A-Sonic
aerospace

ANNUAL REPORT 2021

OUR MISSION

An integrated team in diverse markets working to provide seamless aviation & logistic solutions

CONTENTS

CORPORATE PROFILE

OUR BUSINESS

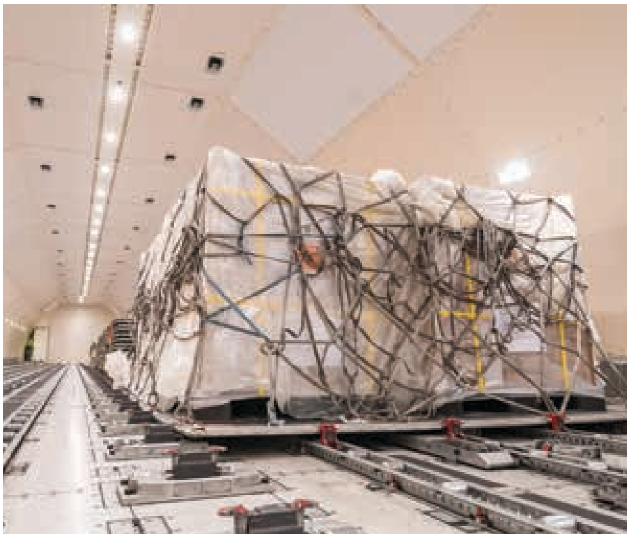
The A-Sonic Group is engaged in two areas of businesses, aviation and logistics. We currently operate in 29 cities in 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India, and Europe.

AVIATION BUSINESS

We are engaged in the sale and purchase of aircraft and aircraft engines.

LOGISTICS BUSINESS

We are engaged in providing supply chain management services. We specialize in various aspects of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.



OUR **PRESENCE**

01 Singapore
02 Sydney, Australia
03 Toronto, Canada
04 Beijing, PRC
05 Dalian, PRC
06 Fuzhou, PRC
07 Guangzhou, PRC
08 Nanjing, PRC
09 Ningbo, PRC
10 Qingdao, PRC
11 Shanghai, PRC
12 Shenzhen, PRC
13 Tianjin, PRC
14 Xiamen, PRC
15 Hong Kong
16 Bangalore, India
17 Seoul, Korea
18 Kuala Lumpur, Malaysia
19 Penang, Malaysia
20 Johor Bahru, Malaysia
21 Rotterdam, The Netherlands
22 London, United Kingdom
23 Taipei, Taiwan
24 Colombo, Sri Lanka
25 Bangkok, Thailand
26 Dubai, UAE
27 Los Angeles, USA
28 New York, USA
29 Ho Chi Minh, Vietnam

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Janet LC Tan
(Chief Executive Officer)

Tan Lay Yong Jenny
(Executive Director)

Irene Tay Gek Lim
(Executive Director)

Yam Mow Lam
(Independent Non-Executive Director)

Choh Thian Chee Irving[1]
(Lead Independent Non-Executive Director)

Gurbachan Singh
(Independent Non-Executive Director)

COMPANY SECRETARIES

Grace CP Chan *(LLB (Hons), ACIS)*
Hue Su Li *(CA)*
Lew Mei Teng *(CA)*
Chow Si Ying *(CA)*

AUDIT COMMITTEE

Yam Mow Lam (Chairman)
Choh Thian Chee Irving[1]
Gurbachan Singh

NOMINATING COMMITTEE

Choh Thian Chee Irving *(Chairman)*[1]
Janet LC Tan
Yam Mow Lam

[1] *Refer to note (2) on page 15 .*

REMUNERATION COMMITTEE

Choh Thian Chee Irving *(Chairman)*[1]
Yam Mow Lam
Gurbachan Singh

REGISTERED OFFICE

10 Anson Road
#24-07, International Plaza
Singapore 079903
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Website: www.asonic-aerospace.com

SHARE REGISTRAR

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Singapore 068902
Tel: +65 6227 6660
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AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Tel: +65 63362828

Partner-in-charge:
Mr Khor Boon Hong
(With effect from financial year ended 31 December 2021)

PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Limited

CEO'S **MESSAGE**

What is next? How do we write the next A-Sonic episode?

DEAR FELLOW SHAREOWNER

As the adage goes, "Life can get a little bumpy, but stay on course."

Last year 2021 was largely defined by several macro-economic factors, including the pandemic, the prospects of inflation, and the supply chain disruption. These variables produced not just a plethora of temporary changes, mainly short-term shift in demand, but also some lasting ones. It will take some time before we understand the full impact. We have to unlearn old habits and adopt new ones.

Looking ahead in 2022 and the year beyond, we expect great uncertainty and volatility. Meanwhile, our business must carry on. With the structural shifts in our market, and the accelerated pace of changes, it is imperative to reassess our growth opportunities.

What is next? How do we write the next A-Sonic episode?

We have started to look back to prepare for the future: (i) challenge our ideas about what is happening in our traditional business domain by taking a fresh, careful review of our business; (ii) comb through to find our blind spots and alternative perspectives; (iii) evaluate our business to model to the new norm to create and deliver value to partners and our customers; and (iv) invest our resources dynamically, not only to survive the disruptions, but to thrive onwards and beyond.

Staying steadfast to this framework, we shall strive even harder to achieve, as we did in financial year ("FY") 2021. Our Group delivered a record high consolidated "Turnover" of US$459.648 million in FY2021, an increase of US$196.720 million or 74.8%, compared to US$262.928 million in FY2020. Consolidated "Profit Before Tax" increased 34.5% to US$10.650 million in FY2021, compared to US$7.920 million in FY2020.

Our financial position, measured by our consolidated "Net Tangible Assets (Excluding Non-Controlling Interest), or "Net Book Value", strengthened 16.7% to US$42.277 million (equivalent to S$57.099 million) as at 31 December 2021.

Bank gearing stood at all time low at 0.2%, or at US$0.074 million as at 31 December 2021.

Topping all up for shareholders, and for the first time, we will make a total dividend payout of 5.8 Singapore cents per share in relation to FY2021 results comprising:

(i) An interim dividend of 0.5 Singapore cent per share, which had already been paid on 17 September 2021;

(ii) A final dividend of 0.5 Singapore cent per share to be paid on 25 May 2022; and

(iii) A special dividend of 4.8 Singapore cent per share to be paid on 25 May 2022.

Our logistics business unit achieved "Profit Before Tax" of US$12.037 million (equivalent to S$16.166 million) in FY2021, compared to US$9.793 million in FY2020.

In contrast, our aviation business unit continued to incur losses, with "Net Loss Attributable to Equity Holders of the Company" of US$1.354 in FY2021.

My message comes to one thing: We are working hard to create more growth opportunities for A-Sonic in our next chapter.

JANET TAN
Chief Executive Officer

BOARD OF **DIRECTORS**

MS JANET LC TAN

Ms Janet LC Tan is the promoter founder and Chief Executive Officer. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for the A-Sonic Aerospace and its subsidiaries ("A-Sonic Group"). She is a sibling of Ms Tan Lay Yong Jenny.

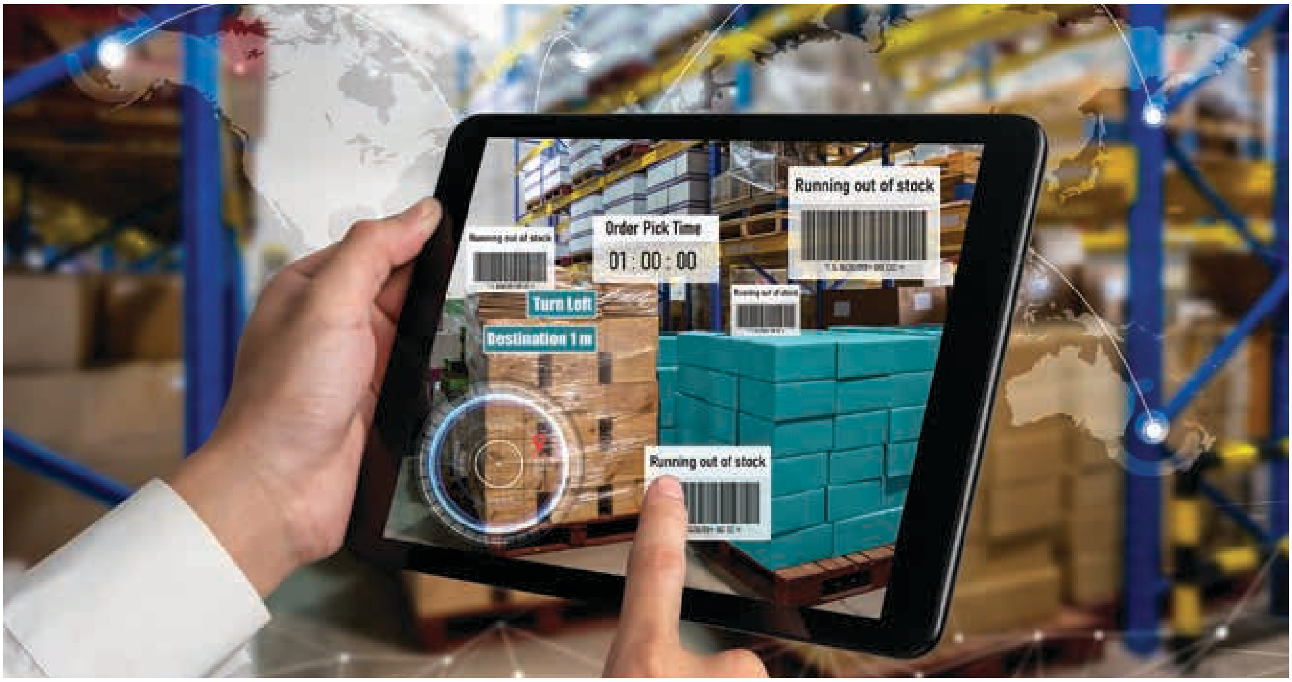
She has over 20 years of extensive experience in the aviation industry.

MS TAN LAY YONG JENNY

Ms Jenny Tan is the co-founder and the Executive Director. Her responsibilities include overall operational, administrative management, information technology systems and human resources of the aerospace engineering-related business. She has a Bachelor of Science degree from the National University of Singapore. She is a sibling of Ms Janet LC Tan.

MS IRENE TAY GEK LIM

Prior to joining the group, **Ms Irene Tay Gek Lim** was from the financial services industry. She graduated with degrees in accounting and law from Monash University, Australia, and post-graduate studies in law and banking from the National University of Singapore and University of Southampton, United Kingdom, respectively. Her responsibilities include overseeing the logistics business unit under the branding "A-Sonic Logistics".



BOARD OF DIRECTORS

MR YAM MOW LAM

Mr Yam Mow Lam is an Independent Director of A-Sonic Aerospace Limited, a Fellow of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of Chartered Accountants of Singapore. He is the partner of Robert Yam & Co.. He also sits on the board of directors in Bright Vision Hospital.

With more than 42 years of public accounting practice, his knowledge and experience in various business sectors and industries are a valuable contribution to the Group. He has an MBA (Investment & Finance) from the University of Hull, UK. He is also a Chartered Valuer and Appraiser of Singapore (NTU).

MR CHOH THIAN CHEE IRVING[(1)]

Mr Choh Thian Chee Irving is an Lead Independent Director of A-Sonic Aerospace Limited. He is the managing director of Optimus Chambers LLC, a Singapore law firm, and has more than 20 years of experience in legal practice, specializing in commercial litigation and international arbitration. He has a Bachelor of Law (Honours) degree from the University of Buckingham, UK and a mediator with the Singapore Mediation Centre.

MR GURBACHAN SINGH

Mr Gurbachan Singh started his career as a legal officer with the Inland Revenue Department (Ministry of Finance) in 1977. He was appointed as a judicial officer at the Subordinate Courts in 1986. Between 1991 to December 2013, he was the Partner and later the Managing Partner of a large law firm. Currently, he runs a law firm, GSM Law LLP where he is the Managing Partner.

He is a member of the STEP and Singapore Chartered Tax Professional (SCTP). He was also a Director of Tax Academy of Singapore and Honorary Tax Advisor to the Real Estate Developers' Association of Singapore (REDAS).

He graduated with a Bachelor of Law degree from National University of Singapore (the then University of Singapore) in 1977.

(1) *Refer to note (2) on page 15.*

FINANCIAL **PERFORMANCE**

A-Sonic Aerospace Limited and its subsidiaries (the "**A-Sonic Group**" or the "**Group**") are engaged in two areas of businesses, aviation and logistics. We operate in 29 cities in 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 640 personnel as at 31 December 2021.

Our aviation business relates to the sale and purchase of aircraft and aircraft engines.

Our logistics business relates to supply chain management services and logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

FINANCIAL HIGHLIGHTS

Last year 2021 was largely defined by several macro-economic factors, including the Covid-19 pandemic, the prospects of inflation, and the supply chain disruption. These variables produced not just a plethora of temporary changes, mainly short-term shift in demand, but also some lasting ones.

We have started to look back to prepare for the future: (i) challenge our ideas about what is happening in our traditional business domain by taking a fresh, careful review of our business; (ii) comb through to find our blind spots and alternative perspectives; (iii) evaluate our business to model to the new norm to create and deliver value to partners and our customers; and (iv) invest our resources dynamically, not only to survive the disruptions, but to thrive onwards and beyond.

Staying steadfast to this framework, we shall strive even harder in our attempt to achieve, as we did in the financial year ended 31 December 2021 ("**FY 2021**"):

(i) We scored a historic record high "Turnover" of US$459.648 million, an increase of 74.8% (US$196.720 million), compared to US$262.928 million for the financial year ended 31 December 2020 ("**FY 2020**");

(ii) We achieved higher operating profit (excluding non-recurrent items) of US$9.420 million in FY 2021, compared to US$1.703 million in FY 2020; and

(iii) We posted "Profit Before Tax" of US$10.650 million in FY 2021, up US$2.730 million (34.5%), compared to US$7.920 million in FY 2020.

Topping all up for shareholders, and for the first time, we will make a total dividend payout of 5.8 Singapore cents per share in relation to FY 2021 results comprising:

(a) An interim dividend of 0.5 Singapore cent per share, which had already been paid on 17 September 2021;

(b) A final dividend of 0.5 Singapore cent per share, declared as disclosed on page 81 of this Annual Report; and

(c) A special dividend of 4.8 Singapore cent per share, declared as disclosed on page 81 of this Annual Report.

FINANCIAL **PERFORMANCE**

Our Group has achieved profits and paid/declared dividends for the last four (4) years consecutive FYs, and financial highlights are summarized below:

			FY 2018	FY 2019	FY 2020	FY 2021
(i)	Turnover (**US$'000**)	:	218,751	204,908	262,928	459,648
	(**Equivalent S$'000**)	:	295,008[1]	279,269[2]	362,078[3]	617,307[4]
(ii)	Profit Before Tax (**US$'000**)	:	812	3,481	7,920	10,650
	(**Equivalent S$'000**)	:	1,095[1]	4,744[2]	10,907[3]	14,303[4]
(iii)	Profit After Tax (**US$'000**)	:	630	3,107	7,638	9,100
	(**Equivalent S$'000**)	:	850[1]	4,235[2]	10,518[3]	12,221[4]
(iv)	Net Profit Attributable to Equity Holders of the Company					
	(**US$'000**)	:	1,481	2,533	6,327	6,617
	(**Equivalent S$'000**)	:	1,997[1]	3,452[2]	8,713[3]	8,887[4]
(v)	Earnings Per Share ("**EPS**")					
	(**Equivalent S$ cents**)[5]	:	3.4	5.9	14.9	15.2
(vi)	Net Assets (Attributable to Equity Holders of the Company)					
	("**NTA**") (**US$'000**)	:	27,676	29,821	36,241	42,277
	(**Equivalent S$'000**)	:	37,758[1]	40,160[2]	47,914[3]	57,099[4]
(vii)	NTA/share (**S$ cents**)	:	64.6[1]	68.7[2]	81.9[3]	97.6[4]
(viii)	Historical Price Earnings Ratio ("**PE**") (Historical)[6] (**times**)	:	15.9x	9.2x	3.6x	3.6x
(ix)	Share Price at Discount to NTA[7] (**%**)	:	16.4%	21.4%	34.1%	44.7%
(x)	Bank Gearing (**%**) (Bank borrowing/NTA)	:	15.1%	14.4%	4.8%	0.2%
(xi)	Total Dividends in relation to financial year results (**S$ cents**), comprising:		1.0	1.0	0.375	5.8
	(a) Dividend (**S$ cents**); and	:	1.0	1.0	0.375	1.0
	(b) Special Dividends (**S$ cents**)	:	–	–	–	4.8

Notes:

(1) Based on foreign currency exchange rate on 31 December 2018 (End rate at US$1=S$1.3643 & Ave rate at US$1= S$1.3486).

(2) Based on foreign currency exchange rate on 31 December 2019 (End rate at US$1=S$1.3467 & Ave rate at US$1= S$1.3629).

(3) Based on foreign currency exchange rate on 31 December 2020 (End rate at US$1=S$1.3221 & Ave rate at US$1= S$1.3771).

(4) Based on foreign currency exchange rate on 31 December 2021 (End rate at US$1=S$1.3506 & Ave rate at US$1= S$1.3430).

(5) Based on "Net Profit Attributable to Equity Holders of the Company" FY 2018, FY 2019, FY 2020 and FY 2021.

(6) Share price was based on the closing market price of S$0.54 on 25 February 2022, and earning was based on "Net Profit Attributable to Equity Holders of the Company".

(7) Share price was based on closing market price of S$0.54 on 25 February 2022.

