies its performance obligations over time, management has determined that cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relating to the total inputs expected to be incurred. The measurement of progress is based on the costs incurred to date as a proportion of the costs to be incurred to the satisfaction of the performance obligation.

The estimated total costs are based on contractual amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends for the amount incurred in its other similar services and projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Revenue (cont'd)

(b) ***Judgment and methods used in estimating revenue (cont'd)***

(iii) Estimating variable consideration for turnkey projects

In estimating the variable consideration for liquidated damages, the Group uses the most likely amount method to predict the liquidated damages. Management relies on historical experiences with similar turnkey projects, customers and geographical areas. Management has exercised significant judgment in estimating the amount of consideration to which it expects to be entitled and of which the amount are included in the contract revenue to the extent that it is probable that there will be no significant reversal when the uncertainties are resolved.

(c) ***Contract assets and contract liabilities***

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables (Note 10)	48,884	47,510	7,990	14,119
Contract assets	36,227	36,823	11,609	12,839
Contract liabilities	30,845	31,018	20,054	21,699

The Group has recognised a net impairment loss on receivables arising from contracts with customers amounting to $2,285,000 (2021: net impairment loss of $7,553,000). The Company has recognised a net writeback on receivables arising from contracts with customers amounting to $70,000 (2021: net impairment loss of $86,000).

The Group has recognised a net impairment loss on contract assets amounting to $993,000 (2021: net impairment loss on contract assets of $1,902,000). The Company has recognised a net impairment loss on contract assets amounting to nil (2021: net impairment loss on contract assets of $25,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group billed and received consideration ahead of the provision of services and delivering of goods.

Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Revenue (cont'd)

(c) ***Contract assets and contract liabilities (cont'd)***

(i) Significant changes in contract assets are explained as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Contract assets reclassified to receivables	24,165	25,703	8,685	7,589

(ii) Significant changes in contract liabilities are explained as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	13,917	10,368	7,331	6,630

(d) ***Transaction price allocated to remaining performance obligations***

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 is $148,674,000.

The Group expects to recognise $154,546,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2022 in 2023 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Trade receivables

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade receivables	59,380	56,778	8,367	14,566
Less: Allowance for impairment of trade receivables	(10,496)	(9,268)	(377)	(447)
Total trade receivables	48,884	47,510	7,990	14,119
Add:				
Other receivables and deposits (excluding advance to suppliers, staff advances, prepayments and tax recoverable) (Note 11)	4,060	2,850	809	290
Cash and bank balances (Note 28)	18,200	22,856	6,337	7,748
Fixed deposits (Note 28)	–	647	–	–
Amounts due from subsidiaries	–	–	18,307	37,657
Total financial assets carried at amortised cost	71,144	73,863	33,443	59,814

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.

At balance sheet date, retention sums relating to contracts included in trade receivables of the Group and the Company are $5,162,000 and nil (2021: $5,779,000 and nil) respectively.

At the balance sheet date, trade receivables for the Group arising from export sales amounting to $5,071,000 (2021: $5,692,000) are arranged to be settled via letters of credits issued by banks in countries where the customers are based.

As at 31 December, the following amounts denominated in a currency other than the respective subsidiaries functional currency are included in the trade receivables for the Group and the Company:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
US dollar	10,725	10,193	1,567	1,882
Other currencies	320	124	–	15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Trade receivables (cont'd)

Expected credit losses

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

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	9,268	2,061	447	361
Charge for the year	2,715	7,660	–	86
Written back	(430)	(107)	(70)	–
Written off	(124)	–	–	–
Currency realignment	(933)	(346)	–	–
At 31 December	10,496	9,268	377	447

The movement in allowance for expected credit losses of contract assets computed based on lifetime ECL are as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	3,873	2,026	2,083	2,058
Charge for the year	1,001	1,902	–	25
Written back	(8)	–	–	–
Written off	(1,389)	–	–	–
Currency realignment	(181)	(55)	–	–
At 31 December	3,296	3,873	2,083	2,083

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. Other receivables, deposits and prepayments

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Advances to suppliers	16,243	17,913	15,529	16,568
Deposits	2,302	2,142	335	145
Prepayments	1,407	755	1,209	563
Staff advances	19	18	–	–
Tax recoverable	1,320	1,269	–	–
Other debtors	1,758	708	474	145
	23,049	22,805	17,547	17,421
Non-current	312	682	–	–
Current	22,737	22,123	17,547	17,421
	23,049	22,805	17,547	17,421

Staff advances and other debtors are unsecured and non-interest bearing.

12. Amounts due from/(to) subsidiaries (trade and non-trade)

The non-trade balances are unsecured, repayable on demand and are to be settled in cash. Included in non-trade balances are advances to subsidiaries of $15,284,000 (2021: $15,285,000) that bears interest from 3.225% to 9.265% per annum (2021: 2.424% to 5.199% per annum). Other balances due from/(to) subsidiaries do not bear any interest.

13. Trade payables

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

Included in trade payables are accrued project costs amounting to $7,943,000 (2021: $7,730,000) and a fair value loss on forward currency contracts amounting to $56,000 (2021: fair value gain on forward currency contracts amounting to $98,000) which has been recognised in profit or loss as at 31 December 2022.

As at 31 December, the following amounts denominated in a currency other than the respective subsidiaries functional currency are included in trade payables for the Group and the Company:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
US dollar	8,252	9,262	3,428	4,068
Norwegian krone	–	125	–	–
Other currencies	1,445	276	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. Other payables and accruals

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Accrued payroll and staff expenses	3,949	2,432	2,732	1,135
Other accrued operating expenses	2,833	3,767	401	360
Other creditors	2,959	2,051	1,912	364
Withholding tax payables	311	421	–	–
Total other payables and accruals	10,052	8,671	5,045	1,859
Add:				
Trade payables (Note 13)	39,112	28,206	7,537	6,726
Amounts due to subsidiaries (Note 12)	–	–	700	60
Borrowings (Note 16)	21,000	32,000	21,000	32,000
Less: Withholding tax payables	(311)	(421)	–	–
Total financial liabilities carried at amortised cost	69,853	68,456	34,282	40,645

15. Provision for warranty

A provision is recognised for expected warranty claims on goods and services sold in the past 12 months (average warranty period) based on past experience of the level of repairs and returns. The provision is classified as current liability as it is difficult to predict the timing of warranty utilisation due to the following reasons:

(a) there is unpredictability in the network system in which it is possible for a failed IT equipment to cause the whole network to not be operational;

(b) the Group continues to work on projects and install equipment for customers in environments that are considerably more challenging;

(c) the Group continues to use equipment from new vendors whose equipment may not be fully tested in different environments; and

(d) there is a mismatch of the duration of the warranty coverage.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. Provision for warranty (cont'd)

Movements in provision for warranty during the year are as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	531	859	390	563
Provision for the year	380	493	304	390
Write-back of provision	(146)	(417)	(124)	(208)
Utilised during the year	(273)	(396)	(266)	(355)
Currency realignment	(13)	(8)	–	–
At 31 December	479	531	304	390

The Group may from time to time in the ordinary course of business be subject to claims or settlement with customers and if the amounts arising do not fall within the provision for warranty, the charges will be taken to cost of sales, as appropriate.

