

ANNUAL REPORT
2023

NERA

GENERATING
ENDURING VALUE
& EMPOWERING BUSINESSES

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GENERATING ENDURING VALUE AND *EMPOWERING BUSINESSES*



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



CHAIRMAN AND CEO STATEMENT



ECONOMIC BACKDROP

Global economic growth slowed in 2023 due to headwinds outlined above.

While these challenges still persist, the International Monetary Fund expects global economic growth to accelerate to 3.1% in 2024 from 2.9% in 2023. Despite inflation cooling faster than expected in most regions, the stage appears set for conducive business recovery. However, given the current geopolitical situation, the outlook remains uncertain and challenging.

Dear Shareholders,

On behalf of the Board of Directors (“the Board”), we are pleased to present the Annual Report and Financial Statements of Nera Telecommunications Ltd (“NeraTel” or the “Group”) for the year ended 31 December 2023 (“FY2023”).

Even as the world recovers from the pandemic, new challenges have emerged. Demand remained subdued as clients maintained a cautious approach towards expenditure, a direct consequence of higher interest rates, inflationary pressures and geopolitical uncertainties.

Against this backdrop, it gives us great pride to report that for FY2023 we recorded a profit after tax of \$5.7 million on higher revenue, a sharp reversal from FY2022’s and FY2021’s net losses. Even as our performance improved, we strengthened our balance sheet, successfully reversing from a net debt position to a net cash position.

In view of the improved performance, the Board has proposed a first and final dividend of 0.5 Singapore cent per ordinary share.

Behind the numbers is a tale of grit and gumption as the NeraTel team worked tirelessly to tighten deal qualification, improve our working capital and extend our service portfolio. In this regard, our teamwork and cohesion have gained further momentum after we relocated to our new corporate headquarters at Tai Seng Avenue in Singapore in January 2023. The concept and layout of the new premises encourage closer collaboration of different teams across multiple locations, supported by updated IT technology.

Our FY2023 financial performance clearly reflects the early fruits of our turnaround strategies, and we are confident that – despite lingering uncertainties in the operating environment – the worst is behind us.

Let us first elaborate on our financial performance in the year under review.

Global demand for cybersecurity services is expected to grow by 12.3% per year from 2023 to 2030¹, amid an exponential increase in cybercrimes as more data is stored online, while the adoption of 5G technology has inadvertently led to new vulnerabilities and potential security breaches for hackers.

Demand for IT services will also remain healthy, buoyed by global corporate expenditure which is expected to grow at a compound annual rate of 7.2% from 2022 to 2026². More recently, there has been growing awareness among corporations that they need to re-evaluate their IT strategies to emphasise artificial intelligence (“AI”). Hardware and software including servers and network infrastructure will need to be upgraded to prepare for the adoption of generative AI in the near future.

In response, NeraTel has enhanced its cybersecurity capabilities and is proactively engaging leading technology partners to offer AI-enabled solutions to seize opportunities within these growing industries.

FINANCIAL HIGHLIGHTS

Revenue for FY2023 rose 6.9% to \$141.7 million compared to \$132.5 million the previous year, mainly due to higher contributions from the Government, Transport and Utility (“GTU”) and Enterprise (“ENT”) segments.

Revenue from Network Infrastructure (“NI”) solutions rose 10.0% to \$113.4 million from \$103.1 million in FY2022, driven by higher contributions from Singapore, Indonesia, as well as Europe, the Middle East and Africa (“EMEA”). Meanwhile, revenue from Wireless Infrastructure Network (“WIN”) solutions stood at \$28.3 million from \$29.4 million a year earlier, resulting from lower contributions from EMEA.

FY2023 gross profit rose to \$31.2 million, a 5.6% increase from \$29.6 million in FY2022, while FY2023 gross profit margin stood at 22.0% compared to 22.3% in FY2022.

1 Source: <https://www.grandviewresearch.com/industry-analysis/cyber-security-market>

2 Source: <https://www.gartner.com/en/documents/4013852>

CHAIRMAN AND CEO STATEMENT

The Group recorded a profit after tax of \$5.7 million for the year, after posting a loss after tax of \$7.3 million in FY2022. This was attributable to other income of \$3.7 million, including proceeds of \$6.3 million from the sale of the Group's former headquarters at 109 Defu Lane 10 that was completed in January 2023. This compared to other expenses of \$3.9 million in FY2022, and deferred tax assets adjustment that arose from deductible temporary differences and unused tax losses.