FINANCIAL **PERFORMANCE**

Our logistics business unit achieved "Profit Before Tax" of US$12.037 million (S$16.166 million) in FY2021, compared to US$9.793 million in FY2020. "Turnover" increased US$196.751 million (74.9%) to US$459.610 million in FY 2021, our record high. The growth in "Turnover" was largely due to higher freight rates as a result of the global disruption in the logistics supply chain in FY 2021. The Group's "Turnover" was generated substantially from North Asia.

In contrast, our aviation business unit continued to incur losses. The "Loss Before Tax" was US$1.387 million (S$1.863 million) in FY2021.

COVID-19 IMPACT

Job security, safety, and well being of our A-Sonic team members, and customers remain paramount.

Excluding the US$1.387 million (S$1.863 million) losses of our aviation business unit in FY 2021:

(i) our profit before tax would have been US$12.037 million (S$16.166 million); and

(ii) our operating profit (excluding non-recurrent items) would have been US$10.931 million (S$14.680 million). The resilience of our portfolio of logistics activities was in part due to our essential services to our customers who are engaged in the global supply chain.

Our Short-Term Covid-19 Response

- To strengthen our logistics business exposure by regions, verticals, and activities.
- Focus on safety of our staff, and provide our team members, especially those working on-site with personal protective equipment and medical supplies.
- Stringent focus on management of our account receivables.
- Tighter cost control, but sensible.
- Focus on cash management liquidity, and strengthen our balance sheet.

Our Longer-Term Covid-19 Response

- Maintain our capabilities to deal with different potential recovery, while staying alert for future recurrent wave.
- Automation and digitalization to increase productivity, hence better manage costs.
- Monitor any potential structural shift in the supply chain due to Covid-19, and to evaluate how to adapt to the change.

INCOME STATEMENT

Revenue

FY 2021 vs FY 2020

In FY 2021, our "Total Revenue" hit a historic record high of US$460.925 million (S$619.022 million), an increase of 71.1% or US$191.498 million, compared to US$269.427 million in FY 2020.

Our Group's "Total Revenue" comprises "Turnover" and "Other Income".

Our "Total Revenue" increased US$191.498 million to US$460.925 million in FY 2021 because our "Turnover" surged US$196.720 million to US$459.648 million, compared to the "Turnover" of US$262.928 million in FY 2020. "Turnover" jumped 74.8% to US$459.648 million mainly due to higher freight rates as a result of the global disruption in the logistics supply chain in FY 2021, and higher cargo volume. The cargo commodities were diverse, but included higher volume of healthcare protective gear against Covid-19.

However, our "Total Revenue" was pared owing to a decline of US$5.222 million in "Other income" in FY 2021, compared to FY 2020. The reduction in "Other income" was largely attributable to three (3) non-recurrent income that were absent in FY 2021, but had occurred in FY 2020 as elaborated:

(i) US$2.696 million gain from the disposal of "Non-Current Asset Held For Sale" in FY 2020, which was a former associated company in Hong Kong;

(ii) US$1.102 million dividend that was made by the above-mentioned former associated company in FY 2020; and

(iii) US$1.189 million lower "sundry income" in FY 2021, which comprised substantially government subsidies received by several of our network offices operating in different countries.

Total Costs and Expenses

FY 2021 vs FY 2020

Our "Total Costs and expenses" comprises substantially two (2) items: (i) "Freight charges" related to our logistics business, and (ii) "Staff costs". In FY 2021, these two (2) items comprised 98% of our "Total Costs and expenses".

FINANCIAL **PERFORMANCE**

"Total Costs and expenses" increased US$188.855 million (72.2%) to US$450.378 million in FY 2021, compared to US$261.523 million in FY 2020. The US$188.855 million increase in "Total Costs and expenses" in FY 2021 was largely attributable to:

(i) US$180.662 million higher "Freight charges" as a result of our US$196.751 million increase in our logistics "Turnover". which was elaborated in section entitled "*Revenue*" "*FY 2021 vs FY 2020*" on page 9;

(ii) US$6.817 million higher "Staff costs" largely due to higher salaries and performance incentives paid. The increase in remuneration was largely owing to higher wages in the freight labour market for experienced candidates, as well as inflationary pressures. Higher incentives were paid out to staff owing to sales targets being achieved, and to support staff who supported the challenging operating conditions in FY 2021. The increase in "Staff costs" was substantially from North Asia, in line with higher contribution of "Turnover" and improved performance; and

(iii) US$1.512 million higher "Other operating expenses" in FY 2021, substantially owing to:

   (a) An increase of US$0.772 million to upgrade our information technology and computer systems, which is expected to increase productivity of our subsidiary in North Asia; and

   (b) An increase of US$0.402 million in expenses relating to office refurbishment, and various operating expenses resulting from more business development incurred by our subsidiary operating in North Asia.

Gross Profit

FY 2021 vs FY 2020

Our "Gross profit" was computed based on "Turnover" less "Changes in inventories", Purchases of goods and consumables used" and "Freight charges". "Gross profit" increased US$16.063 million (61.8%) to US$42.046 million in FY 2021, compared to US$25.983 million in FY 2020. The increase in "Gross profit" in FY 2021 compared to FY 2020 was largely due to an increase of US$16.089 million in logistics "Gross Profit". However the increase was pared by the reduction of US$0.026 million in the aviation "Gross profit".

Profit Before Tax and Net Profit Attributable to Equity Holders of the Company

FY 2021 vs FY 2020

"Profit Before Tax" was up 34.5% (US$2.730 million) to US$10.650 million in FY 2021, compared to US$7.920 million in FY 2020. The improvement was largely owing to an increase of 74.9% (US$196.751 million) in our logistics "Turnover" to US$459.610 million in FY 2021. The higher logistics "Turnover" in FY 2021 compared to FY 2020, is elaborated in the above section entitled "*Revenue*" "*FY 2021 vs FY 2020*" at page 9.

In addition, we managed to contain the increase in our "Total costs and expenses", which rose at a slower rate than our "Turnover" in FY 2021.

Excluding aviation business unit losses of US$1.387 million, our logistics business unit recorded a record high "Profit Before Tax" of US$12.037 million in FY 2021, compared to US$9.793 million in FY 2020. The improvement of our logistics business unit was substantially resulting from the record high logistics "Turnover" in FY 2021.

Excluding non-recurrent items, such as once-off gains, dividends, and government job subsidies, our logistics business unit would have recorded an operating profit of US$10.931 million in FY 2021, compared to US$3.724 million in FY 2020.

Owing to the volatile currency movement of the US$ against the S$, the former appreciated sharply for the most part of FY2021. As at 31 December 2021, US$ currency stood at S$1.3506 in FY2021, compared to S$1.3221 as at 31 December 2020. As a result, our "other comprehensive income for the financial period, net of tax" was a negative of US$0.114 million in FY2021, compared to a gain of US$0.497 million in FY2020.

Corresponding to our higher "Profit Before Tax", our "Profit attributable to Equity Holders of the Company" (which excludes "Non-Controlling Interests"), increased 4.6% to US$6.617 million in FY 2021, compared to FY 2020. Had it not been for the US$1.354 million losses incurred by our aviation business unit, our "Profit attributable to Equity Holders of the Company" would have been US$7.971 million in FY 2021.

FINANCIAL **PERFORMANCE**

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" increased 7.4% (US$0.468 million) to US$6.792 million as at 31 December 2021, compared to US$6.324 million as at 31 December 2020. The higher "Non-current assets" (US$0.468 million) was owing to additional (US$0.385 million) acquisition of "Property, plant and equipment" relating to our logistics business, and an increase (US$0.086 million) in "Investment in associated companies".

Our "Non-current assets" comprised substantially (95.5%) "Property, plant and equipment", and the breakdown was as follows as at 31 December 2021:

Items	US$'000
(i) Leasehold office; Building on freehold land and freehold land	2,700
(ii) Motor vehicles (deployed for our logistics business)	1,850
(iii) Other assets	567
(iv) Right of use	1,372
	6,489

To the best of our knowledge, our above assets were not adversely affected by Covid-19.

Current assets

"Current assets" increased US$27.554 million to US$100.206 million as at 31 December 2021, compared to US$72.652 million as at the end of FY 2020. Higher in "Current assets" was largely due to:

(i) an increase of US$16.782 million to US$56.948 million from US$40.166 million in "Trade and other receivables" as at 31 December 2021, in line with the surge in our logistics "Turnover"; and

(ii) an increase of US$8.789 million in our "Cash and cash equivalent". This "Cash and cash equivalent" was substantially deployed to support our "Turnover" of US$459.648 million in FY 2021. Our logistics business requires adequate liquidity to fund our operations, particularly required to meet prompt payments to ocean and air carriers, and to gap our trade account receivables and trade account payables.

Non-current liability

"Non-current liability" increased US$0.114 million to US$0.462 million as at 31 December 2021, due to additions of "Lease liabilities" relating to lease office and motor vehicles deployed in our logistics business.

Current liabilities

"Current liabilities" increased US$19.364 million to US$63.302 million as at 31 December 2021, compared to US$43.938 million as at the end of FY 2020. The increase was largely due to higher "Trade and other payables" of US$20.291 million. The increase was, however, partially offset by a reduction of US$1.681 million in "Bank borrowings".

Net asset and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" stood at US$42.277 million as at end of 31 December 2021, compared to US$36.241 million as at end FY 2020. The increase of US$6.036 million in "Equity attributable to equity holders of the Company" as at end FY 2021, was largely due to the Group's "Profit attributable to equity holders of the Company" of US$6.617 million.

The Group's bank gearing based on total "Banking borrowings" to "Equity attributable to equity holders of the Company" decreased to 0.2% as at end FY 2021, compared to 4.8% as at the end FY 2020.

FINANCIAL **PERFORMANCE**

CASH FLOW

FY 2021 vs FY 2020

"Net cash generated from operating activities" was US$12.647 million in FY 2021, compared to US$9.231 million in FY 2020 largely due to:

(i) The "Operating cash flow before working capital changes" generated cash amounted to US$12.318 million in FY 2021, compared to US$6.313 million in FY 2020;

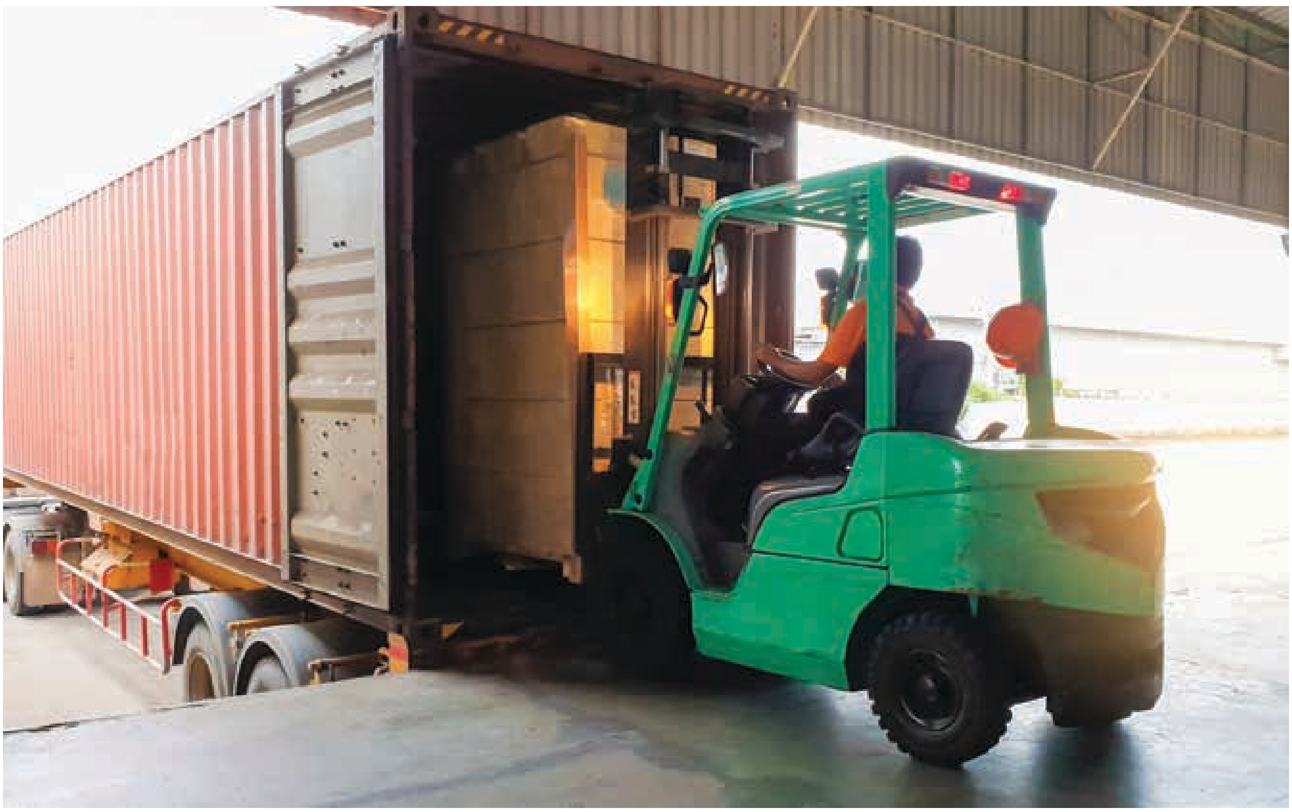
(ii) Cash used in "Receivables" in FY 2021 was US$18.734 million, compared to US$7.488 million in FY 2020;

(iii) Cash generated from "Payables" in FY 2021 was US$20.199 million, compared to US$10.568 million in FY 2020; and

(iv) "Income tax paid" in FY 2021 was US$1.164 million while US$0.142 million was paid in FY 2020.

"Net cash used in investing activities" amounted to US$0.601 million in FY 2021, compared to "Net cash generated from investing activities" of US$4.872 million in FY 2020. The "Net cash used in investing activities" was mainly due to "Purchase of property, plant equipment" of US$0.838 million in FY 2021. Whilst in FY 2020, the "Net cash generated from investing activities" in FY 2020 was mainly due to US$3.836 million "Proceed from disposal of non-current asset held for sale" and US$1.102 million "Dividend income from non-current asset held for sale".

"Net cash used in financing activities" amounted to US$3.583 million in FY 2021, compared to US$4.723 million in FY 2020. The "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings", "Increase in bank and fixed deposits pledged", "Repayment of lease liabilities" and "Dividend paid" of US$1.678 million, US$0.413 million, US$0.993 million and US$0.442 million respectively in FY 2021. Whilst in FY 2020, the "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings", "Repayment of lease liabilities" and "Dividend paid" of US$2.476 million, US$1.695 million and US$0.419 million respectively.



CORPORATE **GOVERNANCE STATEMENT**

A-Sonic Aerospace Limited ("A-Sonic") is committed to high standards of corporate governance and endorses the principles and provisions of the *Code of Corporate Governance issued on 6 August 2018 ("2018 Code")* to protect the interests of its shareholders and taking into account the interests of its stakeholders. This report describes the Company's corporate governance processes and activities with specific reference to the 2018 Code. The Company has adhered to the provisions that underpin the principles set out in the 2018 Code to such extent and as best as it can. In areas which the Company has not adhered to, the Company has adopted the "comply or explain" requirement.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "Board") oversees the overall management of the Group, approves the Group's broad policies, strategies and financial objectives. Apart from discharging their statutory and fiduciary responsibilities both individually and collectively, the other principal roles of the Board include:

(a) provides entrepreneurial leadership and ensure necessary financial and human resources are in place for the Company and Group to meet its objective;

(b) oversees the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy and effectiveness of such processes and framework;

(c) reviews management performance;

(d) nominates its directors for appointments to the various Board committees;

(e) identifies key stakeholders of the Group, evaluates their impact and identifies material issues;

(f) sets sustainability strategy and reviews the effectiveness of sustainability strategy and seek area of improvement; and

(g) sets the tone for A-Sonic on values and ethics.

The Company has established policy on conflicts of interest to guide directors in their dealings with any conflict of interest. Where a director has a conflict of interest, or it appears that a director might have a conflict of interest, in relation to any matter, that director should immediately declare his/her interest at a meeting of the directors or send a written notice to the Company containing details of his/her interest and the conflict, and recuse himself/herself from participating in any discussion and decision on the matter.

Upon appointment to the Board, each director will receive a Directors' guidebook which sets out the director's duties and responsibilities and the Board governance policies and practices. The Director's guidebook will be maintained by the company secretary. In line with best practices in corporate governance, a newly appointed director will sign a letter of engagement stating the role of the Board and non-executive directors. A director will be expected to allocate adequate time to address the Company's corporate affairs.

The Company has an orientation program in place for incoming directors to familiarize them with the Company's business and governance practices. To keep pace with regulatory changes, the directors are provided with information, updates and appropriate training from time to time including any changes in legislation and financial reporting standards, government policies, regulations and guidelines from SGX-ST that affect the Company and/or the directors in discharging their duties.

CORPORATE **GOVERNANCE STATEMENT**

Briefings and updates provided for directors in FY2021 included:

- The external auditors briefed and updated the Audit Committee ("AC") on the changes to accounting standards and developments in issues with a direct impact on financial statements as well as governance standards;

- The Chief Executive Officer ("CEO") updated the Board at each Board meeting on the Group's business and strategic developments; and

- The Executive Directors updated the operational and risk management issues to the Board.