16. Borrowings

	Effective %	Maturities	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Short-term borrowings (unsecured):						
Singapore dollar floating rate bank loans	5.18% to 5.60%	January 2023, February 2023, March 2023	21,000	–	21,000	–
Singapore dollar floating rate bank loans	1.48% to 1.94%	January 2022, February 2022	–	32,000	–	32,000
			21,000	32,000	21,000	32,000

The Company's loans (classified as current during the year) are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfil the Total Consolidated Tangible Networth ("TNW") ratio as required in the loan agreement for one of the borrowings with a credit line of $10,000,000, of which the Company had fully drawn down as at 31 December 2022.

On 8 March 2023, the Company has obtained a one-time waiver from the bank with regards to the breach of tangible net worth covenant as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. Borrowings (cont'd)

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

	1 January 2022 $'000	Cash flows $'000	New leases $'000	Foreign exchange movement $'000	Others $'000	31 December 2022 $'000
Short-term borrowings (unsecured):						
- current	32,000	(11,000)	–	–	–	21,000
Lease liabilities	1,223	(1,109)	5,557	(65)	332*	5,938

	1 January 2021 $'000	Cash flows $'000	New leases $'000	Foreign exchange movement $'000	Others $'000	31 December 2021 $'000
Short-term borrowings (unsecured):						
- current	28,500	3,500	–	–	–	32,000
Lease liabilities	4,292	(1,051)	686	(35)	(2,669)*	1,223

* Included $91,000 (2021: $2,888,000) lease liabilities directly associated with the assets held for sale.

17. Leases

The Group has lease contracts for various items of plant, machinery and other equipment used in its operations. Leasehold land and building generally have lease terms between 2 and 24 years. Leases of plant and other equipment generally have lease terms between 1 and 5 years. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Leases (cont'd)

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

Group	Leasehold land and building $'000	Plant and other equipment $'000	Total $'000
Cost			
At 1 January 2021	5,841	230	6,071
Additions	819	183	1,002
Disposal	(917)	(204)	(1,121)
Reclassification to assets held for sale	(3,141)	–	(3,141)
Currency realignment	(57)	(2)	(59)
At 31 December 2021	2,545	207	2,752
Additions	5,125	84	5,209
Disposal	(289)	(20)	(309)
Currency realignment	(240)	(3)	(243)
At 31 December 2022	7,141	268	7,409
Accumulated depreciation			
At 1 January 2021	1,718	188	1,906
Charge for the year	877	70	947
Disposal	(578)	(204)	(782)
Reclassification to assets held for sale	(397)	–	(397)
Currency realignment	(38)	–	(38)
At 31 December 2021	1,582	54	1,636
Charge for the year	965	70	1,035
Disposal	(289)	(20)	(309)
Currency realignment	(181)	(1)	(182)
At 31 December 2022	2,077	103	2,180
Net carrying amount			
At 1 January 2021	4,123	42	4,165
At 31 December 2021	963	153	1,116
At 31 December 2022	5,064	165	5,229

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Leases (cont'd)

Company	Leasehold land and building $'000	Plant and other equipment $'000	Total $'000
Cost			
At 1 January 2021	3,141	215	3,356
Additions	–	185	185
Disposal	–	(199)	(199)
Reclassification to assets held for sale	(3,141)	–	(3,141)
At 31 December 2021 and 1 January 2022	–	201	201
Additions	4,841	37	4,878
Disposal	–	(15)	(15)
At 31 December 2022	4,841	223	5,064
Accumulated depreciation			
At 1 January 2021	265	179	444
Charge for the year	132	66	198
Disposal	–	(199)	(199)
Reclassification to assets held for sale	(397)	–	(397)
At 31 December 2021 and 1 January 2022	–	46	46
Charge for the year	263	57	320
Disposal	–	(15)	(15)
At 31 December 2022	263	88	351
Net carrying amount			
At 31 December 2021	–	155	155
At 31 December 2022	4,578	135	4,713

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

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	1,223	4,292	156	3,014
Additions	5,557	686	5,225	185
Accretion of interest (Note 24)	241	219	173	120
Reclassification to assets held for sale	91	(2,888)	91	(2,888)
Payments	(1,109)	(1,051)	(265)	(275)
Currency realignment	(65)	(35)	–	–
At 31 December	5,938	1,223	5,380	156
Current	539	803	169	53
Non-current	5,399	420	5,211	103
Total lease liabilities	5,938	1,223	5,380	156

The maturity analyses of lease liabilities are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Leases (cont'd)

The following are the amounts recognised in profit or loss:

	Group 2022 $'000	Group 2021 $'000
Depreciation expense of right-of-use assets	1,035	947
Interest expense on lease liabilities	241	219
Expense relating to leases of low-value assets (included in administrative expenses)	15	22
Total amount recognised in profit or loss	1,291	1,188

The Group has total cash outflows for leases of $1,109,000 in 2022 (2021: $1,051,000).

18. Share capital

	Group and Company 2022 $'000	2021 $'000	2022 Number of shares '000	2021 Number of shares '000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	29,909	29,909	361,897	361,897

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

19. Translation reserve

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

	Group 2022 $'000	Group 2021 $'000
At 1 January	(2,866)	(2,949)
Current year translation	1,822	83
At 31 December	(1,044)	(2,866)
Net effect of exchange differences arises from:		
Translation of financial statements of foreign operations	1,822	83

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Other (expenses)/income

	Group	
	2022	**2021**
	$'000	**$'000**
Amortisation of intangible asset	(238)	(193)
Realised foreign exchange loss, net	(213)	(181)
Unrealised foreign exchange loss, net	(4,669)	(746)
Government grants	53	290
Net gain/(write off) on disposal of property, plant and equipment	21	(233)
Gain on sale of contract*	631	774
Others**	549	(1,349)
	(3,866)	(1,638)

* Proceeds from disposal of property, plant and equipment, receivables and novation of operator's agreements to a purchaser in Indonesia.

** Included in financial year ended 2021 is write off of prepayment made to a supplier as the contract was subsequently discontinued and costs written back/(provided) for a Philippines project.

21. Loss from operating activities

The following items have been included in arriving at loss from operating activities:

	Group	
	2022	**2021**
	$'000	**$'000**
Audit fees to:		
Auditors of the Company	253	298
Audit fees paid to other member firms of EY Global	100	87
Other auditors	31	29
Bad debts written off	21	91
Non-audit fees to:		
Auditors of the Company	21	52
Non-audit fees paid to other member firms of EY Global	80	–
Other auditors	108	25
Write-back for doubtful trade receivables	(430)	(107)
Impairment loss on trade receivables	2,715	7,660
Foreign exchange loss/(gain), net – forward currency contracts	56	(98)
Realised foreign exchange loss, net	213	181
Unrealised foreign exchange loss, net	4,613	844
Net (gain)/write off on disposal of property, plant and equipment	(21)	233
Legal fee	79	1,169
Tax liability payable	–	452

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. Personnel expenses and employee benefits

	Group	
	2022 $'000	2021 $'000
Wages, salaries and bonuses	15,168	13,052
Pension contributions	1,979	1,694
Other personnel benefits	2,637	1,873
Termination benefits	27	–
	19,811	16,619

Personnel expenses include Directors and Executive Officers' remuneration as shown in Note 32.