As of 31 December 2023, the Group's cash and cash equivalents increased to \$20.6 million from \$18.2 million a year ago. NeraTel also strengthened its balance sheet, achieving a net cash position of \$8.6 million for FY2023, a significant improvement of \$11.4 million from a net debt position of \$2.8 million a year ago.

DIVIDEND

In appreciation of our shareholders' support through this challenging year, the Board has proposed a first and final cash dividend of 0.5 Singapore cent per ordinary share.

Subject to shareholders' approval at the upcoming Annual General Meeting, this dividend will be distributed on 31 May 2024.

OUTLOOK

Our return to profitability notwithstanding, we are not resting on our laurels. Our transformation remains ongoing. The operating landscape remains uncertain amid geopolitical tensions, potentially slower economic growth in some regions where we operate, supply chain disruptions and inflationary pressures.

We have set a solid foundation to adapt and innovate in response to these external pressures. Looking ahead, we will accelerate the following strategies:

- i) Continuing to improve deal qualification to secure high-value projects that deliver better margins and minimise collection risks.

Already, the Group has secured two strategic projects subsequent to the reporting period. The first was a \$10 million project in January 2024 to implement infrastructure across 30 sites for a leading Southeast Asian service provider's digital economy operations. For the second, we are participating in a consortium that secured a \$20 million project in February 2024 to revamp Singapore's bus ticketing depot system.

Building upon this foundation, we will continue to strengthen our project pipeline with projects that align with NeraTel's strategic objectives.

- ii) Diversifying our customer base from the telco sector to enterprises in the Financial Services Industry, utilities, Oil & Gas, and transportation sectors.
- iii) Moving up the value chain to offer more services to our customers, with a focus on AI-enabled solutions including Cybersecurity and Enterprise Service Management.

Combined with our stronger balance sheet and our ongoing efforts to improve internal efficiencies, we will continue prioritising our growth strategies to further improve our performance in FY2024.

NURTURING COMMUNITIES

In seeking corporate success, NeraTel has never forgotten to give back to the community. The Group empowers its global team to commit to supporting sustainable or charitable causes.

In Singapore, NeraTel has a long-standing partnership with our adopted charity, Dover Park Hospice. We recognise the importance of a holistic approach to palliative care, especially in an ageing society like Singapore. On top of financial donations, the Group prepared and distributed handmade care packs, gifts and notes during National Caregivers' Day in February, National Day and gave out ice cream during Christmas, bringing cheer and support to patients and caregivers.

The Group has also taken steps to further its commitment to sustainability. During FY2023, we streamlined and upgraded our fleet of maintenance and support vans from five internal combustion vehicles to just one, while adding two electric vehicles. The transition will help reduce our carbon footprint.

Whether it is championing social, environmental or other causes, we adopt an ethos of consistent effort across the Group. Indeed, NeraTel encourages each staff or team to contribute to making a positive, long-term impact on the communities we serve.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to thank all our customers, business partners and suppliers for their ongoing support. We would also like to extend our deep appreciation to all NeraTel employees or "Nerators" as we call ourselves, including the management team. NeraTel would not be where we are today without their hard work, unwavering dedication and loyalty.