As an established practice, the Company has set approval limits for operating and capital expenditure, the procurement of goods and services and the acquisition and disposal of investments. The Board will approve transactions above certain threshold limits while delegating the approval for transactions below the threshold limits to the CEO. The matters that require the specific review and approval of the Board are:

(a) material acquisition or divestment proposals;

(b) matters involving potential conflict of interest for a substantial shareholder or a director;

(c) corporate or financial restructuring;

(d) corporate announcements to the public;

(e) half yearly and yearly financial results;

(f) related parties transactions; and

(g) share issuances, dividend distribution, share buy-back and other returns to shareholders.

In 2021, the Board comprised three executive directors and three non-executive directors, with relevant and diverse experience to contribute effectively to the Group. All of the three non-executive directors were independent directors. The Board conducted regular scheduled meetings. Ad hoc meetings were also convened when circumstances required. To facilitate the attendance and participation of directors at Board meetings, the Company's Constitution provides for directors to participate in Board meetings by telephone conference or video conference.

The Board is supported by the AC, the Nominating Committee ("NC") and the Remuneration Committee ("RC") for effective discharge of their responsibilities. These committees were formed in August 2003 with written terms of reference and are chaired by independent directors. The terms of reference of the various Committees are described in this report.

CORPORATE GOVERNANCE STATEMENT

Four Board meetings, three AC meetings, one RC meeting and one NC meeting were conducted during the 2021 financial year. The attendance of the Board members for each meeting is set out in the table below:–

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Board of Directors[(1)]				
1. Janet LC Tan	4/4			
2. Tan Lay Yong Jenny	4/4			
3. Irene Tay Gek Lim	4/4			
4. Yam Mow Lam	4/4			
5. Choh Thian Chee Irving[(2)]	4/4			
6. Gurbachan Singh	4/4			
Audit Committee[(3)]				
1. Yam Mow Lam		3/3		
2. Choh Thian Chee Irving[(2)]		3/3		
3. Gurbachan Singh		3/3		
Nominating Committee[(3)]				
1. Choh Thian Chee Irving[(2)]			1/1	
2. Janet LC Tan			1/1	
3. Yam Mow Lam			1/1	
Remuneration Committee[(3)]				
1. Choh Thian Chee Irving[(2)]				1/1
2. Yam Mow Lam				1/1
3. Gurbachan Singh				1/1

(1) The composition of the Board of Directors in 2021

(2) The independent directorship of the Late Mr Choh Thian Chee Irving ceased on the date of his demise on 27 February 2022

(3) The composition of the respective committees in 2021

The management is required to provide adequate and timely information to the Board on affairs and issues that require the Board's attention.

It is the Board's responsibility to provide timely and full disclosure of material information to shareholders in compliance with statutory requirements. The Board is updated on a half yearly and yearly basis, and as and when required. The Group's half year and full year financial results are announced within legally prescribed periods. In communicating and disseminating the Group's consolidated financial results showing the segmental results, the Company aims to present a balanced and understandable assessment of the Group's performance, position and prospects.

The Board ensures compliance with the Listing Rule of SGX-ST. In this regard, each director has signed an undertaking in the form set out in Appendix 7.7 of the Listing Manual to comply to their best of their abilities with the Listing Rules and to use their best endeavors to procure that the Company shall so comply.

CORPORATE **GOVERNANCE STATEMENT**

In order to fulfill their responsibilities, Board members are provided with complete and timely information such as the Board papers, financial results and supporting documents pertaining to the agenda, prior to Board meetings. In addition, the Board is also furnished with relevant information at all times to enable the Board to make informed decisions to discharge their duties and responsibilities. Board members have separate and independent access to the management team and company secretaries. The Board may seek and obtain independent professional advice as and when necessary to enable it or the independent directors to discharge their responsibilities effectively at the Company's expense. Company secretaries attend all board meetings, ensuring Board procedures are complied with. Company secretaries assist the Board in the following:

(i) to ensure Board procedures are followed and compliance with the Company's Constitution, the Companies Act, the Securities and Futures Act and the SGX-ST Listing Manual;

(ii) to ensure good information flows within the Board and its board committees and between Management and non-executive directors;

(iii) to advise the Board on all governance matters; and

(iv) to facilitate orientation and assist with professional development as required.

The appointment and removal of company secretary is subject to approval of the Board.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprised three (50%) executive directors and three (50%) non-executive directors. All of the three non-executive directors were independent directors. In this regard, half of the Board is considered independent. In addition, the Board has a balance of gender comprising three (50%) male members and three (50%) female members. The Company does not have nominee director.

Provision 2.2 of 2018 Code recommends that independent directors make up a majority of the Board where the Chairman is not independent and Provision 2.3 recommends that non-executive directors make up a majority of the Board. During the 2021 financial year, neither the independent directors nor the non-executive directors made up majority of the Board. This varied from Provisions 2.2 and 2.3 of the 2018 Code. However, the Company is of the view that the intent of Principle 2 of the 2018 Code is met as the independent non-executive directors comprised half of the Board and the diversity of thoughts of these directors enable them to make decisions in the best interests of the Company.

Key information regarding the directors is given in the "Board of Directors" section of the annual report. The independence of each director is reviewed annually by the NC. The NC adopts the 2012 Code of Corporate Governance ("2012 Code") definition of what constitutes an independent director in its review.

2012 Code further requires the independence of any director who has served on the Board beyond nine years from the date of first appointment to be particularly rigorously reviewed. The basis of determination by the NC takes into account the annual confirmation of independence (the "Confirmation") completed by each independent director. Each independent director is required under the Confirmation to critically assess his independence and to confirm whether he considers himself independent.

In addition to the preceding paragraph, we have also complied with Listing Rule 210 (5)(d) which proved that: "A director will not be independent under any of the following circumstances: (i) if he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years; (ii) if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer."

CORPORATE GOVERNANCE STATEMENT

The non-executive directors of the Company: (1) Mr Yam Mow Lam; (2) Mr Choh Thian Chee Irving[(1)]; and (3) Mr Gurbachan Singh, are independent as (i) none of them is employed or has been employed by the Company or any of its related corporations in the current or any past three financial years and (ii) none of them has any immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any past three financial years. Hence, the Company has complied with Listing Rule 210 (5)(d) in assessing the independence of the non-executive directors.

During Board meetings, the non-executive directors participate actively in discussions on key matters pertaining to the Group. They give constructive comments and suggestions to help develop the Group's strategic and business plans. They review the performance of Management in meeting goals and objectives and evaluate their performance.

The NC is of the view that the current Board members comprise persons who have the necessary core competencies to achieve the Group's objectives. In the selection of the members of the Board, the Board takes into consideration an appropriate balance of gender, expertise, skills and attributes among the directors. This is also reflected in the diversity backgrounds and competencies of the directors, whose competencies range from banking, finance, accounting and legal to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. The Board will constantly examine its size with a view to determine its impact upon its effectiveness.

The Board has appointed one of its independent directors, Mr Choh Thian Chee Irving[(1)], Chairman of the NC and RC, as the lead independent director. The lead independent director acts as the leader of the independent directors at board meetings in raising queries and pursuing matters; and leads meetings of independent directors without the presence of the executive directors. After the meeting among the independent directors, the lead independent director provides verbal feedback to the Chairman and the feedback are recorded for further actions.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms Janet LC Tan is both the Chairman of the Board ("Chairman") and the CEO of the Group. Provision 3.1 of 2018 Code recommends that the Chairman and Chief Executive Officer are separate persons. However, the Company varied from this provision. The Board is of the view that it is not necessary to separate the roles of the Chairman and the CEO given the current corporate structure and scope of the Group's operations. There is also a balance of power and authority with the various committees chaired by independent directors.

As a Chairman, Ms Janet LC Tan's responsibilities are as follows:

(a) leads Board to enable the Board to discharge its duties effectively, and to maintain and enhance the Group's standards of corporate governance;

(b) sets the agenda and ensure that sufficient information and time are available to discuss all items on the agenda;

(c) promotes openness and debate by all directors at the Board meetings;

(d) facilitates effective communication with shareholders; and

(e) encourages constructive relations within Board.

The CEO is responsible for the day-to-day management of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management and in developing the business of the Group.

(1) *Refer to note (2) on page 15.*

CORPORATE GOVERNANCE STATEMENT

As the CEO and Chairman is the same person, the Board has appointed one of its independent directors, Mr Choh Thian Chee Irving[1], Chairman of the NC and RC, as the lead independent director. The lead independent director acts as a bridge between independent directors and the Chairman and is also available to shareholders if they have concerns relating to matters which contact through the normal channels of Chairman/CEO or executive directors has failed to resolve, or where such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

The Company's Constitution requires one-third of the directors to retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting (AGM). Every director must retire from office and may submit himself for re-nomination and re-election at least once every three years. The Company has no alternate directors on its Board.

In 2021, the NC comprised three members, two of whom were independent directors. The Chairman is Mr Choh Thian Chee Irving[1] who is the lead independent director. Other members of the NC are Mr Yam Mow Lam and Ms Janet LC Tan. The terms of reference of the NC include:

(a) to make recommendations to the Board on the re-nomination and re-election of directors, having regard to each director's contribution and performance;

(b) to review on an annual basis whether a director is independent;

(c) to review whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company; and

(d) to make recommendations to the Board on new appointments to the Board.

The NC will review the range of skills, expertise, attributes and composition of the Board. It is the responsibility of the NC to identify whether there is a need for an additional director to join the Board or an existing director is required to retire from office. The NC will shortlist candidates with the appropriate profile for nomination or re-nomination. In the evaluation of the performance and contribution of a director, the NC will consider factors such as attendance, participation, requisite skills, and related knowledge of the director.

Key information regarding the directors is disclosed on page 3: "Corporate Information"; 5: "Board of Directors"; and 93: "Additional Information on Directors Seeking Re-Appointment" of this annual report, respectively.

In line with 2012 Code, the NC introduced the peer assessment of independence of each director who has served the Board beyond nine years. The peer assessments considered, amongst others, the contribution by the director, the uniqueness of his skills and participation at meetings. Having carried out their review for FY 2021 and taking into account the view of the NC, the Board determined that Mr Yam Mow Lam and Mr Choh Thian Chee Irving[1], who were both appointed on 29 July 2003, be considered independent notwithstanding that they have served on the Board beyond nine years. Mr Yam Mow Lam and Mr Choh Thian Chee Irving[1] have contributed effectively by providing impartial and autonomous views, advice and judgement. They have continued to demonstrate strong independence in character and mind.

[1] *Refer to note (2) on page 15.*

CORPORATE **GOVERNANCE STATEMENT**

In assessing the independence of the directors who have served beyond nine years, the Board has carried out a particularly rigorous review and has assessed in accordance to the 2012 Code's definition. The Board has taken into consideration of the following factors in assessing the independence of each of, Mr Yam Mow Lam and Mr Choh Thian Chee Irving[(1)]:

(a) each of them are able to exercise independent judgement in the best interest of the Company as they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers;

(b) each of them are able to develop the significant insights into the Group's business and operations over the years and continuing to provide invaluable contribution objectively to the Board as a whole; and

(c) they each contribute to the Board in terms of professionalism, integrity, objectively and ability to exercise independent character and judgement in their deliberation in the interests of the Company.

Therefore, the Board continued to deem Mr Yam Mow Lam and Mr Choh Thian Chee Irving[(1)] as Independent Directors.

2018 Code requires listed companies to disclose the principal commitments and board representations on other listed companies that their directors may hold, in the annual report. The NC has set the guidelines on the maximum number of board appointment in listed companies that a director can hold to ensure that directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each director cannot have more than nine listed board representations including the Company. Nevertheless, as the number of board representations should not be the only measure of a director's commitment and ability to contribute effectively, the NC takes the view that if a director wishes to hold board representations that are more than the maximum stated per the guidelines, the request must be made to the Chairman of the Board for approval.

List of directorships or chairmanships held as at date of this annual report or the past 3 years in other listed companies

Name of Director	Company	Date of Appointment	Date of Resignation/ Retirement
Choh Thian Chee Irving[(1)]	Goodland Group Limited	10 May 2018	–
	Optimus Chambers LLC	4 December 2012	–
Gurbachan Singh	GSM Law LLP	24 April 2014	–
Yam Mow Lam	Robert Yam & Co	11 April 1973	–
	Bright Vision Hospital	26 September 2011	–

PRINCIPLE 5: BOARD PERFORMANCE

The NC will review and evaluate the performance of the Board as a whole once a year, taking into consideration attendance record at meetings of the Board and Board committees and the contribution of each individual director to the effectiveness of the Board. The assessment criteria covers areas such as board composition, information management, board processes, shareholder management, managing board's performance, effectiveness of board committees, director development and management, and risk management.

(1) *Refer to note (2) on page 15.*

CORPORATE GOVERNANCE STATEMENT

Each director completes the Board evaluation questionnaire that encumbers areas mentioned above. The completed questionnaires are submitted directly to the company secretary who will collate the responses and present to the NC. The NC will analyze the report and presents its findings to the Board. The Board will discuss the findings and agree on the appropriate actions to address the issues. The Chairman will follow up on the actions required.

After considering the results and action items from the 2020 Board evaluation report, the NC decided to use the same Board evaluation questionnaire for 2021.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC makes recommendation to the Board on the framework of remuneration for the directors and key executives of the Company and its subsidiaries. Separate service agreements have been established for the executive directors.

In 2021, the RC comprised three members, all of whom were independent directors. The Chairman is Mr Choh Thian Chee Irving[1]. Other members of the RC are Mr Yam Mow Lam and Mr Gurbachan Singh.

The terms of reference of the RC include:

(a) to make recommendations to the Board on the framework of remuneration for the directors and key executives;

(b) to review remuneration packages of group employees who are immediate family members of any of the directors or substantial shareholders of the Company;

(c) to make recommendations to the Board on specific remuneration packages for each executive director and the CEO of the Company and its subsidiaries;

(d) to review all benefits and performance incentive schemes and compensation packages for the directors and key executives of the Company and its subsidiaries; and

(e) to review annual remuneration of Board and key management personnel to be disclosed in the Company's Annual Report.

Currently, the RC does not deem it necessary to seek expert advice on remuneration of all directors, as they are of the view that remuneration is in line with our industry peers.

On an annual basis, the RC reviews the Company's legal obligation in the event of termination of an executive director or key management personnel. Such contracts of service shall contain fair and reasonable termination clauses.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The RC ensures the level and structure of remuneration is aligned with the long-term interest of the Company and the Group, and is appropriate to attract, retain and motivate the directors to provide good stewardship of and to run the Company successfully. Remuneration for executive directors comprises a base salary, and performance bonus tied to the Group's and individual's performance.

The Company's remuneration framework for its key executives comprises fixed pay and short-term and long-term incentives. The Company advocates performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the country/station's and individual key executive's performance.

[1] *Refer to note (2) on page 15.*

CORPORATE **GOVERNANCE STATEMENT**

The Company measures the performance of executive directors and key executives based on the financial performance of each subsidiary and non-financial indicators such as quality of earning streams indicated by customer base of that subsidiary.

The RC recommends directors' fees for non-executive directors for the Board's approval. The framework for determining the non-executive directors' fees for the financial year ended 31 December 2021 remains the same as for the previous financial year. The RC has the discretion not to award and forfeit the incentives component of the remuneration of the executive directors or key executives, in the event that any misstatement of financial statements or misconduct resulting in financial loss to the Company.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

Disclosure on Directors' Remuneration

The following table shows the composition (in percentage terms) of the remuneration of directors of the Company for the financial year ended 31 December 2021:

Directors	Remuneration band S$	Fees %	Salaries %	Provident fund %	Bonus %	Allowances/ Benefits %	Total %
Chief Executive Officer(1)	750,000 to 1,000,000	4.8%	43.5%	3.8%	47.8%	0.1%	100.0%
Executive Director(2)	500,000 to 750,000	3.6%	55.6%	2.7%	29.1%	9.0%	100.0%
Executive Director(3)	400,000 to 500,000(4)	6.9%	37.8%	7.8%	47.2%	0.3%	100.0%
Independent Director(5)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director(6)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director(7)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Notes:

Directors

(1) *Janet LC Tan, first appointed as director on 3 March 2003 and last re-elected on 26 June 2020. Janet LC Tan is a substantial shareholder of the Company. She is a sibling of Ms Tan Lay Yong Jenny, who is also a Director of the Company. Refer to Note (3) below.*

(2) *Irene Tay Gek Lim, first appointed as director on 20 May 2004 and last re-elected on 26 April 2019.*

(3) *Tan Lay Yong Jenny, first appointed as director on 3 March 2003 and last re-elected on 27 April 2021. She is a sibling of Ms Janet LC Tan, who is a director, Chief Executive Officer, Chairman, and a substantial shareholder of the Company.*

(4) *In accordance to Provision 8.2 in Code of Corporate Governance 2018, Tan Lay Yong Jenny is an immediate family member of Ms Janet LC Tan. Refer to Note (3) above. Accordingly, the band indicated is no wider than S$100,000.*

(5) *Yam Mow Lam, first appointed as director on 29 July 2003 and last re-elected on 26 June 2020.*

(6) *Choh Thian Chee Irving[1], first appointed as director on 29 July 2003 and last re-elected on 27 April 2021.*

(7) *Gurbachan Singh, first appointed as director on 29 April 2016 and last re-elected on 26 April 2019.*

The Company has not fully disclosed the remuneration of each individual director and the CEO as the Board believes that such disclosure is not in the best interest of the Company, given the confidentiality and sensitivity nature of the remuneration matter and the highly competitive business environment the Group operates in.

Ms Tan Lay Yong Jenny who is the sister of the CEO/substantial shareholder, Ms Janet Tan has annual remuneration exceeded S$100,000 in 2021. Disclosure on Ms Tan Lay Yong Jenny's remuneration is made in the above table under the section on "Disclosure on Directors' remuneration".