23. Finance income

	Group	
	2022 $'000	2021 $'000
Interest income from:		
Bank deposits	78	63
Long term trade receivables	8	80
	86	143

24. Finance expenses

	Group	
	2022 $'000	2021 $'000
Interest expense	618	428
Interest on lease liabilities	241	219
	859	647

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Tax

Major components of income tax expense for the year ended 31 December are:

	Group	
	2022 $'000	2021 $'000
Consolidated income statement:		
Current income tax:		
Current income taxation	1,662	1,056
(Over)/under provision in respect of previous years	(70)	68
Deferred income tax:		
Current year	417	(218)
Prior year	47	28
Income tax expense recognised in profit and loss	2,056	934

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

	Group	
	2022 $'000	2021 $'000
Loss before tax from continuing operations	(5,235)	(15,060)
Tax at 17%	(890)	(2,560)
Tax effect of expenses that are not deductible in determining taxable loss	4,004	4,255
(Over)/under provision in respect of prior years	(23)	96
Difference in tax rates applicable to subsidiaries	(573)	(1,226)
Deferred tax assets not recognised by subsidiaries	(2)	(3)
Tax effect of income not subject to tax	(411)	(92)
Effect of change in tax rate	62	311
Tax exemption, incentives and rebates	(65)	(17)
Recognition of previously unrecognised tax losses	(67)	(37)
Reversal of deferred tax asset recognised previously	303	–
Utilization of deferred tax assets recognised previously	(282)	–
Others	–	207
	2,056	934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Tax (cont'd)

Deferred tax as at 31 December related to the following:

	Group		Consolidated income statement		Company	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:						
Differences in depreciation of property, plant and equipment for tax purposes	(15)	35	50	(93)	(23)	17
Difference in amortisation of intangible assets	(116)	(148)	(32)	26	(116)	(148)
Right-of-use assets	122	21	(101)	11	113	–
	(9)	(92)			(26)	(131)
Deferred tax assets:						
Interest income receivables	(227)	(115)	112	(10)	(202)	(102)
General provisions	672	668	(4)	121	412	219
Tax losses	–	463	463	(245)	–	253
Retirement benefit#	24	55	–	–	–	–
Others	24	–	(24)	–	24	–
Net deferred tax assets	484	979			208	239
Net deferred tax expense/ (credit)			464	(190)		

Deferred tax on retirement benefit amounting to $31,000 (2021: $17,000) is recorded in 'Other comprehensive income', under the equity section of the balance sheet.

Changes in corporate tax rate from financial year 2022 and 2021 are as follows:

- Morocco: from 31% to 0.5% (2021: 31%)

Effective 1 January 2022, the corporate tax rate for company incorporated in Morocco has changed to proportional tax rate from 10% to 31% depending on the taxable income. For a company with no taxable income, a minimum tax of 0.5% on the annual turnover is applied.

Unrecognised tax losses

The Group has tax losses and unutilised capital allowances of approximately $6,419,000 (2021: $6,352,000) that are available for offset against future taxable profits of the companies 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 companies operate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Tax (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting year, no deferred tax liability (2021: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $4,582,000 (2021: $4,232,000). The deferred tax liability is estimated to be $294,000 (2021: $351,000).

Tax consequences of proposed dividends

There are no income tax consequences (2021: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

26. Earnings per share

(a) ***Continuing operations***

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The following tables reflect the income and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2022	**2021**
Net loss attributable to ordinary equity holders of the Company for basic and diluted earnings per share ($'000)	(7,291)	(15,994)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	361,897	361,897

There have been no transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the completion of these financial statements.

(b) ***Earnings per share computation***

The basic and diluted earnings per share are calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for both basic and diluted earnings per share computation. The profit and share data are presented in Note 26(a) above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. Dividends

	Group and Company	
	2022	2021
	$'000	$'000
Declared and paid during the financial year		
Dividends on ordinary shares:		
- A final exempt (one-tier) dividend paid in respect of the previous financial year of nil cents (2020 0.5 cents) per share	–	1,809

28. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Fixed deposits	–	647	–	–
Cash and bank balances	18,200	22,856	6,337	7,748
Deposits pledged	(114)	(100)	–	–
Cash and cash equivalents in the cashflow statement	18,086	23,403	6,337	7,748

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 3.75% (2021: 0.05% to 2.68%) per annum. Included in cash and cash equivalents are amounts totaling $114,000 (2021: $100,000) pledged in accordance to a contractual arrangement and for purpose of bankers' guarantees issued.

Fixed deposits of the Group and the Company were made for a period of 30 days depending on the immediate cash requirements of the Group and the Company, and earned interests at the respective fixed deposit rates. The effective interest rates of fixed deposits were 1.50% (2021: 1.50%) per annum.

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

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
US dollar	3,118	6,354	757	1,592
AU dollar	9	825	9	9
Euro	108	535	31	226
Norwegian krone	173	178	–	–
Other currencies	57	160	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. Employee share plan

In financial year 2014, Share plan under the Nera Telecommunications Performance Share Plan 2014 ("NeraTel PSP 2014") to eligible Directors and other employees of the Company was approved by the shareholders.

During the financial year, no shares (2021: Nil) were granted under the employee share plan.

30. Commitments

(a) ***Capital commitments***

At 31 December 2022, the Group and the Company had commitments of $1,290,000 (2021: Nil) relating to the purchase of new property, plant and equipment and renovation cost.

(b) ***Non-cancellable operating lease commitments – as lessor***

As at 31 December 2022 the Group has no commitments under operating leases for equipment. The leases have remaining tenure of between 1 and 2 years. Operating lease income included in the consolidated statement of comprehensive income during the year amounted to nil (2021: $249,000).

31. Contingent liabilities

(a) ***Guarantees***

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Bankers' guarantees issued by banks on behalf of subsidiaries	**1,916**	2,447

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Related party disclosures

Compensation of key management personnel

	Group	
	2022	2021
	$'000	$'000
Directors of the Company:		
Directors' fees	276	276
Directors' remuneration	1,093	552
Defined contribution benefits	35	17
Key management:		
Key management's remuneration	1,697	1,154
Defined contribution benefits	55	63

Key management personnel are the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

33. Segment information

For management purposes, the Group is organised on a worldwide basis into operating businesses (divisions) as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The Group is organised into two main operating businesses, namely:

Wireless Infrastructure Networks ("WIN") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of satellite communications, transmission products and systems and wireless solutions.