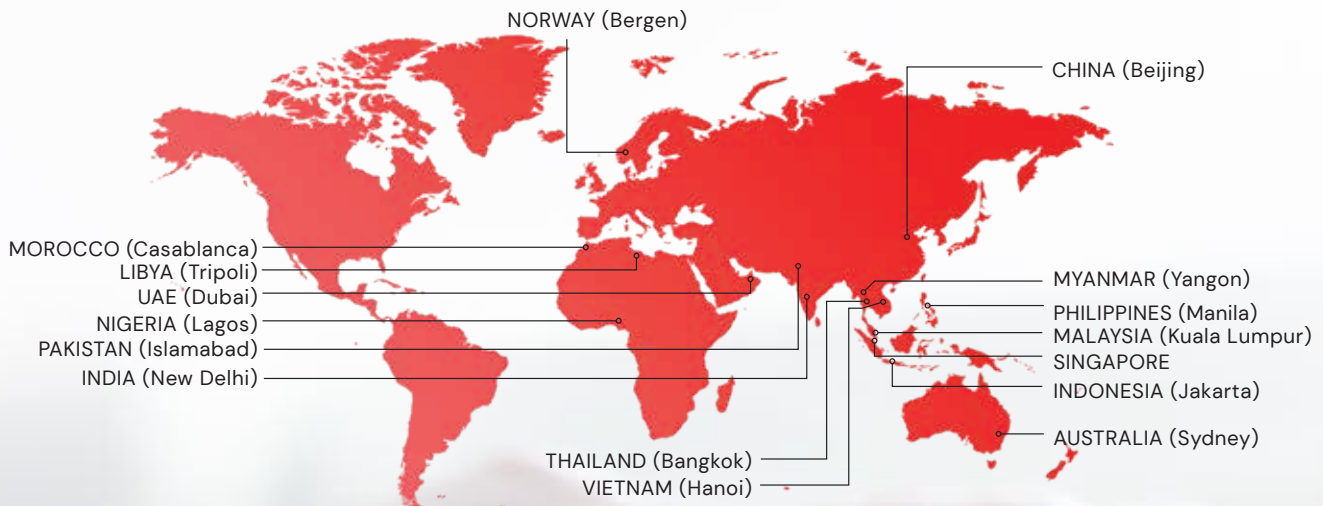
We would also like to thank our directors for their counsel and guidance throughout the year. The Board expresses its sincere appreciation to Dr Lim Puay Koon, who served as Chairperson of the Board.

We wish to take this opportunity to express our heartfelt gratitude to all our shareholders for their trust and continued faith in our long-term vision, and we remain committed to creating enduring value for all our stakeholders.

MR BASIL CHAN
Chairman

MR CHONG HOI MING
CEO

GEOGRAPHICAL PRESENCE



NAME OF NERA TELECOMMUNICATIONS LTD SUBSIDIARY COMPANIES

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

SUBSIDIARIES OF NERA NETWORKS (S) PTE LTD

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

REPRESENTATIVE OFFICE

- Nera Telecommunications Ltd, Beijing, Representative Office, China

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

* *Chairman, Independent Director*

** *Executive Director and Chief Executive Officer*

*** *Independent Director*

**** *Non-Executive Director*

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Basil Chan, Chairman
Ms Kay Pang Ker-Wei
Mr Tommy Teo Zhi Zhuang

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

COMPANY SECRETARY

Ms Gn Jong Yuh Gwendolyn

REGISTERED OFFICE

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

REGISTRARS AND SHARE TRANSFER OFFICE

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

AUDITORS

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

PRINCIPAL BANKERS

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

BOARD OF DIRECTORS



MR BASIL CHAN

- Chairman of the Board since 7 August 2023
- Chairman, Audit and Risk Management Committee since 18 March 2020
- Independent Director since 18 March 2020
- Member, Nominating Committee since 28 February 2022
- Member, Remuneration Committee since 7 August 2023
- Last re-elected on 29 May 2020

Mr Basil Chan is the Founder and Managing Director of MBE Corporate Advisory Pte Ltd. He was a Council Member and Board Director of the Singapore Institute of Directors ("SID") from 2002 to 2013 and was formerly a member of SID's Audit Committee Chapter. He was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code. He was previously a member of the Accounting Standards Committee of the Institute of Certified Public Accountants of Singapore ("ICPAS"), formerly a member of the Audit and Assurance Standards Committee of the Institute of Singapore Chartered Accountants ("ISCA", formerly known as "ICPAS") and was formerly the Deputy Chairman of the Corporate Governance Committee of ISCA. He has been re-appointed as member on the Audit and Assurance Standards Committee of ISCA.

Mr Chan has more than 40 years of audit, financial and general management experience having held senior financial positions in both private and listed companies. Mr Chan is also an Independent Non-Executive Director on the Boards of several publicly listed companies on the Singapore Stock Exchange namely Grand Banks Yachts Limited and Broadway Industrial Group Limited. In the last three years, he previously sat on the Boards of AEM Holdings and Memories Group Ltd.

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



MS KAY PANG KER-WEI

- Independent Director since 23 December 2022
- Chairperson, Nominating Committee since 23 December 2022
- Chairperson, Remuneration Committee since 7 August 2023
- Last re-elected on 28 April 2023

Ms Kay Pang is a lawyer with 25 years of expertise in legal, corporate governance and technology.