[1] *Refer to note (2) on page 15.*

CORPORATE **GOVERNANCE STATEMENT**

Disclosure on five top-earning key executives' remuneration

The bonuses for the Group's senior management were determined after taking into account the achievement of specified individual and organizational keys performance index set for FY 2021.

The table below shows the gross remuneration of the five top-earning executives for the financial year ended 31 December 2021:

Key Executives	Remuneration band S$	Salaries %	Commission/ bonus %	Defined contribution plan %	Allowances/ benefits %	Total %
Executive[(1)]	*500,000 to 750,000*	87.3%	0.0%	0.0%	12.7%	100.0%
Executive[(2)]	*250,000 to 500,000*	11.7%	86.1%	2.2%	0.0%	100.0%
Executive[(3)]	*250,000 to 500,000*	0.0%	100.0%	0.0%	0.0%	100.0%
Executive[(4)]	*250,000 to 500,000*	43.5%	56.5%	0.0%	0.0%	100.0%
Executive[(5)]	*250,000 to 500,000*	44.7%	21.4%	4.1%	29.8%	100.0%

Notes:

Key executives

(1) Zhao Xiwang; (2) Liu Shanshan; (3) Samuel Hsu; (4) Yang Xun; (5) Goh Ah Koi

The Company has not disclosed the remuneration as the Board believes that such disclosure is not in the best interest of the Company, given the confidentiality and sensitivity nature of the remuneration matter among staff and the highly competitive business environment the Group operates in. The Board is of the view that disclosure of specific information may affect the retention of competent personnel in a competitive industry where poaching of executives is prevalent.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Company's internal controls structure consists of the policies and procedures established to provide reasonable assurance to safeguard the assets of the Group against material misstatement, risks or loss. The Company's internal controls extend beyond the accounting and finance function – its scope addresses the financial, operational, compliance and information technology risks.

The Company has instituted an internal control framework covering financial, operational, compliance and information technology, as well as risk management policies and systems. The framework defines the roles and responsibilities of both business and support units. The design and implementation of risk management and internal control system are managed and reviewed by senior management. Key documentation, including delegation of authority, control process and operational procedures are disseminated to staff.

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. The Board has approved a Group Risk Framework for the identification of key risks within the Group. This Framework defines risks ranging from environmental to operational and management decision making risks. The identification and day-to-day management of risks rest with Management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board.

The Board has established a Risk Tolerance Framework to provide guidance to the Management on key risk parameters. The significant risks in the Group's business, including mitigating measures, are reviewed by the Board on a regular basis.

CORPORATE GOVERNANCE STATEMENT

Periodic internal assessments in key areas of the Group's operations are conducted by Management to evaluate the adequacy and effectiveness of the risk management and internal control systems. The results of these assessments will be reported to the Board.

For the financial year ended 31 December 2021, the CEO and senior members of the Group's finance team have provided representation to the external auditors and the Board on the integrity of the financial statements and on the adequacy and effectiveness of the risk management and internal controls systems, addressing financial, operational, compliance and information technology risks of the Company.

PRINCIPLE 10: AUDIT COMMITTEE

In 2021, the AC comprised three members, all of whom were independent and non-executive directors. The Chairman is Mr Yam Mow Lam. Other members of the AC are Mr Choh Thian Chee Irving[1] and Mr Gurbachan Singh. Mr Gurbachan Singh has related expertise particularly in corporate taxation which requires a fair understanding in financial matters. With their collective wealth of experience and expertise on accounting and financial management, the members of the AC are appropriately qualified to discharge their responsibilities competently. The terms of reference of the AC include:

(a) to review the financial statements and recommend to the Board for approval;

(b) to review the scope and results of the external audits and the independence and objectivity of the external auditors;

(c) to review the audit plans of the external auditors;

(d) to review the external auditors' reports;

(e) to nominate the external auditors for re-appointment;

(f) to review interested person transactions;

(g) to review financial results before announcements;

(h) to review adequacy and effectiveness of the internal audit function; and

(i) to review adequacy and effectiveness of risk management policies and internal control systems established by the Company.

The AC also reviews the significant financial reporting issues and assessments on the integrity of the financial statements of the Company and all corporate announcements.

In addition, the Chairman of the AC is a practicing member of the Institute of Chartered Accountants of Singapore and keeps himself abreast of the changes to accounting standards and issues. The AC meets with the external auditors without the presence of the Management, once a year.

The AC oversees the scope, adequacy and results of external audit, and the independence and objectivity of the external auditors annually. For the financial year under review, the AC has reviewed all non-audit services provided by the Company's external auditors and is satisfied with their independence and objectivity. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 8 of the Notes to the Financial Statements on page 64 in this annual report.

[1] *Refer to note (2) on page 15.*

CORPORATE GOVERNANCE STATEMENT

The Company's external auditors, Baker Tilly TFW LLP, are registered with and regulated by the Accounting and Corporate Regulatory Authority. The AC has recommended to the Board the re-appointment of Baker Tilly TFW LLP as the Company's external auditors at the forthcoming AGM.

Having regard to the above, the Company has complied with Listing Manual Rule 712 in relation to the appointment of its external auditors.

The Company has also complied with Listing Manual Rule 715 (1) and (2); and Rule 716 (1) and (2) with regard to the appointment of auditors for its Singapore incorporated subsidiaries and associated companies; and in the appointment of auditors for its significant foreign-incorporated subsidiaries and associated companies.

None of the Company's AC members is a former partner of the Company's existing audit firm, in the last 2 years of his cessation as a partner of the auditing firm, nor does he has any financial interest in the auditing firm.

The AC has expressed authority to investigate any matter within its terms of reference. In addition, the AC has full access to Management and may invite any director or executive officer to attend its meetings to adequately discharge its investigating functions. The AC may seek co-operation from Management and full support of resources to perform its functions.

The AC has established procedures for the staff of the Company and its subsidiaries to raise any improprieties of any employee, or any improprieties in matters relating to financial or corporate affairs, or any other matters of the Company or its subsidiaries in good faith and confidence without fear of reprisals or concerns to the AC directly. These procedures are implemented to ensure that an independent investigation of such matters will be conducted, and that appropriate remedial action be taken. Details of the Whistle-blowing Policy can be found in the Staff Handbook.

The Board ensures that the management maintains a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The AC conducts annual review to assess the adequacy and appropriateness of the internal audit capabilities within the Group. The AC has discretion from time to time to outsource internal audit function to independent third parties, depending on circumstances of each situation. The internal audit function is conducted by qualified accountants with audit experience. The internal auditors conduct their duties based on internationally recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unrestricted access to the Group's accounting records, documents, properties and personnel. The internal auditors' duties encompass reviewing the Company's material internal controls consisting of financial, operational and compliance controls as well as risk management. The internal audit reviews all areas of operations. The internal auditor has direct access and reports directly to the AC as the AC oversees the internal audit function. The AC reviews the adequacy and effectiveness of the internal audit function at least once a year. The AC will also meet with the internal auditors at least once a year.

The Company's internal audit function was carried out by an external independent audit firm during the financial year ended 31 December 2021. During the financial year, the internal auditor conducted an audit on one of its subsidiaries. The independent audit firm's scope of audit includes: (i) evaluating the adequacy and effectiveness of the subsidiary's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets; and (ii) reviewing whether the subsidiary comply with laws and regulations and adhere to established policies. The detailed report on the summary of the internal audit findings was issued to the AC. The external auditors of the Company also have access to the internal audit report.

CORPORATE **GOVERNANCE STATEMENT**

The AC reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, the risk management policies and systems established by the Company. Having regard to the above, the Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing the financial, operational, compliance and information technology risks of the Company, were adequate as at 31 December 2021, to meet the needs of the Group in its current business environment. This is based on the internal controls established and maintained by the Company; the regular reviews performed by management; and the work performed by the internal and external auditors.

The internal audit and the internal controls systems put in place by management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls systems against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

The AC also reviews the assurance provided by the CEO and senior members of the Group's finance team on the integrity of the financial statements and financial records and is satisfied that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

PRINCIPLE 11: SHAREHOLDERS' RIGHTS AND CONDUCT OF GENERAL MEETINGS

In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act 1967, the Company's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant, rules and procedures governing such meetings, for instance, how to vote, are clearly communicated.

The Company's Constitution permits a shareholder to appoint not more than two proxies to attend, speak and vote at general meetings in his stead.

Separate resolutions are proposed on each substantially separate issue at the AGM. Shareholders are given the opportunity to raise questions and clarify any issue before the resolutions are to be passed.

The external auditors and members of the AC, NC and RC are present at the AGM to address any questions raised by the shareholders.

The attendance of directors at the General Meeting held during the year ended 31 December 2021 was as follows:

Board of Directors	Annual General Meeting on 27 April 2021
Janet LC Tan	√
Tan Lay Yong Jenny	√
Irene Tay Gek Lim	√
Yam Mow Lam	√
Choh Thian Chee Irving[1]	√
Gurbachan Singh	√

(1) *Refer to note (2) on page 15.*

CORPORATE GOVERNANCE STATEMENT

A copy of the Company's notice of annual general meeting ("AGM"), proxy form, annual report and letter to shareholders are posted on the Company's website (www.asonic-aerospace.com) and released via SGXNET.

Pursuant to the Company's Constitution, the shareholders may appoint up to two proxies to attend, speak and vote at all general meetings on their behalf in the event that they are unable to attend the meetings.

All resolutions at AGM are put to vote by poll. This allows greater transparency and a more equitable participation by shareholders. The results of votes by poll are announced after the AGM via SGXNET.

Minutes of general meetings are prepared, including comments and queries from shareholders and responses from the Board and Management. The minutes are published on the Company's corporate website and via the release of announcement through SGXNET as soon as practicable.

The Company currently does not have a fixed dividend policy. The dividend paid each year will depend on factors that include the Group's performance and business plans to achieve sustainable long term growth. In the event there is a declaration of dividends, details of dividend payment will be disclosed via the release of the announcement through SGXNET. In relation to the financial year ended 2021, the Company declared and paid an interim one-tier tax exempt dividend of 0.50 Singapore cent per ordinary share for the first six (6) months of 2021 on 17 September 2021. The Board of Directors has further proposed that, in relation to the FY2021 results, to declare a final one-tier tax exempt dividend of 0.50 Singapore cent per share, and a one-tier tax exempt special dividend of 4.80 Singapore cent per ordinary share.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

In addition to the timely public announcements made on SGXNET, the Company maintains a website (www.asonic-aerospace.com) to bring public awareness to the Group. The shareholders and public can provide feedback to the Company via the electronic mail address or the registered address. Calls and emails requesting for information are attended to promptly.

The Company discloses information timely on SGXNET and all information channels where applicable. In the event of inadvertent disclosure made to a select group, the Company will immediate make the same disclosure to all others promptly. In this regard, the Company has not encountered any inadvertent disclosure to any select group.

In 2021, the Company reported its financial results half yearly and these results were published via SGXNET. It is the policy of the Company to disclose all price-sensitive information promptly and adequately, and release all price sensitive information through SGXNET. In addition to these half yearly events, the Company also publishes the Group's major and important corporate developments via SGXNET.

Under normal situations (i.e. non exceptional situations), the senior management team may conduct briefings including roadshows, where appropriate, to keep investors apprised of the Company and the Group's corporate developments and financial performance. The aim of such engagements is to provide shareholders and investors relevant information to enable them to have a better understanding of the Company and the Group's businesses and performance.

The Company communicates with its shareholders and the investment community through the timely release of announcements to SGXNET. In addition, the directors regularly interact directly with shareholders and investors, during the Annual General Meeting, and Extraordinary General Meetings where applicable. The Company also responds to enquiries from investors, analysts, fund managers and the press.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company is publishing the sustainability report for the financial year ended 31 December 2021 on its own website (www.asonic-aerospace.com). Upon hosting the publication on the website, an announcement will be made on SGXNET. The Company identifies its stakeholders and describes the sustainability approach and engagement with these stakeholders in its sustainability report. A summary of the sustainability report is provided in this annual report.

The Company maintains a website (www.asonic-aerospace.com) to bring public awareness to the Group. The public can provide feedback to the Company via the electronic mail address or the registered address. Calls and emails requesting for information are attended to promptly.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. There is no interested person transaction conducted for the financial year ended 31 December 2021.

DEALINGS IN SECURITIES

The Group has procedures in place prohibiting dealings in the shares of the Company by its officers while in possession of price sensitive information. The Company and its subsidiaries' officers are not allowed to deal in the shares of the Company during the period of one month prior to the announcement of half year and full year results. The Company's directors and its officers, and of its subsidiaries are prohibited from dealing with the Company's securities on short-term considerations. Directors and officers are also expected to observe insider-trading laws at all times.

CORPORATE GOVERNANCE STATEMENT

Summary of Disclosures

Express disclosure requirements in the Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018.

Principles and provisions of the 2018 Code	Page Reference in A-Sonic Annual Report 2021
Provision 1.2 The induction, training and development provided to new and existing directors.	Page 13 & 14
Provision 1.3 Matters that require Board approval.	Page 14
Provision 1.4 Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Page 15 to 25
Provision 1.5 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings.	Page 15
Provision 2.4 The board diversity and progress made towards implementing the board diversity policy, including objectives.	Page 16 & 17
Provision 3.1 Relationship between the Chairman and the CEO if they are immediate family members.	Page 17
Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	Page 18
Provision 4.4 Where the Board considers a director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the director's relationship and the reasons for considering him or her as independent should be disclosed.	Page 18 & 19
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties are disclosed.	Page 19, "Board of Directors"
Provision 5.2 How the assessments of the Board, its Board committees and each director have been conducted, including the identity of any facilitator and its connection, if any, with the Company or any of its directors.	Page 19 & 20

CORPORATE **GOVERNANCE STATEMENT**

Principles and provisions of the 2018 Code	**Page Reference in A-Sonic Annual Report 2021**
Provision 6.4 The Company discloses the engagement of any remuneration consultants and their independence.	Page 20
Principle 8 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation.	Page 20 & 21
Provision 8.1 The Company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	Page 20 to 22
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Page 21
Provision 8.3 The Company discloses all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company, and also discloses details of employee share schemes.	Page 21 & 22
Provision 9.2 Whether the Board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Page 22 & 23
Provision 10.1 The Company should publicly disclose, and clearly communicate to employees, the existence of a whistleblowing policy and procedures for raising concerns.	Page 24
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	Page 25
Provision 12.1 The steps taken to solicit and understand the views of shareholders.	Page 25 & 26
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Page 27

SUSTAINABILITY **MANAGEMENT**

At A-Sonic, we believe that sustainability is the foundation of good management practices, and serves to guide us:

(i) to achieve long-term economic value for our business;

(ii) to conduct our business ethically; and

(iii) how our actions and solutions help people – our employees, customers, suppliers, and the community.

The three pillars that motivate and inspire us in our sustainability efforts are:

(i) Performance – Provide solutions to our customers and leverage on innovative technology to develop sustainable long-term economic value for our business;

(ii) Ethical Conduct – Integrity of our employees; and

(iii) People – Cultivate inclusion and holistic wellness of our staff members, their families and the community.

STAKEHOLDERS

A-Sonic has identified the following as our stakeholders: employees, customers, suppliers, investors and community in which we operate on an on-going, pragmatic basis.

Our stakeholders provide us with valuable insights for improving our business and sustainability strategy through a range of engagement activities – including collaboration on industry initiatives, customer and supplier site visits as well as updates, supplier audits and assessment, international conference participation, employee sessions and feedbacks, annual and extraordinary general meetings with investors, and more.

Based on relative importance to sustainable development and to A-Sonic's business success, the following issues have been identified to be material for the purpose of this report.

ECONOMIC PERFORMANCE

Economic performance is defined as our most material aspect because, like most companies, our economic success enables the execution of our sustainability strategies.

Our primary role in society is to build an integrated team in diverse markets working to provide seamless aviation and logistics solutions. We currently operate in 29 cities in 16 countries, spanning four (4) continents in Asia, North Americas, Sub-Continent India and Europe.

Climate change presents both opportunity and risk to the economic performance of our business. We aim to achieve two goals: (i) economic cost savings; and (ii) reduce our impact on the environment, hence climate change.

SUSTAINABILITY **MANAGEMENT**

ETHICAL CONDUCT

Fundamental to our sustainability is to conduct our business with integrity and protect our reputation. We strive daily to earn our trust from our employees, customers and suppliers. We adopt strong measures to prevent corruption and comply with applicable laws and regulations.

The senior management of A-Sonic executives set a tone of compliance and ethical conduct from the top. A-Sonic is committed to comply with the applicable law and regulation wherever we operate.

EMPLOYEES

The value that continues to guide us as we grow A-Sonic enterprise is the corporate culture that we build together. Our culture aspires us to make lives better, and at the same time, be pragmatic, to be profitable. While we work hard, push ourselves, we must enjoy our work and have fun. We look to each and every employee to incorporate our sustainability principles into their work.

Our priority is to promote from within the group as a means of engaging and retaining our people, as well as bringing valuable external experience and continuity to our business. We aim to promote from within means that we emphasize on developing our people within their current positions of greater responsibility.

We believe that the process of building a diverse workforce begins with recruiting talented people regardless of their race, religion, gender identity, nationality or age. We reward base on merits and performance.

We adopt a holistic wellness approach for our employees. Our holistic programme focuses on three critical aspects:

(i) physical health and safety;

(ii) work-life balance; and

(iii) financial wellness.

We strive to recruit good people and retain them with us for the long-term. Our approach to training and development is one of shared responsibility among the company, individual employees, and their managers.

For more information on A-Sonic's sustainability efforts, the full version of the Sustainability Report is available at www.asonic-aerospace.com by 31 May 2022.