Network Infrastructure ("NI") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of info-communications network infrastructure, network security solutions, IP networks, optical networks and broadcast infrastructure.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Segment information (cont'd)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment turnover, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	WIN $'000	NI $'000	Adjustments $'000	Notes	Total $'000
2022					
Revenue	29,449	103,080			132,529
Cost of sales	(23,590)	(79,359)			(102,949)
Gross profit	5,859	23,721			29,580
Distribution and selling expenses	(5,985)	(12,326)			(18,311)
Administrative expenses	(2,635)	(9,230)			(11,865)
Other expenses	(321)	(3,545)			(3,866)
Loss from operating activities	(3,082)	(1,380)			(4,462)
Finance income					86
Finance expenses					(859)
Loss before tax					(5,235)
Tax					(2,056)
Net loss for the year					(7,291)
Other information					
Segment assets	35,244	75,433	41,733	A	152,410
Segment liabilities	14,626	64,545	32,174	B	111,345
Capital expenditure	69	980			1,049
Depreciation and amortisation	334	1,736			2,070
Other non-cash (income)/ expenses (*)	962	2,018			2,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Segment information (cont'd)

Allocation basis and transfer pricing (cont'd)

	WIN $'000	NI $'000	Adjustments $'000	Notes	Total $'000
2021					
Revenue	27,367	75,242			102,609
Cost of sales	(23,348)	(59,746)			(83,094)
Gross profit	4,019	15,496			19,515
Distribution and selling expenses	(5,213)	(17,534)			(22,747)
Administrative expenses	(3,277)	(6,409)			(9,686)
Other income/(expenses)	(3,348)	1,710			(1,638)
Loss from operating activities	(7,819)	(6,737)			(14,556)
Finance income					143
Finance expenses					(647)
Loss before tax					(15,060)
Tax					(934)
Net loss for the year					(15,994)
Other information					
Segment assets	44,792	59,949	47,287	A	152,028
Segment liabilities	20,859	43,007	41,621	B	105,487
Capital expenditure	93	146			239
Depreciation and amortisation	664	1,051			1,715
Other non-cash (income)/ expenses (*)	757	8,674			9,431

(*) Other non-cash (income)/expenses include net provision for warranty, stocks written down, net allowance/(write-back) for doubtful trade debts and net allowance/(write-back) for contract assets, bad debts written off and gain on sale of customer contracts

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Segment information (cont'd)

Allocation basis and transfer pricing (cont'd)

Notes **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

A The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2022 $'000	2021 $'000
Deferred tax assets	484	979
Other receivables, deposits and prepayments	23,049	22,805
Cash and cash equivalents	18,200	22,856
Fixed deposits	–	647
	41,733	47,287

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2022 $'000	2021 $'000
Defined benefit obligation	550	423
Other payables and accruals	10,052	8,671
Borrowings	21,000	32,000
Provision for taxation	572	527
	32,174	41,621

Geographical segments

Revenue and non-current assets (excluding deferred tax assets) information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Singapore	51,027	49,125	6,399	1,254
Indonesia	25,942	13,618	485	921
Malaysia	24,917	20,082	159	386
Philippines	5,855	3,033	3,990	5,091
Thailand	1,599	1,428	349	277
Other EMEA countries	20,153	14,676	90	226
Others	3,036	647	–	–
	132,529	102,609	11,472	8,155

Non-current assets information presented above consist of intangible assets, property, plant and equipment, right-of-use assets, long term trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Segment information (cont'd)

Information about a major customer

Revenue from one major customer amounted to $21,853,000 (2021: $18,398,000), arising from revenue by the WIN and NI segments (2021: WIN and NI segments).

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit and risk management committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly US dollar and Danish Krone. Approximately 18% (2021: 20%) of the Group's turnover and 38% (2021: 45%) of the Group's purchases are denominated in foreign currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances amount to $3,465,000 (2021: $8,052,000) and $797,000 (2021: $1,827,000) for the Group and the Company respectively.

The Group uses forward currency contracts to mitigate the currency exposures on transactions in excess of $100,000 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts are in the same currency as the underlying exposure. It is the Group's policy not to enter into forward currency contracts until a firm commitment is in place and to negotiate the terms of forward currency contracts to match the terms of the underlying exposure.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. These investments are not hedged as the respective currency positions are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, AU dollar and Euro exchange rates (against SGD), with all other variables held constant, of the Group's (loss)/ profit before tax.

	Group	
	2022 $'000	2021 $'000
US dollar		
– Strengthened 3% (2021: 3%)	226	295
– Weakened 3% (2021: 3%)	(226)	(295)
AU dollar		
– Strengthened 3% (2021: 3%)	–	42
– Weakened 3% (2021: 3%)	–	(42)
Euro		
– Strengthened 5% (2021: 5%)	8	24
– Weakened 5% (2021: 5%)	(8)	(24)

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 cash and cash equivalents and borrowings.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest income from cash assets placed with banks with all other variables held constant, of the Group's (loss)/profit before tax.

	Group	
	Increase/ (decrease) basis points	Effect on (loss)/profit before tax $'000
2022		
US dollar bank placements	(100)	(42)
AU dollar bank placements	(100)	–
Euro bank placements	(100)	(2)
Singapore dollar bank borrowings	(100)	(210)
US dollar bank placements	100	42
AU dollar bank placements	100	–
Euro bank placements	100	2
Singapore dollar bank borrowings	100	210
2021		
US dollar bank placements	(100)	(86)
AU dollar bank placements	(100)	(8)
Euro bank placements	(100)	(8)
Singapore dollar bank borrowings	(100)	320
US dollar bank placements	100	86
AU dollar bank placements	100	8
Euro bank placements	100	8
Singapore dollar bank borrowings	100	(320)

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 principal method the Group uses to manage liquidity risk arising from financial liabilities is maintaining an adequate level of cash and cash equivalents and committed stand-by credit facilities with banks. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below analyses the Group's financial assets and liabilities and certain derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The carrying amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

	2022				2021			
	1 year or less $'000	1–5 years $'000	> 5 years $'000	Total $'000	1 year or less $'000	1–5 years $'000	> 5 years $'000	Total $'000
Group								
Financial assets:								
Trade receivables	48,884	–	–	48,884	47,510	–	–	47,510
Other receivables and deposits (excluding advances to suppliers, staff advances, prepayments and tax recoverable)	3,748	312	–	4,060	2,168	682	–	2,850
Cash and cash equivalents	18,200	–	–	18,200	22,856	–	–	22,856
Fixed deposits	–	–	–	–	647	–	–	647
Derivative financial instruments – Forward currency contracts	3,626	–	–	3,626	5,066	–	–	5,066
Total undiscounted financial assets	74,458	312	–	74,770	78,247	682	–	78,929
Financial liabilities:								
Trade payables	39,112	–	–	39,112	28,206	–	–	28,206
Other payables and accruals (excluding withholding tax payables)	9,741	–	–	9,741	8,250	–	–	8,250
Borrowings	21,257	–	–	21,257	32,109	–	–	32,109
Lease liabilities	738	5,046	211	5,995	803	420	–	1,223
Derivative financial instruments – Forward currency contracts	3,720	–	–	3,720	5,105	–	–	5,105
Total undiscounted financial liabilities	74,568	5,046	211	79,825	74,473	420	–	74,893
Total net undiscounted financial (liabilities)/assets	(110)	(4,734)	(211)	(5,055)	3,774	262	–	4,036