She is the VP, APAC Legal at AVEVA, a global industrial software company that is part of Schneider Electric. Her previous roles include being the Global Compliance Officer at VMware Inc, APAC Head Legal at Cloudera Inc and APAC Head Legal at Hewlett-Packard Enterprise. She also practiced litigation with Drew & Napier LLC and corporate law with Shook Lin & Bok LLC in Singapore.

Kay also serves as a board member and honorary legal advisor to the Singapore Heart Foundation; Fellow at QED Changemakers, a private think tank in Singapore; and Mentor at the NUS Lee Kuan Yew School of Public Policy and the SMU Institute of Innovation and Entrepreneurship.

Kay has deep experience in business dynamics and a strong ability in guiding senior leadership as they navigate complex challenges in change management, digital transformation, acquisitions, governance and regulatory requirements, legal disputes, and more.

She is qualified as a Barrister-at-law in England and an Advocate & Solicitor in Singapore, and is an alumna of the University of Sheffield, Cardiff University and the National University of Singapore. She also attained prestigious business qualifications from Stanford, MIT, Oxford University; and directorship and corporate governance certifications from INSEAD and the Singapore Institute of Directors.

BOARD OF DIRECTORS



MR CHONG HOI MING

- Executive Director since 7 February 2022
- Chief Executive Officer since 7 February 2022
- Last re-elected on 28 April 2023

Mr Chong Hoi Ming is the CEO of the Company and is responsible for the overall performance of the Group. He has 30 years of experience in corporate leadership, including change and general management, and senior management experience in handling specialist IT infrastructure solutions, applications and services in international, multi-cultural environments.

Prior to joining Nera, he worked in various capacities at Dimension Data Asia-Pacific Pte Ltd ("Dimension Data"), 3D Networks Pte Ltd, BMC Software (M) Sdn Bhd, Global IM-PACT (now known as Silverlake Innovation Partners Sdn Bhd), IBM Malaysia and Mesiniaga Berhad.

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



MR TOMMY TEO ZHI ZHUANG

- Non-Executive Director since 27 February 2018
- Member, Audit and Risk Management Committee since 19 April 2018
- Last re-elected on 28 April 2023

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

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



MR WONG CHEE-YANN

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

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

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

SENIOR MANAGEMENT

MS TAN GEOK LENG JACQUELINE is the Chief Financial Officer. She is responsible for financial and reporting matters for the Group and supports the Group's investor relations. She has more than 20 years of experience in finance and accounting in various industries such as telecommunications and information technology, packaging, property development, ship repair and electronics manufacturing. Ms Tan holds an honours degree in Commerce from Flinders University of South Australia. She is also a member of CPA Australia.



MR ALEX LOH WENG LEONG is the Senior Vice President, Sales (APAC). He is responsible for the Group's business operations, sales and profitability in the APAC region. An expert in sophisticated network-system models, Mr Loh has a solid track record in driving business growth, backed by strong business acumen honed over a career spanning more than 20 years in the IT industry. He currently serves as the Secretary of PIKOM, the National Tech Association of Malaysia and chairs its Cybersecurity Chapter. Mr Loh received both his MBA and Bachelor's degrees in Finance from Oklahoma City University.



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

MR LIM KOK QUEE is the Group Solutions Head and Country Manager of Singapore. He brings with him over 30 years of experience in multinational companies and large local enterprises, more than half of it in the Tech Industry. He has vast experience in APAC Sales and Business Management with P&L responsibility, including reviewing and streamlining processes, driving business expansion, setting up new business verticals and forging many strategic partnerships. Mr Lim holds a Bachelor's degree in Computer Science from Goldsmiths, the University of London.



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



MR PHIL JEON is the Vice President of Cybersecurity and oversees the development and execution of the Group's Cybersecurity strategy, including its go-to-market planning across APAC and EMEA regions. He is responsible for guiding the implementation of Cybersecurity services and solutions including consulting, technology and Managed Security Services. With nearly 30 years of operational and leadership experience in the IT industry, Mr Jeon specialises in Cybersecurity, IT/OT governance, risk management, compliance and sales enablement. He holds a Bachelor's degree in Electronics Engineering from Myongji University, South Korea.