FINANCIAL **CONTENTS**

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 39 to 92 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

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

Directors

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

Janet LC Tan
Tan Lay Yong Jenny
Irene Tay Gek Lim
Yam Mow Lam
Gurbachan Singh

Arrangement to enable directors to acquire benefits

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

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares Shareholdings registered in name of director or nominee		
The Company Name of Directors	**At 1.1.2021**	**At 31.12.2021**	**At 21.1.2022**
Janet LC Tan	31,741,497	33,532,733	42,036,039
Tan Lay Yong Jenny	360,070	–	–
Irene Tay Gek Lim	482,800	775,600	1,000,050
Yam Mow Lam	23,750	23,750	23,750
Choh Thian Chee Irving[(1)]	7,500	7,500	7,500

By virtue of Section 7(4) of the Act, the director, Janet LC Tan is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries.

(1) The independent directorship of the Late Mr Choh Thian Chee Irving ceased on the date of his demise on 27 February 2022.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (cont'd)

Janet LC Tan, by virtue of her interest of not less than 20% of the issued share capital of the Company is deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group:

	Description of interests	At 1.1.2021	At 31.12.2021
A-Sonic Express Logistics (India) Private Limited	Ordinary shares	4,100,000	4,100,000
A-Sonic Logistics (UK) Ltd	Ordinary shares	102,000	102,000
UBI Logistics Limited	Ordinary shares	71,600	71,600
UBI (HK) International Limited	Ordinary shares	5,100	5,100
UBI Logistics (HK) Limited	Ordinary shares	5,100	5,100
UBI Logistics (Australia) Pty Ltd	Ordinary shares	38,250	38,250
UBI Logistics (China) Limited	Registered capital (Renminbi)	15,408,120	15,408,120
CALS Logistics, Inc.	Ordinary shares	255	255
Ultra Air Cargo Inc.	Ordinary shares	51	51

Share options

During the financial year, there were:

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

ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Yam Mow Lam (Chairman)
Gurbachan Singh

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967. Their functions are detailed in the Corporate Governance Statement contained in the Annual Report.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Janet LC Tan
Director

Irene Tay Gek Lim
Director

25 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 39 to 92, which comprise the balance sheets of the Group and of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

(Refer to Note 2(b) for accounting policy related to revenue recognition and Note 4 for the disclosure related to revenue).

Description of key audit matter

Revenue is one of the key elements in the financial statements used as a measure of financial performance of an entity. The Group's revenue of approximately US$460 million for the financial year ended 31 December 2021 comprises substantially revenue from logistics segment, representing revenue from the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services, and revenue from aviation segment, which includes sale of aircraft components. Given the significance of revenue, we identified revenue recognition as a key audit matter which required significant auditor's attention as significant level of effort is required to audit the occurrence, accuracy and cut-off of the revenue amount.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters **(cont'd)**

Our audit procedures to address key audit matter:

We obtained an understanding of the revenue recognition process and performed test of design and implementation of the relevant key internal controls and test of effectiveness of controls for the significant class of revenue transactions. On a sample basis, we have also tested the occurrence and accuracy of the revenue recorded by performing test of details to verify whether the sales amount is properly recorded and the performance obligations is fulfilled. In addition, we performed cut-off procedures by checking the contractual terms of selected samples to ensure that the revenue is accurately recorded in the correct financial period. We also reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

- 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

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 US$'000	Group 2020 US$'000
Revenue			
Turnover	4	**459,648**	262,928
Other income:			
– Interest income		**34**	84
– Others	5	**1,243**	6,415
Expenses			
Purchases of goods and consumables used		**–**	(5)
Freight charges		**(417,602)**	(236,940)
Staff costs	6	**(23,829)**	(17,012)
Depreciation of property, plant and equipment	11	**(1,642)**	(1,800)
Finance costs:			
– Interest on			
– Lease liabilities	21	**(53)**	(77)
– Bank borrowings	23	**(4)**	(56)
Net impairment (loss)/gain on financial assets	7	**(101)**	2
Other operating expenses	8	**(7,147)**	(5,635)
Share of results of associated companies		**103**	16
Profit before tax		**10,650**	7,920
Taxation	9	**(1,550)**	(282)
Profit for the financial year		**9,100**	7,638
Profit attributable to:			
Equity holders of the Company		**6,617**	6,327
Non-controlling interests		**2,483**	1,311
Profit for the financial year		**9,100**	7,638
Earnings per share attributable to equity holders of the Company (US cents per share)			
Basic	10	**11.32**	10.82
Diluted	10	**10.27**	10.82

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	US$'000	US$'000
Profit for the financial year	**9,100**	7,638
Other comprehensive (loss)/income:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**(198)**	512
Item that will not be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**84**	(15)
Other comprehensive (loss)/income for the financial year, net of tax	**(114)**	497
Total comprehensive income for the financial year	**8,986**	8,135
Total comprehensive income attributable to:		
Equity holders of the Company	**6,419**	6,839
Non-controlling interests	**2,567**	1,296
Total comprehensive income for the financial year	**8,986**	8,135

The accompanying notes form an integral part of these financial statements.

BALANCE **SHEETS**

AT 31 DECEMBER 2021

		Group		Company	
	Note	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000
Non-current assets					
Property, plant and equipment	11	**6,489**	6,104	**–**	–
Investments in subsidiaries	12	**–**	–	**13,538**	14,546
Investments in associated companies	13	**197**	111	**–**	–
Fair value through other comprehensive income	14	**99**	99	**–**	–
Deferred tax assets	15	**7**	10	**–**	–
		6,792	6,324	**13,538**	14,546
Current assets					
Inventories		**902**	902	**–**	–
Trade and other receivables	16	**56,948**	40,166	**7**	24
Contract assets	17	**2,522**	829	**–**	–
Due from subsidiaries	18	**–**	–	**4,131**	2,928
Due from associated companies	19	**131**	–	**–**	–
Tax recoverable		**265**	106	**–**	–
Cash and cash equivalents	20	**39,438**	30,649	**7,324**	8,509
		100,206	72,652	**11,462**	11,461
Total assets		**106,998**	78,976	**25,000**	26,007
Non-current liability					
Lease liabilities	21	**462**	348	**–**	–
Current liabilities					
Trade and other payables	22	**60,931**	40,640	**803**	813
Contract liabilities	17	**153**	243	**–**	–
Due to subsidiaries	18	**–**	–	**1,670**	3,682
Due to associated companies	19	**–**	27	**–**	–
Bank borrowings	23	**74**	1,755	**–**	1,679
Provisions for liabilities	24	**265**	265	**–**	–
Lease liabilities	21	**947**	611	**–**	–
Tax payable		**932**	397	**–**	33
		63,302	43,938	**2,473**	6,207
Total liabilities		**63,764**	44,286	**2,473**	6,207
Net assets		**43,234**	34,690	**22,527**	19,800
Equity					
Share capital	25	**51,758**	51,758	**51,758**	51,758
Accumulated losses		**(2,315)**	(8,549)	**(29,231)**	(31,958)
Foreign currency translation reserve		**(7,166)**	(6,968)	**–**	–
Equity attributable to equity holders of the Company		**42,277**	36,241	**22,527**	19,800
Non-controlling interests		**957**	(1,551)	**–**	–
Total equity		**43,234**	34,690	**22,527**	19,800

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	**Share capital US$'000**	**Accumulated losses US$'000**	**Foreign currency translation reserve US$'000**	**Equity attributable to equity holders of the Company US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
At 1 January 2021	51,758	(8,549)	(6,968)	36,241	(1,551)	34,690
Profit for the financial year	–	6,617	–	6,617	2,483	9,100
Other comprehensive income						
Currency translation differences on consolidation	–	–	(198)	(198)	84	(114)
Total comprehensive income/(loss) for the financial year	–	6,617	(198)	6,419	2,567	8,986
Transaction with owner recorded directly in equity						
Dividend paid on ordinary shares (Note 27)	–	(383)	–	(383)	(59)	(442)
At 31 December 2021	**51,758**	**(2,315)**	**(7,166)**	**42,277**	**957**	**43,234**
At 1 January 2020	51,758	(14,457)	(7,480)	29,821	(2,847)	26,974
Profit for the financial year	–	6,327	–	6,327	1,311	7,638
Other comprehensive income						
Currency translation differences on consolidation	–	–	512	512	(15)	497
Total comprehensive income for the financial year	–	6,327	512	6,839	1,296	8,135
Transaction with owner recorded directly in equity						
Dividend paid on ordinary shares (Note 27)	–	(419)	–	(419)	–	(419)
At 31 December 2020	51,758	(8,549)	(6,968)	36,241	(1,551)	34,690

The accompanying notes form an integral part of these financial statements.

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	**Share capital US$'000**	**Accumulated losses US$'000**	**Total US$'000**
At 1 January 2021	51,758	(31,958)	19,800
Profit and total comprehensive income for the financial year	–	3,110	3,110
Dividend paid on ordinary shares (Note 27)	–	(383)	(383)
At 31 December 2021	**51,758**	**(29,231)**	**22,527**
At 1 January 2020	51,758	(31,794)	19,964
Profit and total comprehensive income for the financial year	–	255	255
Dividend paid on ordinary shares (Note 27)	–	(419)	(419)
At 31 December 2020	51,758	(31,958)	19,800

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	**10,650**	7,920
Adjustments for:		
Impairment allowance for trade receivables written back	**(16)**	(64)
Impairment allowance for non-trade receivables written back	**(145)**	(3)
Impairment allowance for lease receivables written back	**–**	(298)
Impairment allowance for amount due from associated companies written back	**(4)**	–
Impairment allowance for inventories	**–**	360
Interest income	**(34)**	(84)
Gain on disposal of non-current asset held for sale	**–**	(2,696)
Dividend income from non-current asset held for sale	**–**	(1,102)
Loss on disposal of property, plant and equipment	**5**	–
Impairment allowance for amount due from associated companies	**–**	67
Impairment allowance for non-trade receivables	**2**	140
Impairment allowance for trade receivables	**212**	106
Bad trade debts recovered	**(16)**	–
Bad trade debts written off	**68**	50
Depreciation of property, plant and equipment	**1,642**	1,800
Interest expenses:		
– Lease liabilities	**53**	77
– Bank borrowings	**4**	56
Share of results of associated companies	**(103)**	(16)
Operating cash flow before working capital changes	**12,318**	6,313
Receivables and contract assets	**(18,734)**	(7,488)
Payables and contract liabilities	**20,199**	10,568
Effect of foreign exchange rate changes	**28**	(20)
Cash generated from operations	**13,811**	9,373
Income tax paid	**(1,164)**	(142)
Net cash generated from operating activities	**12,647**	9,231
Cash flows from investing activities		
Proceed from disposal of non-current asset held for sale (Note 5)	**–**	3,836
Dividend income from non-current asset held for sale	**–**	1,102
Proceeds from disposal of property, plant and equipment	**203**	–
Interest received	**34**	84
Purchase of property, plant and equipment (Note 11)	**(838)**	(150)
Net cash (used in)/generated from investing activities	**(601)**	4,872

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	US$'000	US$'000
Cash flows from financing activities		
Increase in bank and fixed deposits pledged	**(413)**	–
Repayment of bank borrowings	**(1,678)**	(2,476)
Repayment of lease liabilities	**(993)**	(1,695)
Dividend paid	**(442)**	(419)
Interest paid:		
– Lease liabilities	**(53)**	(77)
– Bank borrowings	**(4)**	(56)
Net cash used in financing activities	**(3,583)**	(4,723)
Net increase in cash and cash equivalents	**8,463**	9,380
Cash and cash equivalents at beginning of financial year	**30,271**	20,478
Effect of foreign exchange rate changes	**(87)**	413
Cash and cash equivalents at end of financial year (Note 20)	**38,647**	30,271

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 200301838G) is incorporated and domiciled in Singapore. The address of its registered office is at 10 Anson Road, #24-07 International Plaza, Singapore 079903.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in United States dollar ("US$") and are rounded to the nearest thousand (US$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Details of the Group's revenue recognition policies are as follows:

i) Sale of goods

Revenue is recognised when control over a product is transferred to the customer based on the contractual terms which generally coincides with delivery of goods. Revenue from these sales is recognised based on the price specified in the contract. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis. A receivable is recognised when the goods are delivered as this is the point in time when the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition (cont'd)

ii) Rendering of services

Provision of logistic solutions, include international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services

The Group generates revenues by purchasing transportation capacity from independent air, ocean and overland transportation providers and reselling that capacity to customers. The revenues reported also include revenues generated from the principal service as well as revenues generated from brokerage services such as customs clearance, documentation, cartage, handling and transfers and delivery of goods that are incidental to the principal service.

Revenue derived from rendering of services is recognised at a point in time generally when the services are rendered to the customer or when the goods to be shipped/delivered is transferred to the customer and the timing of which is determined by the delivery and shipping contractual terms. The performance obligation is measured at a point in time once the service has been completed upon transfer or delivery of goods as the performance obligation has been met. The Group will bill customer when the service has been performed and the customer is required to pay within 30 to 90 days from the invoice date. Contract asset is recognised when service has been performed but not yet billed. Where there is advance billing to customer, a contract liability is recognised for billing in excess of revenue recognised.

Warehousing services

The Group provides warehouse storage and inventory management services. Such services are recognised as revenue as the performance obligations are satisfied over time.

Other services

Revenue from other services comprises projects for delivery services and management of operations and is recognised on a monthly basis when the services are rendered and billed in accordance with contractual terms and on satisfaction of the various performance obligations. Contract asset is recognised when service has been performed but not yet billed. Where there is advance billing to customer, a contract liability is recognised for billing in excess of revenue recognised.

iii) Interest income

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

iv) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

v) Management fee income

Management fee income is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

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

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

e) Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profits or losses and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

e) Associated companies (cont'd)

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associated companies. The Group determines at balance sheet date whether there is objective evidence that the investments in associated companies is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss.

Where a group entity transacts with an associated company of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred.

In the Company's financial statements, investments in associated companies are carried at cost less accumulated impairment loss. On disposal of investment in associated companies, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

The Group in the course of its ordinary activities, routinely sells items of property, plant and equipment that it holds for rental. Such assets are transferred to inventories at their carrying amount when they cease to be held for rental and become held for sales. The proceeds from the sale of such assets shall be recognised as revenue.

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

2 Summary of significant accounting policies (cont'd)

f) Property, plant and equipment (cont'd)

Depreciation

No depreciation is provided on freehold land. Depreciation is calculated on a straight-line basis to allocate the depreciable amounts of other property, plant and equipment over their expected useful lives/lease terms. The estimated useful lives/lease terms are as follows:

	Years
Building on freehold land	20 – 30
Leasehold office units	2 – 50
Electrical equipment, tools and machinery	5
Computer equipment	1 – 5
Furniture, fixtures and fittings	3 – 5
Motor vehicles	2 – 10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

g) Impairment of non-financial assets excluding goodwill

At each balance sheet date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

h) Inventories

Inventories comprising aircraft and aircraft engines are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

i) Leases

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

When a Group entity is the lessee:

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease 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.

The lease liabilities are presented as a separate line in the balance sheets.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever there is a modification such as 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

i) Leases (cont'd)

When a Group entity is the lessee (cont'd):

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). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct costs, less any lease incentives received.

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

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful lives of the underlying assets. 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 depreciation starts at the commencement date of the lease.

The right-of-use assets are included in property, plant and equipment in the balance sheets.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient.

j) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

j) Income taxes (cont'd)

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

k) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

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

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

k) Financial assets (cont'd)

Subsequent measurement

i) Debt instruments

Debt instruments for the Group and the Company include cash and bank balances, trade receivables, other receivables (excluding prepayments), due from subsidiaries and due from associated companies.

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

The Group has designated certain of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

k) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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-months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-months ECL at the current reporting date.

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

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

l) Financial liabilities

Financial liabilities include trade and other payables (excluding accrual for unutilised leave), due to subsidiaries, due to associated companies, bank borrowings, lease liabilities, financial guarantee contracts and loan commitments. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

m) Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

n) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (Note 2(i)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

o) Employee benefits

Employee leave entitlement

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

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

p) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

c) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

q) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (cont'd)

r) Share capital

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

s) Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise bank and cash balances and fixed deposits that form an integral part of the Group's cash management and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

u) Contingencies

A contingent liability is:

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

Contingent liabilities and assets are not recognised on the balance sheets of the Group and the Company.

v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of non-current assets

The Group and the Company assess whether there are any indicators of impairment for all non-current assets at each reporting date. Non-current assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit, expected growth rates and a suitable discount rate, in order to determine the present value of those cash flows.

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the cash-generating unit to exceed its recoverable amount. The carrying amounts of significant non-current assets are property, plant and equipment (Note 11) and investments in subsidiaries (Note 12) and investment in associated companies (Note 13).

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary, write-down is made to adjust the carrying value of inventories to the lower of cost or net realisable value. Due to the specialised nature of the inventories and the niche market that the Group operates in, market price information is not easily available. Accordingly, significant management judgement is required to determine the net realisable value. The carrying amount of inventories at the balance sheet date was US$902,000 (2020: US$902,000).

Calculation of loss allowance

Management determines the loss allowance on receivables and contract assets by categorising them based on shared credit risk characteristics, historical loss patterns and historical payment profiles. The Group also assesses at the end of the reporting period whether there is any objective evidence that the receivables and contract balances from individual customers are credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delay in repayments.

As the calculation of loss allowance on receivables and contract assets is subject to assumptions and forecasts, any changes to these estimates will affect the amounts of loss allowance recognised and the carrying amounts of receivables and contract assets. Details of ECL measurement and carrying values of trade receivables and contracts assets at reporting date are disclosed in Note 30(b).