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	2022				2021			
	1 year or less $'000	1–5 years $'000	> 5 years $'000	Total $'000	1 year or less $'000	1–5 years $'000	> 5 years $'000	Total $'000
Company								
Financial assets:								
Trade receivables	7,990	–	–	7,990	14,119	–	–	14,119
Other receivables and deposits (excluding advances to suppliers, prepayments and tax recoverable)	809	–	–	809	290	–	–	290
Amounts due from subsidiaries	18,307	–	–	18,307	37,657	–	–	37,657
Cash and cash equivalents	6,337	–	–	6,337	7,748	–	–	7,748
Derivative financial instruments - Forward currency contracts	3,626	–	–	3,626	5,066	–	–	5,066
Total undiscounted financial assets	37,069	–	–	37,069	64,880	–	–	64,880
Financial liabilities:								
Trade payables	7,537	–	–	7,537	6,726	–	–	6,726
Other payables and accruals	5,045	–	–	5,045	1,859	–	–	1,859
Amounts due to subsidiaries	700	–	–	700	60	–	–	60
Borrowings	21,257	–	–	21,257	32,109	–	–	32,109
Lease liabilities	342	4,847	211	5,400	53	103	–	156
Derivative financial instruments - Forward currency contracts	3,720	–	–	3,720	5,105	–	–	5,105
Total undiscounted financial liabilities	38,601	4,847	211	43,659	45,912	103	–	46,015
Total net undiscounted financial (liabilities)/assets	(1,532)	(4,847)	(211)	(6,590)	18,968	(103)	–	18,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities.

	2022				2021			
	1 year or less $'000	1–5 years $'000	> 5 years $'000	Total $'000	1 year or less $'000	1–5 years $'000	> 5 years $'000	Total $'000
Company								
Financial guarantees in relation to contracts	2,270	4,162	–	6,432	2,021	989	878	3,888

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 receivables. For other financial assets (including cash and cash equivalents and derivatives), 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 with the result that the Group's exposure to bad debts is not significant.

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 180 days when they fall due, which are derived based on the Group's historical information.

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:

- Internal credit rating;
- 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 customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

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

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor 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 and in significant financial difficulties. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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 and contract assets 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 2022 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions and expected inflation rates.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geography:

(i) Singapore

		Trade receivables Days past due			
	Contract Assets $'000	Current $'000	Less than 90 days $'000	More than 90 days $'000	Total $'000
31 December 2022					
Gross carrying amount	11,609	2,004	3,289	3,073	19,975
Loss allowance provision	25	–	–	374	399

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

(i) Singapore (cont'd)

		Trade receivables			
			Days past due		
	Contract Assets $'000	Current $'000	Less than 90 days $'000	More than 90 days $'000	Total $'000
31 December 2021					
Gross carrying amount	12,839	4,049	4,811	5,706	27,405
Loss allowance provision	25	86	–	361	472

(ii) Other geographical area

		Trade receivables			
			Days past due		
	Contract Assets $'000	Current $'000	Less than 90 days $'000	More than 90 days $'000	Total $'000
31 December 2022					
Gross carrying amount	27,914	23,345	7,631	20,038	78,928
Loss allowance provision	3,271	24	–	10,098	13,393

		Trade receivables			
			Days past due		
	Contract Assets $'000	Current $'000	Less than 90 days $'000	More than 90 days $'000	Total $'000
31 December 2021					
Gross carrying amount	27,857	22,159	4,698	15,355	70,069
Loss allowance provision	3,848	5	3	8,813	12,669

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 10.

During the year, the Group wrote-off $21,000 (2021: $91,000) of trade receivables as the Group does not expect to receive future cash flows and there are no recoveries from collection of cash flows previously written off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the balance sheet date are as follows:

Customers' profile

By country

% of total trade receivables	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
≥ 25	–	Singapore	**Singapore**	Singapore
>10 and <25	**Singapore, Indonesia, Malaysia and Morocco**	Malaysia, Morocco and others	–	–
≤ 10	**Philippines, Pakistan, Thailand and others**	Indonesia, Philippines, Pakistan, Norway and others	**Philippines, Pakistan and others**	Indonesia, Myanmar and others

By industry

	Group				**Company**			
	2022		**2021**		**2022**		**2021**	
	$'000	**% of total**	**$'000**	**% of total**	**$'000**	**% of total**	**$'000**	**% of total**
Telecommunications	26,885	55	30,686	65	5,797	73	10,359	73
Government agencies	15,592	32	9,224	19	496	6	510	4
Media and broadcasting	1,528	3	377	1	784	10	–	–
Financial institutions	332	1	186	–	306	4	169	1
Multi-industry conglomerates	206	–	1,394	3	206	3	919	7
Hospitality	1,026	2	3,443	7	383	4	2,160	15
Others	3,315	7	2,200	5	18	–	2	–
	48,884	100	47,510	100	7,990	100	14,119	100

At the balance sheet date,

- 55% (2021: 35%) of the Group's trade receivables in Malaysia (2021: Malaysia) are due from a reputable telecommunication service provider; and
- 30% (2021: 30%) of the Group's trade receivables are due from 3 major customers in the Telecommunication industry.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

Level 1 – Quoted prices (unadjusted) in active 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.

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 31 December 2022				
Financial liabilities				
Derivatives – Forward currency contracts	–	94	–	94
At 31 December 2021				
Financial liabilities				
Derivatives – Forward currency contracts	–	39	–	39

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. Fair value of assets and liabilities (cont'd)

(c) ***Level 2 fair value measurements***

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

(d) ***Assets and liabilities not measured at fair value, for which fair value is disclosed***

There are no assets and liabilities not measured at fair value at 31 December 2022 and 2021 but for which fair value is disclosed.

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

Cash and cash equivalents (Note 28), trade receivables (Note 10), other receivables and deposits (Note 11), amount due from/(to) subsidiaries (Note 12), trade payables (Note 13), other payables and accruals (Note 14) and short-term borrowings (Note 16).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments.

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

There are no financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

36. Derivatives

	Group					
		2022 $'000			2021 $'000	
	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Forward currency contracts	3,626	–	94	5,066	–	39

Forward currency contracts are mainly used to hedge the Group's sales and purchases denominated in US dollar (2021: US dollar), against SGD for which firm commitments existed at the balance sheet date, extending to May 2023 (2021: March 2022).

The Group does not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. 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 the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 50%. The Group includes within net debt, only loans and borrowings, less cash and cash equivalents. Capital refers to equity attributable to the owners of the Company.

	Group	
	2022	**2021**
	$'000	**$'000**
Borrowings (Note 16)	21,000	32,000
Less: Cash and cash equivalent (Note 28)	(18,086)	(23,403)
Net debts	2,914	8,597
Capital:		
Equity attributable to owners of the Company	41,065	46,541
Capital and net debt	43,979	55,138
Gearing ratio	7%	16%

38. Defined benefit obligation

Retirement plans

Nera (Thailand) Limited and P.T. Nera Indonesia have unfunded, non-contributory defined benefit retirement plans while Nera (Philippines), Inc. has funded, non-contributory defined benefit plans covering all their qualified employees. The provision for post-employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method, and is in pursuant of Republic Act 7641 in Philippines, Labor Law No. 13/2003 in Indonesia, and Legal Severance Pay Law in Thailand. The Group's latest actuarial valuation reports are dated 31 December 2022.