BUSINESS LINES



The rise of Artificial Intelligence (“AI”) technology has unleashed a wave of new and innovative solutions. Many software and hardware players are racing to introduce equipment and products to support this trend sweeping across the IT landscape. Corporations are once again faced with the challenge of transforming their businesses to harness the potential of AI in order to remain competitive and future-proof.

NeraTel aims to be a partner for organisations navigating the complex journey of integrating AI into their businesses. With more than 45 years of experience in designing and building best-in-class products and solutions, combined with a strong network of technology partners, we offer customers flexible, bespoke frameworks, providing a strong platform of tools and processes that are key to the success of our customers’ digital transformation journeys and growth strategies.

5G Technology and Internet of Things (IoT)

The global rollout of 5G has accelerated in recent years, paving the way for the integration of IoT devices and heralding a new era for Smart Cities, intelligent building management systems, autonomous vehicles, and virtual/augmented reality. Further enhanced with AI, these solutions will unleash new possibilities and transform the way we interact with the world.

With a proven track record in building robust network infrastructure for 5G services, IoT deployments and AI integration, we incorporate cutting-edge technologies to offer comprehensive solutions tailored to meet the diverse needs of telecommunications service providers and key industries. From network deployment and cybersecurity integration, to terminal devices and industry-specific solutions, we ensure seamless connectivity, security and interoperability for our customers, allowing them to achieve shorter time-to-market, lower capital and operational expenses, and unlock boundless possibilities for growth and success in the dynamic landscape of 5G technology.

Cybersecurity

The need for robust cybersecurity solutions has never been more pressing, with the number of cyber-attacks continuing to rise exponentially as hackers harness AI to increase the sophistication of their attacks. Corporations need to adopt more proactive measures such as continuous monitoring to detect malicious activities, conduct effective investigations and quickly respond to any security incident.

Incorporating AI-enabled cybersecurity solutions will further fortify against evolving threats by automating surveillance and response mechanisms, significantly reducing the risk of a breach.

BUSINESS LINES

Looking ahead, we will continue to offer industry-leading security solutions ranging from network, endpoint, data, application and OT/IoT security to dynamically adapt and stop cyber-attacks without disrupting business operations.

To meet growing demand, we have expanded our cybersecurity portfolio, incorporating AI and machine learning technologies for Automated and Orchestrated Zero-Touch Cybersecurity, Identity Cybersecurity, Cloud Cybersecurity and Extended Detection and Response-based (XDR-based) Zero Trust Cybersecurity.

We are also actively collaborating with leading technology partners in this domain to deliver AI-enabled cybersecurity solutions. Our cybersecurity services can be bundled with our other offerings, ranging from security strategy and architecture consulting, security risk and compliance assessment, Vulnerability and Penetration Testing (VAPT) and managed security services. These help bolster our customers' protection against cyber threats and significantly strengthen their security posture.

IP Network

With hybrid work becoming the new normal, networking plays an even greater and more important role in ensuring operations are not disrupted and teams remain productive. As many of our customers continue to move towards programmable and automated network operations, we recognise that it can be a challenge to manage, orchestrate, and secure this complex transition.

We offer a comprehensive approach to network management, providing a suite of services including assessment, design and implementation, migration as well as network support and maintenance services. These enable our customers to gain real-time insights into their IT infrastructure to optimise performance, enhance security and plan for future growth. Additionally, our approach allows them to get the most from their upgraded network infrastructure and reap the benefits of 24/7 assistance, proactive monitoring and automatic updates.

In line with our efforts to deliver enduring value to our customers, we have taken the strategic step to establish partnerships with leading technology leaders to offer a suite of AIOps solutions to automate tasks, improve network management, security and efficiency. These solutions reduce the need for human intervention and allow our customers to gain valuable insights into network behaviour in real-time, enabling them to resolve potential issues quickly and make data-driven decisions with confidence.

Optical Networks

The preferred choice for transmitting high amounts of data ranging from terabytes to petabytes, NeraTel provides enterprise and carrier-grade optical network solutions to a diverse customer base.

Our comprehensive optical services consist of assessment, design and implementation, support and maintenance services, which help our customers unlock the full potential of their optical infrastructure and ensure peak performance and efficiency in today's data-driven world. We also help them safeguard their networks by providing reliable support to ensure consistent uptime and seamless operations.