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

4 Turnover

The principal activities of the Group are (i) sale of aircraft, aircraft engines and aircraft components, (ii) provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

Turnover represents income from the sale of aircraft engines and aircraft components; and the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

	Group	
	2021	2020
	US$'000	US$'000
Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance and airport ground services	**459,610**	262,859
Sales of goods	**38**	69
	459,648	262,928
Timing of revenue recognition		
At a point in time		
– Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance and airport ground services	**443,263**	249,978
– Sales of goods	**38**	69
Over time		
– Provision of warehousing and other services	**16,347**	12,881
	459,648	262,928

5 Other income

	Group	
	2021	2020
	US$'000	US$'000
Dividend income from non-current asset held for sale	**–**	1,102
Gain on disposal of non-current asset held for sale	**–**	2,696
Government grants	**791**	1,825
Management and administrative fees	**–**	198
Other miscellaneous income	**452**	594
	1,243	6,415

In 2020, the Group completed the divestment of its equity investment in Silver Express International Ltd and received a consideration of US$3,836,000. A gain on disposal of non-current asset held for sale of US$2,696,000 was recognised by the Group.

Government grants of US$397,000 (2020: US$1,434,000) were recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government has co-funded gross monthly wages paid to each local employee. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and has been extended up to 2021 by the Government.

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

6 Staff costs

	Group	
	2021	2020
	US$'000	US$'000
Key management personnel		
Directors of the Company:		
– Remuneration and related costs	**1,300**	1,692
– Fees	**157**	127
– Defined contribution plan	**62**	69
Other key management personnel:		
– Remuneration and related costs	**445**	485
Other staff:		
– Remuneration and related costs	**20,355**	13,685
– Defined contribution plan	**1,510**	954
	23,829	17,012

7 Net impairment (loss)/gain on financial assets

	Group	
	2021	2020
	US$'000	US$'000
Impairment allowance for trade receivables (Note 16(a))		
– Written back	**16**	64
– Additional allowance made	**(212)**	(106)
	(196)	(42)
Impairment allowance for non-trade receivables		
– Third parties (Note 16(b))		
– Written back	**145**	3
– Additional allowance made	**(2)**	(140)
– Associated companies (Note 19)		
– Written back	**4**	–
– Additional allowance made	**–**	(67)
	147	(204)
Impairment allowance for lease receivables written back (Note 16(d))	**–**	298
Bad trade debts recovered	**16**	–
Bad trade debts written off	**(68)**	(50)
	(101)	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 Other operating expenses

	Group	
	2021	2020
	US$'000	US$'000
Auditors' remuneration		
– Auditor of the Company	**64**	66
– Other auditors*	**82**	82
Fees for non-audit services paid to:		
– Auditors of the Company	**5**	13
– Other auditors*	**19**	19
Impairment allowance for inventories	**–**	360
Rental expenses (Note 28)	**677**	729
Foreign currency exchange loss	**387**	259

* Includes independent member firms of the Baker Tilly International network.

9 Taxation

	Group	
	2021	2020
	US$'000	US$'000
Tax expense attributable to profits is made up of:		
Current financial year		
– Income tax expense	**1,551**	274
Prior financial years		
– (Over)/under provision of income tax expense	**(4)**	9
– Under/(over) provision of deferred tax assets (Note 15)	**3**	(1)
	1,550	282

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profits in the countries where the Group operates due to the following factors:

	Group	
	2021	2020
	US$'000	US$'000
Profit before tax	**10,650**	7,920
Tax at the domestic rates applicable to profits in the countries where the Group operates	**2,143**	1,526
Expenses not deductible for tax purposes	**71**	70
Income not subject to tax	**(120)**	(1,062)
Utilisation of unrecognised deferred tax assets	**(369)**	(32)
(Over)/under provision of tax expense in prior financial years	**(4)**	9
Under/(over) provision of deferred tax assets in prior financial years	**3**	(1)
Change in unrecognised temporary differences	**(203)**	(282)
Others	**29**	54
	1,550	282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 Profit per share

a) Basic earnings per share

The calculation of the basic earnings per share was based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	2020
Profit after tax attributable to equity holders of the Company (US$'000)	**6,617**	6,327
Number of ordinary shares in issue for basic earnings per share ('000)	**58,479**	58,479
Basic earnings per share (US cents)	**11.32**	10.82

b) Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2021	2020
Profit after tax attributable to equity holders of the Company (US$'000)	**6,617**	6,327
Weighted average number of:		
Ordinary shares used in calculation of basic earnings per ordinary share	**58,479**	58,479
Potential ordinary shares issuable under exercise of warrants	**5,942**	–
Weighted average number of ordinary shares outstanding for diluted earnings per share	**64,421**	58,479
Diluted earnings per share (US cents)	**10.27**	10.82

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment

	Freehold land US$'000	Building on freehold land US$'000	Leasehold office units US$'000	Electrical equipment, tools & machinery US$'000	Computer equipment US$'000	Furniture, fixtures & fittings US$'000	Motor vehicles US$'000	Total US$'000
Group								
2021								
Cost								
As at 1.1.2021	926	1,160	4,137	185	1,933	2,275	7,425	18,041
Additions	–	–	1,265	117	160	223	516	2,281
Disposal	–	–	–	–	(134)	(38)	(410)	(582)
Derecognition of right-of-use assets	–	–	(929)	–	–	(64)	(328)	(1,321)
Written off	–	–	–	–	(17)	(5)	–	(22)
Exchange difference	–	–	(1)	(2)	(22)	9	(134)	(150)
At 31.12.2021	**926**	**1,160**	**4,472**	**300**	**1,920**	**2,400**	**7,069**	**18,247**
Accumulated depreciation								
As at 1.1.2021	–	373	2,419	159	1,802	2,048	5,136	11,937
Depreciation charge	–	42	746	20	92	126	616	1,642
Disposal	–	–	–	–	(135)	(38)	(240)	(413)
Derecognition of right-of-use assets	–	–	(905)	–	–	(61)	(316)	(1,282)
Written off	–	–	–	–	(17)	(4)	–	(21)
Exchange difference	–	–	–	(1)	(23)	10	(91)	(105)
At 31.12.2021	**–**	**415**	**2,260**	**178**	**1,719**	**2,081**	**5,105**	**11,758**
Net carrying value								
At 31.12.2021	**926**	**745**	**2,212**	**122**	**201**	**319**	**1,964**	**6,489**
2020								
Cost								
As at 1.1.2020	926	1,160	4,386	185	1,829	2,210	7,776	18,472
Additions	–	–	401	–	66	89	17	573
Derecognition of right-of-use assets	–	–	(752)	–	–	(114)	(350)	(1,216)
Written off	–	–	–	(2)	(20)	(8)	(151)	(181)
Exchange difference	–	–	102	2	58	98	133	393
At 31.12.2020	926	1,160	4,137	185	1,933	2,275	7,425	18,041
Accumulated depreciation								
As at 1.1.2020	–	332	2,291	149	1,687	1,950	4,770	11,179
Depreciation charge	–	41	796	11	82	134	736	1,800
Derecognition of right-of-use assets	–	–	(752)	–	–	(114)	(350)	(1,216)
Written off	–	–	–	(2)	(20)	(8)	(151)	(181)
Exchange difference	–	–	84	1	53	86	131	355
At 31.12.2020	–	373	2,419	159	1,802	2,048	5,136	11,937
Net carrying value								
At 31.12.2020	926	787	1,718	26	131	227	2,289	6,104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment (cont'd)

a) As at 31 December 2020, bank borrowings were secured by the leasehold properties of the Group with a net carrying value of US$1,036,000 (Note 23).

b) Net cash outflow from additions of property, plant and equipment are as follows:

	Group	
	2021 US$'000	2020 US$'000
Aggregate cost of property, plant and equipment acquired	**2,281**	573
Less: Additions of right-of-use assets	**(1,443)**	(423)
Net cash outflow for purchase of property, plant and equipment	**838**	150

c) Derecognition of right-of-use assets relate to expired lease agreements.

d) Right-of-use assets included in property, plant and equipment are disclosed below:

	Leasehold office units US$'000	**Furniture, fixtures & fittings US$'000**	**Motor vehicles US$'000**	**Total US$'000**
Group				
Cost				
At 1.1.2020	2,132	281	3,975	6,388
Additions	401	5	17	423
Derecognition of right-of-use assets	(752)	(114)	(350)	(1,216)
Settlement of hire-purchase agreements	–	–	(3,077)	(3,077)
Exchange difference	59	5	(68)	(4)
At 31.12.2020	1,840	177	497	2,514
Additions	1,265	65	113	1,443
Derecognition of right-of-use assets	(929)	(64)	(328)	(1,321)
Exchange difference	(14)	(2)	(10)	(26)
At 31.12.2021	**2,162**	**176**	**272**	**2,610**
Accumulated depreciation				
At 1.1.2020	1,181	149	1,595	2,925
Additions	735	75	315	1,125
Derecognition of right-of-use assets	(752)	(114)	(350)	(1,216)
Settlement of hire-purchase agreements	–	–	(1,261)	(1,261)
Exchange difference	47	3	3	53
At 31.12.2020	1,211	113	302	1,626
Additions	687	48	178	913
Derecognition of right-of-use assets	(905)	(61)	(316)	(1,282)
Settlement of hire-purchase agreements	–	–	–	–
Exchange difference	(14)	1	(6)	(19)
At 31.12.2021	**979**	**101**	**158**	**1,238**
Net carrying amount				
At 31.12.2020	629	64	195	888
At 31.12.2021	**1,183**	**75**	**114**	**1,372**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Investments in subsidiaries

	Company	
	2021	2020
	US$'000	US$'000
Unquoted equity shares, at cost	**10,000**	10,000
Amount due from subsidiary	**3,538**	4,546
	13,538	14,546

The amount due from subsidiary is interest-free and has no repayment terms. Management determined that the amount due from subsidiary is quasi-equity in nature and is therefore included in investments in subsidiaries.

a) Details of subsidiaries:

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding	
				2021	2020
				%	%
Held by the Company					
*	A-Sonic Aviation Solutions Pte. Ltd.	Providing retrofit solutions and the supply of aircraft systems and/or aerospace components	Singapore	**100**	100
*	A-Sonic Logistic Solutions Pte. Ltd.	Investment holding company	Singapore	**100**	100
Held by A-Sonic Aviation Solutions Pte. Ltd.					
*	SWIFT AirCargo Private Limited	Aircraft ownership and lease/sales of aircraft and aircraft engines	Singapore	**100**	100
Held by A-Sonic Logistic Solutions Pte. Ltd.					
*	A-Sonic SCM Private Limited	Investment holding and logistics related activities	Singapore	**100**	100
Held by A-Sonic SCM Private Limited					
*	A-Sonic Logistics Pte. Ltd.	Logistics	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Investments in subsidiaries (cont'd)

a) Details of subsidiaries (cont'd):

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2021 %	2020 %
	Held by A-Sonic Logistics Pte. Ltd.				
#	A-Sonic Logistics (Korea) Co., Ltd	Logistics	Korea	**100**	100
**	A-Sonic Cargoplus (Malaysia) Sdn. Bhd.	Logistics	Malaysia	**100**	100
#	Express Customs Clearance (USA), Inc.	Customs clearance	USA	**100**	100
#	A-Sonic Logistics (Netherlands) B.V.	Logistics	Netherlands	**100**	100
#	A-Sonic Logistics (Australia) Pty Ltd	Logistics	Australia	**100**	100
***	A-Sonic Logistics (Vietnam) Company Limited	Logistics	Vietnam	**100**	100
***	A-Sonic Express Logistics (India) Private Limited	Logistics	India	**90**	90
**	A-Sonic Logistics (Malaysia) Sdn. Bhd.	Logistics	Malaysia	**100**	100
**	A-Sonic Logistics (H.K.) Limited	Logistics	Hong Kong S.A.R, The People's Republic of China ("PRC")	**100**	100
**	A-Sonic Marine (H.K.) Limited	Logistics	Hong Kong S.A.R, PRC	**100**	100
#	A-Sonic Logistics (USA), Inc.	Logistics	USA	**100**	100
#	A-Sonic Logistics (R.O.C) Co. Ltd	Logistics	Republic of China	**100**	100
#	A-Sonic Logistics (UK) Ltd	Logistics	United Kingdom	**51**	51
*	A-Sonic Cargoplus Private Limited	Transportation and airport ground services	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Investments in subsidiaries (cont'd)

a) Details of subsidiaries (cont'd):

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2021 %	2020 %
	Held by A-Sonic Logistics (H.K.) Limited				
**	UBI Logistics Limited	Investment holding company	Hong Kong S.A.R, PRC	**72**	72
***	A-Sonic Logistics (China) Company Ltd	Logistics	PRC	**100**	100
	Held by UBI Logistics Limited				
**	UBI Logistics (China) Limited	Freight forwarding	PRC	**51**	51
***	UBI (HK) International Limited	Investment holding company	Hong Kong S.A.R, PRC	**51**	51
	Held by UBI (HK) International Limited				
***	UBI Logistics (HK) Limited	Logistics	Hong Kong S.A.R, PRC	**51**	51
#	UBI Logistics (Australia) Pty Ltd[(1)]	Logistics	Australia	**38**	38
#	CALS Logistics, Inc.	Logistics	Canada	**51**	51
#	Ultra Air Cargo, Inc.	Logistics	USA	**51**	51

Notes:

(1) The Group's subsidiary, UBI (HK) International Limited has a direct interest of 75% equity interest in UBI Logistics (Australia) Pty Ltd and management considers it a subsidiary as the Group has effective control over it.

Not required to be audited for the financial year ended 31 December 2021 by law of country of incorporation.

* Audited by Baker Tilly TFW LLP.

** Audited by independent member firms of Baker Tilly International in their respective countries.

*** Audited by other professional firms as follows:

Name of subsidiary	Name of auditors
A-Sonic Logistics (Vietnam) Company Limited	U & I Auditing Company Limited
A-Sonic Express Logistics (India) Private Limited	Balakrishna and Co.
A-Sonic Logistics (China) Company Ltd	Shanghai Victor Voyage Certified Public Accountants Co., Ltd
UBI (HK) International Limited	Vision A.S. Limited, CPA
UBI Logistics (HK) Limited	Vision A.S. Limited, CPA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Investments in subsidiaries (cont'd)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/country of incorporation	Effective ownership interest held by NCI	
		2021	2020
		%	%
UBI Logistics (China) Limited	PRC	**49**	49
UBI Logistics (Australia) Pty Ltd	Australia	**62**	62
UBI Logistics (HK) Limited	Hong Kong S.A.R, PRC	**49**	49

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Balance Sheets

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2021	2020	**2021**	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Non-current assets	**864**	543	**344**	15	**287**	60
Current assets	**40,446**	27,279	**6,634**	3,253	**14,473**	12,773
Non-current liabilities	**(9)**	(144)	**(1,386)**	(1)	**–**	(9)
Current liabilities	**(37,447)**	(25,367)	**(6,860)**	(4,913)	**(12,596)**	(13,793)
Net assets/(liabilities)	**3,854**	2,311	**(1,268)**	(1,646)	**2,164**	(969)
Net assets/(liabilities) attributable to NCI	**1,888**	1,132	**(786)**	(1,021)	**1,060**	(475)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Investments in subsidiaries (cont'd)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

Summarised Income Statements

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2021	2020	**2021**	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Turnover	**285,077**	130,555	**27,330**	10,831	**54,428**	60,112
Profit before tax	**1,845**	893	**236**	136	**3,365**	858
Income tax expense	**(418)**	(23)	**–**	–	**(504)**	–
Profit after tax from continuing operations	**1,427**	870	**236**	136	**2,861**	858
Other comprehensive income/(loss)	**–**	144	**–**	(160)	**–**	(6)
Total comprehensive income/(loss)	**1,427**	1,014	**236**	(24)	**2,861**	852
Profit/(loss) allocated to NCI	**699**	497	**146**	(15)	**1,401**	417

Summarised Cash Flows

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2021	2020	**2021**	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Cash flows generated from/(used in) operating activities	**7,178**	668	**108**	(148)	**1,130**	2,121
Cash flows used in investing activities	**(301)**	(102)	**(407)**	(6)	**–**	(2)
Cash flows generated from/(used in) financing activities	**–**	–	**326**	(49)	**(46)**	(46)
Net increase/(decrease) in cash and cash equivalents	**6,877**	566	**27**	(203)	**1,084**	2,073

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Investments in associated companies

The Group's investments in associated companies are summarised below:

	Group	
	2021	2020
	US$'000	US$'000
Carrying amounts:		
A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd.	**10**	–
A-Sonic Logistics Lanka (Private) Limited	**187**	111
	197	111

Details of associated companies are:

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding	
				2021	2020
				%	%
	Held by A-Sonic Logistics Pte. Ltd.				
*	A-Sonic Logistics (Thailand) Co., Ltd	Logistics	Thailand	**49**	49
**	A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd.	Customs clearance	Malaysia	**49**	49
***	A-Sonic Logistics Lanka (Private) Limited	Logistics	Sri Lanka	**40**	40
#	A-Sonic Logistics (Middle East) LLC	Logistics	United Arab Emirates	**49**	49

Notes:

* Audited by TIC Asia Pacific Co., Ltd.

** Audited by independent member firms of Baker Tilly International in Malaysia.

*** Audited by De Zoysa Associates.

Not required to be audited for the financial year ended 31 December 2021 by law of country of incorporation.