The retirement plan for Nera (Philippines), Inc. requires contributions to be made to separately administered funds. The funds are administered by a local bank. Subject to the specific instructions provided by the company in writing, the company directs the local bank to hold, invest, and reinvest the funds and keep the same invested, in its sole discretion, without distinction between principal and income in, but not limited to, certain investments in unit investment trust fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. Defined benefit obligation (cont'd)

Long service awards

Nera (Thailand) Limited and P.T. Nera Indonesia have an award in the form of cash award during active employment for employees who have completed certain years of services.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	Philippines plan		Thailand plan		Indonesia plan		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	123	213	45	40	635	532	803	785
Fair value of plan assets	(253)	(362)	–	–	–	–	(253)	(362)
Net (asset)/liability arising from defined benefit obligation	(130)	(149)	45	40	635	532	550	423

Changes in present value of the defined benefit obligation are as follows:

	Philippines plan		Thailand plan		Indonesia plan		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	213	216	40	55	532	646	785	917
Interest cost	9	6	19	20	35	41	63	67
Current service cost	28	31	1	1	199	76	228	108
Remeasurement losses/ (gains):								
Actuarial changes arising from changes in financial assumptions	(30)	(35)	(5)	(5)	(12)	(19)	(47)	(59)
Actuarial changes due to experience adjustment	(8)	4	(7)	(27)	58	(67)	43	(90)
Recognition of actuarial loss	–	–	–	–	3	2	3	2
Effects of benefit changes	–	–	–	–	(86)	(138)	(86)	(138)
Benefit paid out	(73)	–	–	(1)	(19)	(22)	(92)	(23)
Exchange differences	(16)	(9)	(3)	(3)	(75)	13	(94)	1
At 31 December	123	213	45	40	635	532	803	785

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. Defined benefit obligation (cont'd)

Changes in fair value of plan assets are as follows:

	Philippines plan	
	2022	**2021**
	$'000	**$'000**
At 1 January	362	380
Benefits paid	(73)	–
Interest income	15	10
Remeasurement gains/(losses):		
Return on plan assets	(21)	(15)
Effect of asset ceiling	–	–
Exchange differences	(30)	(13)
At 31 December	253	362

The fair values of the plan assets by each class as at the end of the reporting period are as follows:

	2022	**2021**
	$'000	**$'000**
Investments in unit investment trust fund ("UITF") - Philippines plan	253	362

Investments in UITF are ready-made investments that allow the pooling of funds that are managed by a local bank.

The plan asset's carrying amount approximates its fair value since these are marked-to-market.

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2022	**2021**
Discount rates:		
Philippines plan	6.43%	4.32%
Thailand plan	3.64%	2.79%
Indonesia plan	7.40%	7.50%
Future salary increases:		
Philippines plan	6.00%	6.00%
Thailand plan	5.00%	5.00%
Indonesia plan	8.00%	8.00%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. Defined benefit obligation (cont'd)

	2022 %	2021 %
Mortality rate		
Philippines plan	1994 US Group Annuity Mortality (GAM) Table, Male and Female	1994 US Group Annuity Mortality (GAM) Table, Male and Female
Thailand plan	105% of Thai Mortality Ordinary Table 2017	105% of Thai Mortality Ordinary Table 2017
Indonesia plan	Mortality Table of Indonesia 2019	Mortality Table of Indonesia 2019

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		31 December 2022		
	Increase/ (decrease)	**Philippines plan**	**Thailand plan**	**Indonesia plan**
Discount rates	(Actual + 1.00%)	**–**	**–**	**(61)**
	(Actual – 1.00%)	**–**	**–**	**71**
	(Actual + 0.50%)	**(6)**	**(6)**	**–**
	(Actual – 0.50%)	**6**	**1**	**–**
Future salary increases	(Actual + 1.00%)	**12**	**4**	**71**
	(Actual – 1.00%)	**(11)**	**(8)**	**(63)**

		31 December 2021		
	Increase/ (decrease)	**Philippines plan**	**Thailand plan**	**Indonesia plan**
Discount rates	(Actual + 1.00%)	–	–	(57)
	(Actual – 1.00%)	–	–	67
	(Actual + 0.50%)	(9)	(6)	–
	(Actual – 0.50%)	9	1	–
Future salary increases	(Actual + 1.00%)	17	4	67
	(Actual – 1.00%)	(16)	(8)	(59)

The Group has no specific matching strategies between the retirement plan assets and the defined benefit obligation under the retirement plans.

The average duration of the defined benefit obligation at the end of the reporting period is 12 years (2021: 13 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. Events occurring after balance sheet date

On 5 January 2023, the Company has received a letter from the Jurong Town Corporation ("JTC") confirming JTC's consent to the Proposed Disposal of the Property at 109 Defu Lane 10 Singapore 539225. With the conditions precedent for sale completion including approval from Jurong Town Corporation completed on 5 January 2023, the sale was completed on 31 January 2023. Sale proceeds of $6,300,000 was been received from the purchaser on 31 January 2023 and a net gain on the sale of property is $6,219,000, to be recorded in financial year 2023.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 12 April 2023.

SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2023

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 16 MARCH 2023

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	5	0.12	35	0.00
100 – 1,000	170	4.10	147,051	0.04
1,001 – 10,000	2,046	49.37	12,731,676	3.52
10,001 – 1,000,000	1,904	45.95	108,155,299	29.89
1,000,001 and above	19	0.46	240,862,939	66.55
Total	**4,144**	**100.00**	**361,897,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2023

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	193,952,439	53.59
2	DBS NOMINEES PTE LTD	10,645,700	2.94
3	RAFFLES NOMINEES (PTE) LIMITED	4,518,700	1.25
4	TAN BOON KHAK HOLDINGS PTE LTD	4,075,000	1.13
5	CITIBANK NOMINEES SINGAPORE PTE LTD	3,883,000	1.07
6	POH KHENG MUI (FU QINGMEI)	3,152,600	0.87
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,903,100	0.80
8	OCBC NOMINEES SINGAPORE PTE LTD	2,554,400	0.71
9	ABN AMRO CLEARING BANK N.V.	2,379,000	0.66
10	PHILLIP SECURITIES PTE LTD	2,212,400	0.61
11	TAN ENG YAM HOLDINGS PTE LTD	1,509,100	0.42
12	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,300,500	0.36
13	TAN LENG OEI	1,213,550	0.34
14	ANG JUI KHOON	1,143,300	0.32
15	TAN SECK WEI	1,135,550	0.31
16	FU MUI KIM MRS WOO TOONG LI	1,120,000	0.31
17	OCBC SECURITIES PRIVATE LTD	1,084,500	0.30
18	LEE WOON KIAT	1,078,100	0.30
19	KIM LENG TEE INVESTMENTS PTE LTD	1,002,000	0.28
20	MAYBANK SECURITIES PTE. LTD.	937,700	0.26
	Total	**241,800,639**	**66.83**

SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2023

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Asia Systems Ltd[1]	193,173,439	53.38	–	–
Canopus Asia Systems, L.P.[2]	–	–	193,173,439	53.38
PGA Partners Ltd[3]	–	–	193,173,439	53.38
Ashish Jaiprakash Shastry[4]	–	–	193,173,439	53.38

Notes:

1. 193,173,439 shares held by Asia Systems Ltd ("**ASL**") are registered in the name of UOB Kay Hian Pte Ltd.