Additionally, we offer solutions such as Fibre to the Home (FTTH), Fibre to the Office (FTTO) and Fibre to the Machine (FTTM) to cater to the needs of various industries, offering ultra-high bandwidth and reliability while maintaining energy efficiency. Optical Ethernet, Dark Fibre and Wavelength Division Multiplexing (WDM & DWDM) further enhance our customers' network capabilities, giving them complete control over their network infrastructure.

This broad suite of optical networking products aims to provide our customers with seamless and value-added solutions to enable higher data throughput, better latency and quality of service in their digitised network.

Cloud and Hybrid Cloud

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

BUSINESS LINES

Our Cloud and Hybrid Cloud services include assessments to evaluate existing infrastructure and strategy, infrastructure and cloud tenant migration. We also provide cloud connectivity for robust connection between on-prem and cloud resources, IT governance and license optimisation for the efficient management of software licences in cloud environments.

Microwave Transmission

Engineered with state-of-the-art technology, our Evo series microwave radio features a software-defined core, providing unparalleled versatility by supporting a wide range of microwave radio configuration for access and long-distance transmission on a unified product platform. Fully equipped and 5G-ready, it meets the rigorous demands of high capacity and low latency requirements in modern 5G networks and future 6G deployment.

Enterprise Service Management (ESM)

ESM is a cornerstone of modern organisational architecture, serving as a catalyst for operational excellence and fostering unparalleled customer and employee experience.

In today's dynamic business landscape, where agility and speed of response reign supreme, the adoption of ESM is integral for businesses striving for sustainable growth. Our comprehensive suite of end-to-end ESM services highlights our unique ability to seamlessly integrate our customers' existing systems and provide a holistic business ecosystem to give our customers an edge over their competitors.

Our ESM offerings optimise workflow processes, enhance communication channels, and elevate overall employee and customer experience. We work closely with our customers, conducting meticulous assessment, planning, and design to develop tailored strategies and implementation plans. Utilising advanced automation solutions like chatbots and self-service portals, we help them drive operational efficiency.

Designed to meet the specific requirements of our customers and accommodate their future growth plans, we establish centralised service desks to help them enforce Service Level Agreements (SLAs) and Key Performance Indicators (KPIs), while ensuring robust security measures are in place. We also provide comprehensive training and change management support to ease their transition.

Last but not least, we offer ongoing monitoring, performance optimising and reporting services to proactively identify and address issues while safeguarding against downtime. We also make sure that the implemented ESM processes are optimised for efficiency and effectiveness, with reporting and analytics capabilities to track service performance, and provide real-time insights and data-driven recommendations to support our customers.

Managed Services

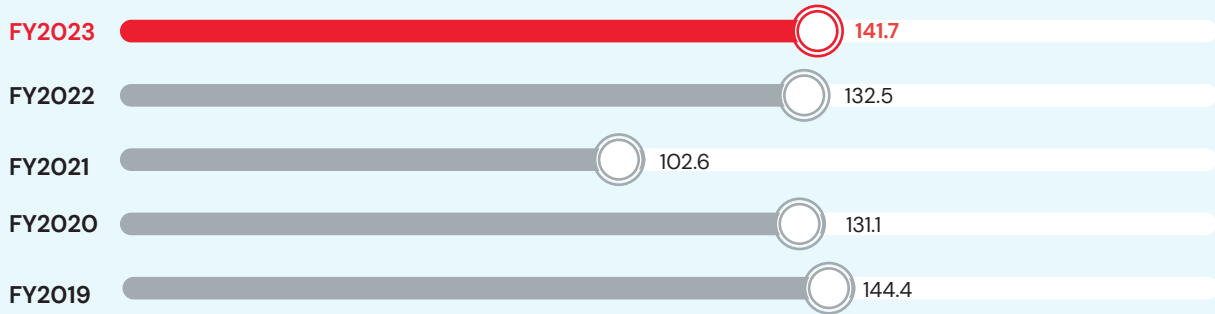
Supply chain disruptions, economic and geopolitical uncertainty, higher interest rates and the increasing complexity of IT needs have significantly accelerated the shift from reliance on standalone products or services acquired on a capital expenditure ("CAPEX") basis to comprehensive managed security services based on operational expenditure ("OPEX").