The activities of the associated companies are strategic to the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Investments in associated companies (cont'd)

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2021 US$'000	2020 US$'000
Profit after tax from continuing operations	352	121
Total comprehensive income	352	121

The Group has not recognised its share of profit of certain associated companies totalling US$49,000 (2020: US$39,000) during the financial year because the Group's cumulative share of losses at the balance sheet date has exceeded its interest in those associated companies and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses at the balance sheet date in respect of the associated companies not recognised were US$601,000 (2020: US$661,000).

14 Fair value through other comprehensive income

	Group	
	2021 US$'000	2020 US$'000
Unquoted equity shares, at fair value	99	99

15 Deferred tax assets

The movements in the deferred tax assets of the Group are as follows:

	Group Tax losses	
	2021 US$'000	2020 US$'000
At 1 January	(10)	(9)
Charged/(credit) to profit or loss for the year (Note 9)	3	(1)
At 31 December	(7)	(10)

At balance sheet date, the Group and the Company had unutilised tax losses as follows:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Unutilised tax losses	20,300	22,470	1,624	564

These potential tax benefits are available for carry-forward indefinitely to set-off against future taxable income, subject to compliance with relevant provisions of the tax legislation of the respective countries in which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15 Deferred tax assets (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Tax losses carry forward	**3,444**	2,914	**587**	597
Impairment allowance for trade receivables and finance lease receivables	**–**	906	**–**	–
	3,444	3,820	**587**	597

16 Trade and other receivables

	Group		Company	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000
Trade receivables	**48,525**	33,922	**1**	–
Lease receivables	**–**	–	**–**	–
Payment of custom duties and freight recoverable from customers	**822**	906	**–**	–
Advance payment to suppliers	**1,327**	602	**–**	–
Deposits	**4,620**	3,420	**–**	–
Prepayments	**422**	416	**3**	3
GST/VAT receivables	**638**	287	**–**	–
Other receivables	**594**	613	**3**	21
	56,948	40,166	**7**	24

a) Trade receivables are stated after making the following impairment allowance:

	Group	
	2021 US$'000	2020 US$'000
At beginning of financial year	**1,873**	3,057
Loss allowance measured/(reversed):		
Lifetime ECL		
– Simplified approach (Note 7)	**212**	106
– Write-back (Note 7)	**(16)**	(64)
	196	42
Receivables written off as uncollectable	**(465)**	(1,262)
Exchange difference	**(31)**	36
At end of financial year	**1,573**	1,873

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16 Trade and other receivables (cont'd)

b) Other receivables are stated after making the following impairment allowance:

	Group	
	2021	2020
	US$'000	US$'000
At beginning of financial year	**797**	906
Additions (Note 7)	**2**	140
Write-back (Note 7)	**(145)**	(3)
Written off	**–**	(261)
Exchange difference	**(7)**	15
At end of financial year	**647**	797

c) Included in deposits are amounts placed with airlines and agents amounting to US$4,175,000 (2020: US$2,880,000) as security for services rendered.

d) Lease receivables

	Group	
	2021	2020
	US$'000	US$'000
Lease receivables	**–**	6,123
Less: Impairment allowance	**–**	(6,123)
At end of financial year	**–**	–

Lease receivables are stated after making the following impairment allowances:

	Group	
	2021	2020
	US$'000	US$'000
At beginning of financial year	**6,123**	6,421
Written off	**(6,123)**	–
Write-back (Note 7)	**–**	(298)
At end of financial year	**–**	6,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 Contract assets and contract liabilities

The Group receives payments from customers based on a billing schedule as established in contracts. Contract assets relate to the Group's rights to consideration for services rendered but not billed at the reporting date on the Group's services. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	2021 **US$'000**	2020 US$'000	1.1.2020 US$'000
Trade receivables from contracts with customers	**48,525**	33,922	27,275
Contract assets	**2,522**	829	556
Contract liabilities	**153**	243	146

Contract assets increased significantly as the Group provided more services ahead of the billing dates.

Contract liabilities increased significantly due to a contract for which the Group billed and received consideration ahead of rendering of service.

18 Due from/(to) subsidiaries – Company

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

19 Due (to)/from associated companies

	Group	
	2021 **US$'000**	2020 US$'000
Due (to)/from:		
Trade	**114**	(123)
Non-trade	**771**	871
Less: Impairment allowance	**(754)**	(775)
	131	(27)

Non-trade amounts due from associated companies are unsecured, interest-free and repayable on demand.

Movements of impairment allowance are as follows:

	Group	
	2021 **US$'000**	2020 US$'000
At beginning of financial year	**775**	692
Additions (Note 7)	**–**	67
Write-back (Note 7)	**(4)**	–
Exchange difference	**(17)**	16
At end of financial year	**754**	775

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

20 Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Bank and cash balances	**29,484**	29,942	**224**	8,509
Fixed deposits	**9,954**	707	**7,100**	–
Total cash and cash equivalents	**39,438**	30,649	**7,324**	8,509
Less: Bank and fixed deposits pledged	**(791)**	(378)		
Cash and cash equivalents per consolidated statement of cash flows	**38,647**	30,271		

Bank and fixed deposits amounting to US$791,000 (2020: US$378,000) are pledged to a bank as security for the issuance of banker guarantees to airlines.

21 Lease liabilities

	Group	
	2021	2020
	U$'000	US$'000
The lease liabilities are analysed as follows:		
Not more than one year	**947**	611
Later than one year but not later than five years	**462**	348
	1,409	959

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Group	
	2021	2020
	U$'000	US$'000
At beginning of financial year	**959**	2,244
Changes from financing cash flows:		
– Repayment	**(993)**	(1,695)
– Interest paid	**(53)**	(77)
Non-cash changes:		
– Interest expense	**53**	77
– New lease liabilities during the financial year	**1,443**	423
Exchange differences	**–**	(13)
At end of financial year	**1,409**	959

Information on leases are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**39,944**	26,134	**–**	–
Other payables	**3,038**	1,764	**1**	51
Accrued operating expenses	**8,345**	5,643	**802**	762
Custom duties and freight received in advance from customers	**6,395**	3,951	**–**	–
Advance from a director/shareholder of a subsidiary	**3,209**	3,148	**–**	–
	60,931	40,640	**803**	813

The advance from a director/shareholder of a subsidiary is unsecured, interest-free and is repayable on demand.

23 Bank borrowings

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Secured				
Money market loans	**74**	76	**–**	–
Revolving loans	**–**	1,679	**–**	1,679
	74	1,755	**–**	1,679

Money market loans of US$74,000 (2020: US$76,000) for the Group are covered by corporate guarantee given by the Company.

Money market loans of US$74,000 (2020: US$76,000) are also secured by a first deed of debenture incorporating a floating charge over receivables of the logistics services of a wholly owned subsidiary amounting to US$4,779,000 (2020: US$4,349,000).

Revolving loans of the Group and Company amounting to US$Nil (2020: US$1,679,000) are secured on the leasehold properties of the Group.

The weighted average interest rates per annum for the loans as at year end are as follows:

a) Money market loans – 2.21% (2020: 2.84%)
b) Revolving loans – Nil% (2020: 1.60%)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23 Bank borrowings (cont'd)

Reconciliation of movements of bank borrowings to cash flows arising from financing activities:

	Group	
	2021	2020
	US$'000	US$'000
At beginning of financial year	**1,755**	4,285
Changes from financing cash flows:		
– Repayment	**(1,678)**	(2,476)
– Interest paid	**(4)**	(56)
Non-cash changes:		
– Interest expense	**4**	56
Exchange differences	**(3)**	(54)
At end of financial year	**74**	1,755

24 Provisions for liabilities

	Group	
	2021	2020
	US$'000	US$'000
At beginning and end of the financial year	**265**	265

The provisions for liabilities comprise mainly provisions for legal costs.

25 Share capital

	Group and Company 2021 and 2020	
	No. of shares	**US$'000**
Issued and fully paid capital		
At beginning and end of financial year	**58,479,296**	**51,758**

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.

During the financial year, the Company issued 14,617,993 Bonus Warrants to shareholders on 12 July 2021. The Bonus Warrants are exercisable from 15 January 2022 to 8 April 2022 (both dates included). The exercise price of the Bonus Warrant is S$0.08 for each warrant, exercisable to one (1) new ordinary share.

As at the date 31 December 2021, 14,617,993 Bonus Warrants remain available for exercise till 8 April 2022.

26 Contingent liabilities

At the balance sheet date, corporate guarantee given by the Company to a bank for facilities issued by the bank to the Company's subsidiary amounted to US$5,000,000 (2020: US$5,000,000).

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

27 Dividends

	Group and Company	
	2021	2020
	US$'000	US$'000
Final exempt dividend of 1 Singapore cent per share paid in respect of the previous financial year ended 31 December 2019	**–**	419
Final exempt dividend of 0.375 Singapore cent per share paid in respect of the previous financial year ended 31 December 2020	**165**	–
Interim exempt dividend of 0.5 Singapore cent per share paid in respect of the current financial year	**218**	–
	383	419

The directors have proposed a final tax exempt (one-tier) dividend of 0.50 Singapore cent per share and special dividend of 4.80 Singapore cent per share for the financial year ended 31 December 2021, subject to approval by shareholders at the Annual General Meeting to be convened.

These financial statements do not reflect these dividends payable, which if approved at the Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of 2021 profit in the financial year ending 31 December 2022.

28 Leases

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

i) The Group leases leasehold office units, furniture, fixtures and fittings and motor vehicles from non-related parties. The leases have tenure of between 2 to 5 years; and

ii) In addition, the Group leases certain furniture, fixtures and fittings, office space, copiers and motor vehicles with contractual terms of 1 month to 5 years. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 30(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 Leases (cont'd)

The Group as a lessee (cont'd)

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in profit or loss

	2021 US$'000	2020 US$'000
Depreciation charge for financial year		
Leasehold office units	**687**	735
Furniture, fixtures and fittings	**48**	75
Motor vehicles	**178**	315
	913	1,125
Interest expense on lease liabilities	**53**	77
Lease expense not included in the measurement of lease liabilities		
Lease expense – short-term leases	**583**	650
Lease expense – low value assets leases	**94**	79
Total (Note 8)	**677**	729

Total cash flow for leases amounted to US$1,723,000 (2020: US$2,501,000).

As at 31 December 2021, the Group has committed to US$492,000 (2020: US$266,000) for short-term leases.

29 Related parties transaction

In addition to related party information disclosed elsewhere in the financial statements, the Group had significant transactions with related parties during the financial year on terms mutually agreed by the parties concerned:

	2021 US$'000	2020 US$'000
With associated companies		
– Services rendered	**250**	756
– Interest income	**2**	–
– Management and administrative fee income	**–**	–
– Freight charges	**(395)**	(314)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 Financial instruments

a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Fair value through profit or loss	**99**	99	**–**	–
Financial assets at amortised cost	**94,110**	69,490	**11,456**	11,458
Financial liabilities				
Financial liabilities at amortised cost	**61,212**	42,860	**2,420**	6,146

b) Financial risk management

The Group and 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, credit risk and liquidity risk.

The Group and the Company's overall risk management framework is set by the Board of Directors of the Company which sets out the Group and the Company's overall business strategies and its risk management philosophy. The Group and the Company's overall risk management strategy seeks to minimise potential adverse effects from these financial risks on the Group's financial performance.

Foreign exchange risk

The Group and Company do not have significant foreign exchange risk exposures arising from sales, purchases and borrowings that are denominated in currency other than the respective functional currencies of Group entities.

Interest rate risk

The Group's exposure to changes in interest rate risk arises primarily from the Group's debt obligations disclosed in Note 23. The Group maintains its borrowings in both variable and fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase or decrease in interest rates by 50 basis points for variable rate borrowings is not expected to have a significant impact on the Group's profit after tax.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

30 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the management.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

30 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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

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

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers information (developed internally or obtained from external sources) that the debtor is unlikely to pay its creditors, including the Group, in full, as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet this criteria are generally not recoverable.

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

At the balance sheet date, the Group and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet and the amount of US$5,000,000 (2020: US$5,000,000) relating to corporate guarantees given by the Company to a bank for a subsidiary's bank facilities.

There are no significant concentration of credit risks for the Group other than cash and cash equivalents. There are also no significant concentration credit risks for the Company other than amounts due from subsidiaries (Note 18), cash and cash equivalents and corporate guarantees as stated above.

The credit loss for cash and cash equivalents are immaterial as at 31 December 2021 and 31 December 2020.

The credit risk concentration profile of the Group's trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2021	2020	**2021**	2020
	US$'000	US$'000	**US$'000**	US$'000
By geographical areas				
Asia	**39,106**	31,052	**1**	–
Others	**9,419**	2,870	**–**	–
	48,525	33,922	**1**	–
By types of customers				
Third parties	**48,525**	33,922	**1**	–

Trade receivables, contract assets and other financial assets at amortised cost

The movements in credit loss allowance for trade receivables are disclosed in Note 16.

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to services rendered but not billed, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss for trade receivables are a reasonable approximation of the loss for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

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

30 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables, contract assets and other financial assets at amortised cost (cont'd)

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

The Group has recognised a loss allowance of 100% against all trade receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. There are no significant credit loss for trade receivables less than 120 days as historical evidence indicates that these customers will repay their debts. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The table below details the credit quality of the Group and Company's financial assets and contract assets:

Group 2021	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Trade receivables	Lifetime ECL	**50,098**	**(1,573)**	**48,525**
Other receivables – third parties	Lifetime ECL	**1,221**	**(647)**	**574**
Due from associated companies	Lifetime ECL	**131**	**–**	**131**
Other receivables (custom duties and freight receivables from customers and deposits)	12-month ECL	**5,442**	**–**	**5,442**
Contract assets	12-month ECL	**2,522**	**–**	**2,522**
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**39,438**	**–**	**39,438**
2020				
Trade receivables	Lifetime ECL	35,795	(1,873)	33,922
Lease receivables	Lifetime ECL – credit impaired	6,123	(6,123)	–
Other receivables – third parties	Lifetime ECL	1,390	(797)	593
Other receivables (custom duties and freight receivables from customers and deposits)	12-month ECL	4,326	–	4,326
Contract assets	12-month ECL	829	–	829
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	30,649	–	30,649

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables, contract assets and other financial assets at amortised cost (cont'd)

Company 2021	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Trade receivables	12-month ECL	**1**	**–**	**1**
Other receivables – third parties	12-month ECL	**3**	**–**	**3**
Due from subsidiaries	12-month ECL	**4,131**	**–**	**4,131**
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**7,324**	**–**	**7,324**
2020				
Other receivables – third parties	12-month ECL	21	–	21
Due from subsidiaries	12-month ECL	2,928	–	2,928
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	8,509	–	8,509

Financial guarantee

The Company has issued financial guarantees to a bank for bank facilities of its subsidiary (Note 26). These guarantees are subject to the impairment requirements of SFRS(I) 9 *Financial Instruments*. The Company has assessed that its subsidiary has the ability to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

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 and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage the liquidity risk by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group and the Company ensure the availability of bank credit lines to address any short-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
2021			
Financial liabilities			
Trade and other payables	**59,728**	**–**	**59,728**
Lease liabilities	**994**	**481**	**1,475**
Bank borrowings	**76**	**–**	**76**
2020			
Financial liabilities			
Trade and other payables	40,119	–	40,119
Due to associated companies	27	–	27
Lease liabilities	630	355	985
Bank borrowings	1,783	–	1,783
Company			
2021			
Financial liabilities			
Trade and other payables	**803**	**–**	**803**
Due to subsidiaries	**1,670**	**–**	**1,670**
2020			
Financial liabilities			
Trade and other payables	785	–	785
Bank borrowings	1,706	–	1,706
Due to subsidiaries	3,682	–	3,682

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

	Company One year or less	
	2021 US$'000	2020 US$'000
Financial guarantee contracts	**5,000**	5,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 Fair value of assets and liabilities

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

b) Financial instruments that are carried at fair value

The Group does not have any significant Level 1, Level 2 or Level 3 financial assets or liabilities.

c) Financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets and financial liabilities (except for lease liabilities) recorded in the financial statements of the Group and the Company approximate their fair values due to the relatively short-term maturity of these financial instruments.

32 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to the shareholders and buy back issued shares. The directors of the Company consider that the capital structure of the Group and the Company comprises share capital and reserves. The Group's overall strategy remains unchanged from 2020.

The Group and the Company are in compliance with all externally imposed capital requirement for the financial years ended 31 December 2021 and 31 December 2020.

33 Segment information

For management purpose, the Group is organised into 2 business segments based on their products and services as follows:

i) Aviation
ii) Logistics

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment of each segment. Sales between operating segments are at arm's-length basis in a manner similar to transactions with third parties. Reportable segments' turnover, profit before tax, interest income and finance costs are measured in a manner consistent with that in the consolidated statement of profit or loss and statement of comprehensive income. The amounts provided to the management with respect to reportable segments' assets and liabilities are measured in a manner consistent with that of the financial statements.