2. Canopus Asia Systems, L.P. ("**Canopus**") owns 100% of ASL and is deemed to be interested in all the shares held by ASL in the Company.

3. PGA Partners Ltd ("**PGA**") is the general partner of and controls Canopus. PGA is deemed to be interested in the shares held via by ASL.

4. Mr Ashish Jaiprakash Shastry owns all the issued share capital of PGA and he is deemed to be interested in the shares held by ASL.

PUBLIC FLOAT

Based on information available to the Company as at 16 March 2023, approximately 46.62% of the total number of issued shares of the Company is held in the hands of public, and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be convened and held at Temasek Club, Brani Room, 131 Rifle Range Road, Singapore 588406 on Friday, 28 April 2023 at 4.00 pm for the purpose of transacting the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Tommy Teo Zhi Zhuang retiring pursuant to Regulation 94 of the Company's Constitution. **(Resolution 2)**

   [See Explanatory Note (i)]

3. To re-elect Mr Chong Hoi Ming retiring pursuant to Regulation 94 of the Company's Constitution. **(Resolution 3)**

   [See Explanatory Note (ii)]

4. To re-elect Ms Kay Pang Ker-Wei retiring pursuant to Regulation 100 of the Company's Constitution. **(Resolution 4)**

   [See Explanatory Note (iii)]

5. To approve the payment of Directors' fees of S$301,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears. **(Resolution 5)**

   [See Explanatory Note (iv)]

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

7. **Authority to issue shares** **(Resolution 7)**

   "That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Rules of the Singapore Exchange Securities Trading Limited, 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

NOTICE OF ANNUAL GENERAL MEETING

(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) 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 shares (if any) held by a subsidiary) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary 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 which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (v)]

8. **Authority to grant awards and issue shares under the Performance Share Plan** **(Resolution 8)**

"That approval be and is hereby given to the Directors to grant awards in accordance with the provisions of the Nera Telecommunications Performance Share Plan 2014" (the "**Share Plan**") to allot and issue from time to time such number of shares in the capital of the Company as may be required to be delivered pursuant to the vesting of awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered or to be delivered pursuant to the awards granted under the Share Plan shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, and that such authority, shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (vi)]

9. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Chan Wan Mei and Chan Lai Yin
Joint Company Secretaries

Singapore,
13 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ordinary Resolution 2 is to re-elect Mr Tommy Teo Zhi Zhuang who will be retiring by rotation under Regulation 94 of the Company's Constitution and if he is re-elected, he will remain as a member of the Audit and Risk Management Committee. Mr Teo is considered a Non-Independent and Non-Executive Director. Key information on Mr Teo is found on page 8 of the Annual Report.

(ii) Ordinary Resolution 3 is to re-elect Mr Chong Hoi Ming who will be retiring by rotation under Regulation 94 of the Company's Constitution and if he is re-elected, he will remain as the Executive Director and Chief Executive Officer of the Company. Mr Chong is considered a Non-Independent Director. Key information on Mr Chong is found on page 6 of the Annual Report.

(iii) Ordinary Resolution 4 is to re-elect Ms Kay Pang Ker-Wei who will be retiring by rotation under Regulation 100 of the Company's Constitution and if she is re-elected, she will remain as the Chairperson of the Nominating Committee and a member of the Remuneration Committee, and be considered Independent for the purpose of Provision 2.1 of Principle 2 of the Code of Corporate Governance 2018. Key information on Ms Pang is found on page 7 of the Annual Report.

(iv) Ordinary Resolution 5 is to seek approval for the payment of S$301,000 to all Non-Executive Directors as Directors' Fees for the financial year ending 31 December 2023 to be paid quarterly in arrears.

(v) The Proposed Resolution 7, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares at the time this Ordinary Resolution is passed. The total number of issued shares excluding treasury shares of the Company shall be the total number of issued shares excluding treasury shares at the time this Ordinary Resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(vi) The Proposed Resolution 8, if passed, will empower the Directors effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Share Plan, approved by shareholders on 29 April 2014 and was last renewed at the Annual General Meeting of the Company on 29 April 2022, and to allot and issue shares in the capital of the Company pursuant to the Share Plan, provided that the aggregate number of shares issued and to be issued under the Share Plan does not exceed 10% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.

Notes:

(a) The members of the Company are invited to **attend physically** at the Annual General Meeting ("**AGM**"). There will be no option for members to participate virtually. Printed copies of this Notice will not be sent to members. Instead, this Notice will be made available on SGXNet at the URL: https://www.sgx.com/securities/company-announcements and the Company's Investor Relations ("**IR**") website at the URL: https://www.nera.net/publications.html.

(b) Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

Voting by proxy

(c) A member who is unable to attend the AGM may appoint not more than two proxies to attend, speak and vote at the general meeting of the Company. A proxy need not be a member of the Company.

(d) Where such member appoints two (2) proxies, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

NOTICE OF ANNUAL GENERAL MEETING

(e) A member who is a Relevant Intermediary* may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

***Relevant Intermediary is:**

(i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity;

(ii) a person holding a capital markets services license to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

(f) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act 1967 of Singapore to attend and vote for and on behalf of such corporation.

(g) A member can appoint the Chairperson of the Meeting as his/her/its proxy, but this is not mandatory.

(h) Where a member (whether individual or corporate) appoints the Chairperson of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, if no specific instruction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

(i) For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes ("CPFIS Investors") and/or Supplementary Retirement Scheme ("SRS Investors") should approach their respective CPF Agent Banks or SRS Operators and submit their votes by 5.00 p.m. on 18 April 2023, being seven (7) working days prior to the date of AGM.

(j) The Chairperson of the AGM, as proxy, need not be a member of the Company.

(k) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(l) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(m) The instrument appointing the proxy/ies must be submitted to the Company in the following manner:

(i) if submitted by post, be deposited at the office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(ii) if submitted electronically, be submitted via email to the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd, at NeratelAGM2023@boardroomlimited.com,

in either case, by 4.00 pm on 25 April 2023, being no later than 72 hours before the time fixed for the AGM, and in default the instrument of proxy shall not be treated as valid.

(n) A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

(o) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(p) 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 such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Submission of questions in advance of the AGM

(q) Members who wish to submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM must be submitted in the following manner no later than 4.00 p.m. on 21 April 2023:

(i) by email to the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd at NeratelAGM2023@boardroomlimited.com; or

(ii) by post to the registered office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

(r) When sending in their questions by email or post, members are required to provide the Company with the following details to enable the Company to verify the shareholders' status:

- their full name;
- their address; and
- the manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS).

(s) The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet before 4.00 p.m. on 23 April 2023.

(t) The Annual Report 2022 may be accessed at the Company's IR website at the URL https://www.nera.net/publications.html and it is also made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof and submitting any question to the Company in advance of the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chong Hoi Ming, Ms Kay Pang Ker-Wei, and Mr Tommy Teo Zhi Zhuang will be seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2023 ("AGM") (the "**Retiring Directors**").