Our comprehensive managed services portfolio allows organisations to focus on their core business without hiring additional headcount or worrying about product life cycles and maintenance, reducing the strain on their balance sheets.

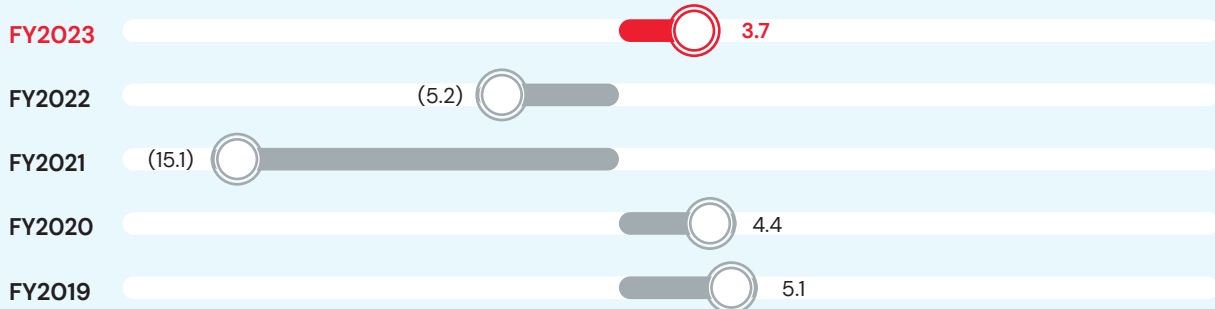
Over the years, we have established a solid track record in building Networking Operations Centres (NOCs) that bridge the digital divide by empowering those living in rural communities to seize opportunities in the digital economy and enhance their income streams. We achieve this, not only by providing quality internet connectivity to underserved areas but also providing Information and Communication Technologies (ICT) and entrepreneurial training programmes to develop human capital and enhance the socio-economic well-being of those living in these communities.

FINANCIAL HIGHLIGHTS

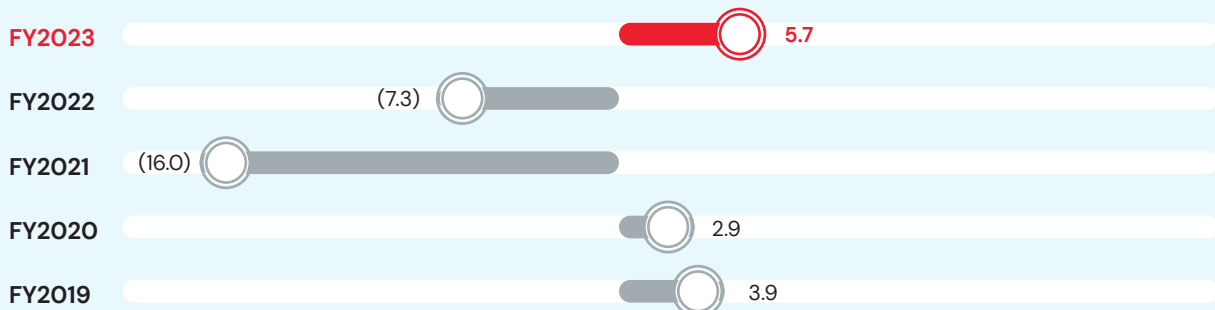
REVENUE (\$M)



PROFIT/(LOSS) BEFORE TAX (\$M)



PROFIT/(LOSS) AFTER TAX (\$M)



SUSTAINABILITY REPORT

BOARD STATEMENT

The Board of Directors (“the Board”) of Nera Telecommunications Ltd (“NeraTel”) presents this Sustainability Report (“this Report”) for the financial year ended 31 December 2023 (“FY2023”) that discusses the management of sustainability factors of NeraTel and its subsidiaries (“NeraTel Group” or the “Group”).

NeraTel’s sustainability agenda is led by the Board which oversees and ensures that the Group remains steadfast in its commitment to be a responsible and sustainable organisation, guided by the Group’s Vision, Mission, and Values.

Vision and Mission

To cultivate a sustainable, profitable and predictable enterprise that fosters the growth and fulfillment of our team, while delighting our stakeholders, driving innovation and forging enduring partnerships with integrity and respect, customer-centricity, unwavering passion, collaborative synergy, professional excellence and unparalleled quality.