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

33 Segment information (cont'd)

Business segments – Group

Reportable segments are as follows:

	Aviation		Logistics		Consolidated	
	2021 US$'000	2020 US$'000	**2021 US$'000**	2020 US$'000	**2021 US$'000**	2020 US$'000
Turnover from reportable segments	**38**	69	**459,610**	262,859	**459,648**	262,928
Interest income	**9**	54	**25**	30	**34**	84
Finance costs	**(3)**	(40)	**(54)**	(93)	**(57)**	(133)
Depreciation of property, plant and equipment	**(39)**	(42)	**(1,603)**	(1,758)	**(1,642)**	(1,800)
Share of results of associated company	**–**	–	**103**	16	**103**	16
Taxation expense	**33**	–	**(1,583)**	(282)	**(1,550)**	(282)
Reportable segment profit/(loss)	**(1,354)**	(1,872)	**10,454**	9,510	**9,100**	7,638
Other material non-cash items						
Impairment allowance for non-trade receivables written back	**–**	–	**(145)**	(3)	**(145)**	(3)
Impairment allowance for trade receivables written back	**–**	(298)	**(16)**	(64)	**(16)**	(362)
Bad trade debts written off	**–**	–	**68**	50	**68**	50
Impairment allowance for inventories obsolescence	**–**	360	**–**	–	**–**	360
Impairment allowance for non-trade receivables	**–**	–	**2**	140	**2**	140
Impairment allowance for trade receivables	**–**	–	**212**	106	**212**	106
Impairment allowance for amount due from associated companies	**–**	–	**(4)**	67	**(4)**	67
Segment assets	**9,546**	10,662	**97,452**	68,314	**106,998**	78,976
Expenditure in non-current assets						
Property, plant and equipment	**1**	4	**2,280**	569	**2,281**	573
Segment liabilities	**977**	2,749	**62,787**	41,537	**63,764**	44,286

Geographical information – Group

Turnover information is derived based on the country of domicile of the member entities of the Group, whereas non-current assets information is based on the geographical location of the assets.

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

33 Segment information (cont'd)

Geographical information – Group (cont'd)

The geographical information derived using the above basis is as follows:

	Turnover for reportable segments	
	2021	2020
	US$'000	US$'000
The People's Republic of China (including Hong Kong S.A.R)	**341,293**	198,345
United States of America	**37,392**	12,291
Australia	**28,689**	11,512
Singapore	**28,263**	21,706
Other countries	**24,011**	19,074
	459,648	262,928

	Non-current assets for reportable segments	
	2021	2020
	US$'000	US$'000
Singapore	**3,116**	3,030
USA	**1,745**	1,873
Other countries	**1,825**	1,312
	6,686	6,215

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding fair value through other comprehensive income and deferred tax assets.

Information about major customer

Turnover derived from 1 external customer who individually contributed 10% or more of the Group's turnover is attributable to the segment as detailed below:

		Group	
	Attributable segment	**2021 US$'000**	2020 US$'000
Customer 1	Logistics	**–**	49,270

The Group did not have any single customer contributing 10% or more to its turnover for the financial year ended 31 December 2021.

34 Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 25 March 2022.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

The following additional information on Ms Irene Tay Gek Lim and Mr Gurbachan Singh, each of whom is seeking re-election as a Director at the Annual General Meeting of the Company on 28 April 2022, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Irene Tay Gek Lim**	**Gurbachan Singh**
Date of first appointment as Director	20 May 2004	29 April 2016
Date of last re-election as a Director	26 April 2019	26 April 2019
Age	61	72
Country of Residence	Singapore	Singapore
The Board's comments on the re-election	Ms Irene Tay Gek Lim is an Executive Director of the Company. Her responsibilities include overseeing the logistics business unit under the branding "A-Sonic Logistics".	Mr Gurbachan Singh has related expertise particularly in corporate taxation which requires a fair understanding in financial matters. He has continued to discharge his duties well and continually to contribute positive to the Company with his wealth of experience and expertise.
Whether appointment is executive, and if so, the area of responsibility	Overseeing logistics business unit under the branding "A-Sonic Logistics"	Non-executive Independent
Job Title	Executive Non-Independent Director	Non-executive Independent Director Member of Audit Committee Member of Remuneration Committee
Professional qualifications	Bachelor of Economics, Monash University (Australia) Bachelor of Laws, Monash University (Australia) Degree of Master of Laws, National University of Singapore (Singapore) Master of Science in the Social Sciences (International Banking and Financial Studies), University of Southampton (United Kingdom)	Bachelor of Law, University of Singapore
Working experience and occupation(s) during the past 10 years	Executive Director of A-Sonic Aerospace Limited since 2008 to present.	Partner and later Managing Partner of large law firm from 1991-December 2013 Managing Partner of GSM Law LLP from 24 April 2014 to present.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Irene Tay Gek Lim	Gurbachan Singh
Shareholding interest in the listed issuer and its subsidiaries	1,000,050 A-Sonic shares	NIL
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships – Past (for the last 5 years)	Executive Director of A-Sonic Aerospace Limited	• Indiabulls Property Management Trustee Pte Ltd (Director) • GSM Law LLP (Managing Director)
Disclose the following matters concerning the director:		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Irene Tay Gek Lim	Gurbachan Singh
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION **ON DIRECTORS SEEKING RE-APPOINTMENT**

Name of Director	**Irene Tay Gek Lim**	**Gurbachan Singh**
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(I) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	Irene Tay Gek Lim	Gurbachan Singh
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ANALYSIS OF SHAREHOLDINGS

AS AT 23 MARCH 2022

SHARE CAPITAL

Issued and Fully Paid-Up Capital	: S$73,331,948.73
Class of shares	: Ordinary shares
Voting rights	: On poll – 1 vote for each ordinary share
Number of Subsidiary Holdings[1]	: 0

DISTRIBUTION OF SHAREHOLDINGS AS AT 23 MARCH 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	1,323	25.79	62,782	0.09
100 – 1,000	2,038	39.73	956,376	1.38
1,001 – 10,000	1,489	29.02	4,985,102	7.17
10,001 – 1,000,000	276	5.38	14,119,866	20.32
1,000,001 and above	4	0.08	49,358,899	71.04
TOTAL	**5,130**	**100.00**	**69,483,025**	**100.00**

Note:

1 "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967 of Singapore.

PUBLIC FLOAT

The Company has complied with Rule 723 of the Listing Manual issued by SGX-ST. As at 23 March 2022, approximately 37.16% of the Company's ordinary shares listed on the SGX-ST were held in the hands of the public.

ANALYSIS OF **SHAREHOLDINGS**

AS AT 23 MARCH 2022

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	JANET LC TAN	42,636,039	61.36
2	DBS NOMINEES PTE LTD	3,279,461	4.72
3	CITIBANK NOMINEES SINGAPORE PTE LTD	2,443,349	3.52
4	IRENE TAY GEK LIM	1,000,050	1.44
5	LEW WING KIT	928,600	1.34
6	ABN AMRO CLEARING BANK N.V.	693,800	1.00
7	MAYBANK SECURITIES PTE. LTD.	647,672	0.93
8	PHILLIP SECURITIES PTE LTD	622,071	0.89
9	TEO CHOR KOK	595,207	0.86
10	RAFFLES NOMINEES (PTE) LIMITED	501,755	0.72
11	TOH KHAI WEI	368,250	0.53
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	309,210	0.45
13	OCBC SECURITIES PRIVATE LTD	303,891	0.44
14	KOH PECK HOON	259,170	0.37
15	CHIAN SHIAN ANN @ CHIAM YEOW ANN	257,447	0.37
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	238,483	0.34
17	UOB KAY HIAN PTE LTD	217,268	0.31
18	CHIA HONG HOOI	206,900	0.30
19	KHOO THOMAS CLIVE	183,332	0.26
20	OCBC NOMINEES SINGAPORE PTE LTD	157,965	0.23
	TOTAL	**55,849,920**	**80.38**

SUBSTANTIAL SHAREHOLDER

	Direct interest		Deemed interest		Total	
Name of shareholder	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**
JANET LC TAN	42,636,039	61.36	–	–	42,636,039	61.36

ANALYSIS OF OUTSTANDING UNEXERCISED WARRANTHOLDINGS

AS AT 23 MARCH 2022

DISTRIBUTION OF OUTSTANDING UNEXERCISED WARRANTHOLDINGS AS AT 23 MARCH 2022

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Outstanding Unexercised Warrants	% of Outstanding Unexercised Warrants
1 – 99	2,373	55.72	75,469	2.09
100 – 1,000	1,540	36.16	504,966	13.97
1,001 – 10,000	315	7.39	720,456	19.93
10,001 – 1,000,000	31	0.73	2,313,373	64.01
1,000,001 and above	0	0.00	0	0.00
TOTAL	**4,259**	**100.00**	**3,614,264**	**100.00**

TWENTY LARGEST OUTSTANDING UNEXERCISED WARRANTHOLDERS

No.	Name of Outstanding Unexercised Warrantholder	No. of Outstanding Unexercised Warrants	% of Outstanding Unexercised Warrants
1	DBS NOMINEES PTE LTD	619,232	17.13
2	CITIBANK NOMINEES SINGAPORE PTE LTD	571,328	15.81
3	MAYBANK SECURITIES PTE. LTD.	230,161	6.37
4	SEOW MING LIANG	120,733	3.34
5	PHILLIP SECURITIES PTE LTD	112,697	3.12
6	OCBC SECURITIES PRIVATE LTD	90,764	2.51
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	74,301	2.06
8	LIM AND TAN SECURITIES PTE LTD	64,709	1.79
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	43,769	1.21
10	OCBC NOMINEES SINGAPORE PTE LTD	39,374	1.09
11	UOB KAY HIAN PTE LTD	38,968	1.08
12	LOO KIM LIAN	35,800	0.99
13	RAJENDRAM SO C MAHALINGAM	34,750	0.96
14	ABN AMRO CLEARING BANK N.V.	25,225	0.70
15	CHEE SEE GIAP @ SIN CHIEN	25,000	0.69
16	TAN HWEE LANG	23,604	0.65
17	LEE MING YAU	20,016	0.55
18	LEE KIM KIOK	18,189	0.50
19	CHIA CHENG TIAM	18,000	0.50
20	LIM POH KHIM	16,666	0.46
	TOTAL	**2,223,286**	**61.51**

Exercise Period	Commencing on 15 January 2022, 9 a.m. and expiring on 8 April 2022, 5 p.m. (both dates included). As at 23 March 2022, 11,003,729 warrants had been exercised. The above table shows the distribution of 3,614,264 outstanding unexercised warrants as at 23 March 2022.
Exercise Price	S$0.08 in cash for each share on the exercise of a warrant.
Warrant Agent	M & C Services Private Limited 112 Robinson Road #05-01, Singapore 068902

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be convened and held by way of electronic means on Thursday, 28 April 2022 at 3.00 p.m. to transact the following business:–

Routine Business

1 To receive and adopt the financial statements of the Company for the year ended 31 December 2021 together with the directors' statement and auditors' report thereon.

(Resolution 1)

2 To declare a final one-tier tax exempt dividend of 0.5 Singapore cent per share and a special one-tier tax exempt dividend of 4.8 Singapore cent per share for the financial year ended 31 December 2021.

(Resolution 2)

3 To approve directors' fees of S$200,000.00 for the financial year ended 31 December 2021 (2020: S$170,000.00).

(Resolution 3)

4(a) To re-elect Ms Irene Tay Gek Lim, a director who will retire by rotation pursuant to regulation 91 of the Constitution of the Company and who, being eligible, will offer herself for re-election. *[See Explanatory Note (a)]*

(Resolution 4(a))

4(b) To re-elect Mr Gurbachan Singh, a director who will retire by rotation pursuant to regulation 91 of the Constitution of the Company and who, being eligible, will offer himself for re-election. *[See Explanatory Note (a) and (b)]*

(Resolution 4(b))

5 To re-appoint Baker Tilly TFW LLP as auditors of the Company and to authorise the directors to fix their remuneration.

(Resolution 5)

Special Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:–

6 Authority to allot and issue shares

(a) That pursuant to Section 161 of the Companies Act 1967 ("Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF **ANNUAL GENERAL MEETING**

(b) notwithstanding the authority conferred by the shareholders may be ceased to be in force, issue shares in pursuance of any Instruments made or granted by the directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time this resolution is passed, after adjusting for:

(aa) new shares arising from the conversion or exercise of convertible securities;

(bb) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(cc) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

and adjustments in accordance with (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution; and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. *[See Explanatory Note (c)]*

(Resolution 6)

7 Renewal of Share Buyback Mandate

That:

(a) for the purposes of the Companies Act, the exercise by the directors of the Company ("Directors") of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) market purchase(s) ("Market Purchase") on the SGX-ST; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchase(s) ("Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

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

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

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

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

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

(ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Highest Last Dealt Price;

"Maximum Limit" means the number of issued Shares representing 10% of the total number of issued Shares of the Company as at the date of the passing of this Resolution;

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchase is made;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

NOTICE OF **ANNUAL GENERAL MEETING**

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

"Market Day" means a day on which the SGX-ST is open for trading of securities.

(d) any Director be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. *[See Explanatory Note (d)]*

(Resolution 7)

8 To transact any other business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

HUE SU LI/GRACE CP CHAN
COMPANY SECRETARIES

Singapore,
8 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:–

1. The annual general meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the SGX website at the URL https://www.sgx.com/securities/company-announcements. This Notice will also be made available on the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html.

2. Alternative arrangements relating to attendance at the annual general meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the annual general meeting, addressing of substantial and relevant questions at the annual general meeting and voting by appointing the Chairman of the Meeting as proxy at the annual general meeting, are set out in the accompanying Company's announcement dated 8 April 2022. This announcement may be accessed at the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. Due to the current Covid-19 situation in Singapore, a member will not be able to attend the annual general meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the annual general meeting if such member wishes to exercise his/her/its voting rights at the annual general meeting. The accompanying proxy form for the annual general meeting may be accessed at the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 18 April 2022.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be (i) if submitted by post, deposited at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 or (ii) if submitted electronically, email to GPD@mncsingapore.com, by 3.00 p.m. 25 April 2022, not less than 72 hours before the time appointed for holding the annual general meeting, and in default the instrument of proxy shall be treated as invalid.

   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.

6. The Annual Report 2021 and the Letter to Shareholders dated 8 April 2022 (in relation to the proposed renewal of the share buyback mandate) may be accessed at the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html, or at the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Explanatory Notes:–

(a) Detailed information on the directors who are proposed to be re-elected can be found under the sections entitled "Board of Directors", "Corporate Governance Statement" and "Additional Information on Directors Seeking Re-appointment" of the Company's Annual Report 2021.

(b) Mr Gurbachan Singh, if re-elected as a director, will remain as a member of the Audit Committee and Remuneration Committee and will be considered as an Independent Director.

(c) The ordinary resolution set out in item 6 above, if passed, will empower the directors from the date of the above meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities which the directors may issue under this resolution would not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed.

(d) The Ordinary Resolution in item 7 above, if passed, will renew the Share Buyback Mandate authorising the directors of the Company, from time to time, to buy back shares of the Company by way of market purchase(s) and/or off-market purchase(s) subject to and in accordance with the prescribed rules and regulations governed by the Companies Act, the Listing Manual and such other laws and regulations as may for the time being applicable. Please refer to Letter to Shareholders dated 8 April 2022 for details.

NOTICE OF **ANNUAL GENERAL MEETING**

RECORD DATE AND PAYMENT DATE FOR DIVIDEND

NOTICE IS HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on 10 May 2022 for the purpose of determining members' entitlements to the final one-tier tax exempt dividend and special one-tier tax exempt dividend to be approved by members at the Company's annual general meeting to be held on 28 April 2022.

Duly completed transfers received by the Company's Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 10 May 2022 will be registered before entitlements to the dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 May 2022 will be entitled to the dividend.

The dividend, if approved at the Company's annual general meeting, will be paid on 25 May 2022.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing the Chairman of the Meeting to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines.

A-SONIC AEROSPACE LIMITED
(Incorporated In The Republic Of Singapore)
Company Registration No. 200301838G

PROXY FORM

This Proxy Form has been made available on the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A printed copy of this Proxy Form will not be sent to members.

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2022.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2022.

I/We ________________________________ NRIC/Passport/Co. Reg. No. ____________________

of ____

being a member/members of A-Sonic Aerospace Limited hereby appoint:

the Chairman of the Meeting

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be convened and held by way of electronic means on Thursday, 28 April 2022 at 3.00 p.m. and at any adjournment thereof.

I/We have indicated with a tick "✓" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the relevant resolution, please tick (✓) within the relevant box provided below. Alternatively, if you wish the Chairman of the Meeting to exercise some of your votes "For" and some of your votes "Against" the relevant resolution and/or to abstain from voting on the relevant resolution, please insert the number of votes "For", the number "Against" and/or the number "Abstain" in the relevant boxes provided below. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)

No.	Resolutions	For	Against	Abstain
Ordinary Business				
1	To receive and adopt the financial statements of the Company for the year ended 31 December 2021 together with the directors' statement and auditors' report thereon			
2	To declare a final and a special one-tier tax exempt dividend			
3	To approve directors' fees			
4(a)	To re-elect Ms Irene Tay Gek Lim as director			
4(b)	To re-elect Mr Gurbachan Singh as director			
5	To re-appoint Baker Tilly TFW LLP as auditors and to authorise the directors to fix their remuneration			
Special Business				
6	To authorise the directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967			
7	To approve the proposed renewal of the Share Buyback Mandate			

Dated this _______ day of _________________ 2022

Total Number of Ordinary Shares Held

____
Signature(s) of Member(s) or Common Seal of Corporate Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2 Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2022.

3 The Chairman of the Meeting need not be a member of the Company.

4 The instrument appointing the Chairman of the Meeting as a proxy must be (i) if submitted by post, deposited at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 or (ii) if submitted electronically, email to GPD@mncsingapore.com, by 3.00 p.m. 25 April 2022, not less than 72 hours before the time appointed for holding the AGM, and in default the instrument of proxy shall be treated as invalid.

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.

5 The instrument appointing the Chairman as a proxy must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer of the corporation.

6 Where an instrument appointing the Chairman of the Meeting as a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7 The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as a proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A-SONIC AEROSPACE LIMITED
Co. Reg. No. 200301838G

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