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

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
Date of Appointment	23 December 2022	7 February 2022	27 February 2018
Date of last re-appointment	Not Applicable	29 April 2022	27 April 2021
Age	46	53	39
Country of principal residence	Singapore	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Ms Kay Pang Ker-Wei for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that she possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Chong Hoi Ming for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that he possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Tommy Teo Zhi Zhuang for re-appointment as Non-Executive Director of the Company. The Board have reviewed and concluded that he possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and independent.	Executive. Responsible for the overall management of the Group.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairperson, AC Member etc.)	Independent Director, the Chairperson of the Nominating Committee and a member of the Remuneration Committee.	Executive Director and Chief Executive Officer	Member of the Audit and Risk Management Committee.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
Professional qualifications	Ms Pang holds a Bachelor of Laws (LLB) (Hons) from the University of Sheffield, UK. She is admitted as a Barrister-at-Law at The Honorable Society of Lincoln's Inn, England & Wales, and as an Advocate and Solicitor of the Supreme Court of Singapore. She furthered her studies at Cardiff University (England & Wales Bar Vocational Course) and National University of Singapore (Diploma in Singapore Law).	Mr Chong holds Bachelor of Computing and Mathematical Sciences from Waikato University, Hamilton, New Zealand.	Mr Teo holds a Bachelor of Business Administration (with Distinction) from the Ross School of Business at the University of Michigan.
Working experience and occupation(s) during the past 10 years	Senior Director and Associate General Counsel in VMware Inc. (November 2018 to Present) Head of Legal, APAC & Director in Cloudera Inc. (2016 to 2018) Director & Associate General Counsel in Hewlett Packard Enterprise (2008 to 2016)	2019 – 2020 Regional Director, ASEAN 3D Networks Pte Ltd, Singapore 2017 – 2018 Regional Director, APJ Digital Proposal Center Dimension Data Asia-Pacific Ltd, Singapore 2017 Regional Director, Japan Dimension Data Asia-Pacific Ltd, Singapore 2014 – 2016 Regional Director, ASEAN Dimension Data Asia-Pacific Ltd, Singapore 2008 – 2014 Managing Director Dimension Data Malaysia & Dimension Data Vietnam	2019 to present Managing Director, Cercano Management Asia Pte Ltd (f.k.a Vulcan Capital Singapore Management Pte. Ltd.) 2013 to 2019 Executive Director, Northstar Advisors Pte Ltd 2011 to 2012 Investment Banker, Citi Global Investment Banking
Shareholding interest in the listed issuer and its subsidiaries	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years)	 Nil	 Nil	 APAC Investment Pte. Ltd APAC Investment 2 Pte. Ltd. APAC Realty 1 APAC Realty 2 APAC Realty Limited Asia Infra Networks Holdings Ltd Asia Infra Networks Ltd Asia Pacific Realty Holdings Ltd Bright Peak Ventures Inc Canopus Asia Capital Limited Canopus Oeconomus Limited Canopus Realty Ltd Canopus Securities Limited Canopus Tower Limited Casa Decora Investments Ltd Central Cascadia Ltd Coldwell Banker Commercial Real Estate (S) Pte Ltd Coldwell Banker Real Estate (S) Pte Ltd Electronic Realty Associates Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
			Emerging Asia Finance Limited ERA Realty Network Pte Ltd ERA Singapore Pte Ltd eRealty Analytics Limited Gochean Holdings Incorporated Go-Jek Singapore Pte Ltd Jubilee Analytics Ltd Langford Universal Finance Ltd Modern Retail Group Limited Northstar Advisors Pte Ltd NTH Gemma Inc Realty Partners Investments Pte Ltd Rufaida Holdings Limited SEA Maritime Finance Limited Silverwater Capital Sirius Asia Financial Limited Ubiquitous Traders Inc Vibrant Colors Development Limited Vulcan Capital Greenhouse Singapore Pte Ltd Waterbay Investment Limited
Present	VMware Inc – Senior Director and Associate General Counsel (2003-present)	Nil	Cercano Management Asia Pte Ltd (f.k.a. Vulcan Capital Singapore Management Pte Ltd) Qapita Fintech Pte Ltd Borneo Data Pte. Ltd. AMILI Pte. Ltd. Watchtowr Pte. Ltd. Marathon Education Pte. Ltd. Bandlab Technologies Corporation (f.k.a Bandlab)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
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
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MS KAY PANG KER-WEI	MR CHONG HOI MING	MR TOMMY TEO ZHI ZHUANG
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable	Not Applicable

This page has been intentionally left blank

NERA TELECOMMUNICATIONS LTD

(Incorporated in the Republic of Singapore)

COMPANY REGISTRATION NO.: 197802690R

IMPORTANT

1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "Relevant Intermediary").
2. For investors who have used their CPF or SRS monies to buy Nera Telecommunications Ltd's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPFIS or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPFIS or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 18 April 2023.

PROXY FORM

*I/We ______________________________ (Name) ______________________ (NRIC/Passport/Co. Reg. No.)

of ____ (Address)

being a *member/members of Nera Telecommunications Ltd (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

or failing *him/her, the Chairperson of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Temasek Club, Brani Room, 131 Rifle Range Road, Singapore 588406 on Friday, 28 April 2023 at 4.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolutions Relating To:	For#	Against#	Abstain#
AS ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' Statement and the Independent Auditor's Report thereon.			
2.	To re-elect Mr Tommy Teo Zhi Zhuang as Director.			
3.	To re-elect Mr Chong Hoi Ming as Director.			
4.	To re-elect Ms Kay Pang Ker-Wei as Director.			
5.	To approve the payment of Directors' fees of S$301,000 for the financial year ending 31 December 2023.			
6.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
AS SPECIAL BUSINESS				
7.	To authorise Directors to allot and issue shares.			
8.	To authorise Directors to grant award and issue shares under the Performance Share Plan.			

* *Delete accordingly*

\# *If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

Dated this __________ day of ________________ 2023

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf.

Notes:

1. A member who is unable to attend the AGM may appoint not more than two proxies to attend, speak and vote at the general meeting of the Company. A proxy need not be a member of the Company.

2. 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 Singapore), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

3. Where a member appoints two (2) proxies, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A member who is a Relevant Intermediary* may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   ***Relevant Intermediary** is:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity;

   (b) a person holding a capital markets services license to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

5. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act 1967 of Singapore to attend and vote for and on behalf of such corporation.

6. A member can appoint the Chairperson of the Meeting as his/her/its proxy, but this is not mandatory.

7. Where a member (whether individual or corporate) appoints the Chairperson of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, if no specific instruction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

9. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

10. The instrument appointing the appointing proxy/ies must be submitted to the Company in the following manner:

    (a) if submitted by post, be deposited at the office of the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

    (b) if submitted electronically, be submitted via email to the Company's Polling Agent at NeratelAGM2023@boardroomlimited.com,

    in either case, by 4.00 pm on 25 April 2023, being no later than 72 hours before the time fixed for the AGM, and in default the instrument of proxy shall not be treated as valid.

11. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

12. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the AGM.

13. 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 such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

NERA TELECOMMUNICATIONS LTD

19 Tai Seng Avenue, #06-01
Singapore 534054
Tel: (65) 6233 2433
Fax: (65) 6233 2466
WWW.NERA.NET
CO. REG. NO: 197802690R