We believe that the long-term success and interest of the NeraTel Group lies in its ability to create sustainable, enduring value for the Group’s stakeholders including shareholders, customers and consumers that we serve, as well as the broader community. Business sustainability and value creation across the short and long term are considered in the Board’s review of the Group’s overall business strategies, including strategies addressing sustainability factors that are material to the Group. The Board adopts a balanced approach to the Group’s pursuit of growth and profit while strategically addressing factors underlying business sustainability.

In alignment with heightened global awareness of climate-related impacts and the development of local regulations, the NeraTel Board continues to place emphasis on assessing and addressing the climate-related risks and opportunities of the Group and disclosing this Report guided by the Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD Recommendations”).

SUSTAINABILITY REPORT

In addition, the Group continues to engage with stakeholders to communicate key information and better understand their expectations and needs. We believe that such engagements allow the Group to address expectation gaps it may have with stakeholders including shareholders and investors, employees, customers, and business partners.

NeraTel, via the Management and processes established within the sustainability framework, assessed and reviewed the Group's material sustainability factors, measures taken to address them, and how well the sustainability factors are managed.

Overall, NeraTel Group's sustainability factors remained largely unchanged compared to the previous year. They are broadly categorised into 5 categories, namely the Economic, Environmental, Social, Governance, and Customer Experience Factors. We have also identified corresponding Sustainable Development Goals ("SDGs") to which we believe the Group is able to contribute.

The Board also monitors a set of sustainability key performance indicators ("KPIs") that represent an overview of the Group's overall sustainability performance for FY2023.

Sustainability factor	Key Performance Indicator	Sustainability performance		
		FY2023	FY2022	FY2021
Customer satisfaction	Market presence	16 countries across 4 continents	16 countries across 4 continents	16 countries across 4 continents
Economic	Economic value generated ¹	\$147.9 million	\$133.3 million	\$103.6 million
	Operating costs ²	\$117.1 million	\$111.5 million	\$98.7 million
	Employee benefits expenses	\$21.2 million	\$19.8 million	\$16.6 million
	Taxes to governments	\$0.9 million	\$1.3 million	\$1.2 million
	Payments to providers of capital ³	\$1.2 million	\$0.9 million	\$2.5 million
Environmental	Water consumption intensity ⁴ (m ³ per employee)	4.8	4.9	3.5
	Greenhouse Gas ("GHG") emissions (tonnes CO ₂ e) ⁵	460.6	632	553
	GHG emissions intensity ⁶ (tonnes CO ₂ e per employee)	1.4	2.2	2.4
Social	Number of workplace fatalities	0	–	–
	Number of high-consequence ⁷ work-related injuries	0	–	–
	Number of recordable work-related injuries	1	–	1
	Number of recordable work-related ill- health	0	–	–
	Average training hours per employee	7.8	4.8	9.9
	Turnover rate	29%	31%	39%
	Number of reported incidents of unlawful discrimination against employees	0	–	–
Governance	Number of fraud incidents ⁸	0	–	–

¹ Economic value generated includes revenue, other income and interest income net of government grant.

² Operating costs include cash payments to suppliers and contractors; net of employee-related costs.

³ Payments to providers of capital include dividends to all shareholders and interest paid.

⁴ Water consumption intensity calculations only considered full-time permanent employees of the Operations.

⁵ GHG emissions are calculated based on the emissions factors published by the relevant local authorities. Covers Scope 1 and Scope 2 GHG emissions.

⁶ GHG emissions intensity calculations only considered full-time permanent employees of the Operations.

⁷ High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

⁸ A fraud incident is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S\$100,000.

SUSTAINABILITY REPORT

Looking ahead, NeraTel will continue to accelerate strategies to leverage its long-standing relationships with leading technology partners to offer AI-enabled solutions, cybersecurity and Enterprise Service Management to customers. We are also ramping up our capabilities to serve a more diverse range of industries including logistics, transportation, Oil & Gas, utilities and financial services. To support these strategic focuses, sustainability management will continue to support and facilitate holistic risk management in the short and long term.

REPORTING SCOPE

This Report discloses the sustainability commitments, strategies, progress and performance of the NeraTel Group for the period from 1 January 2023 to 31 December 2023. This Report covers the Group's operations in Singapore, Malaysia, Philippines, and Indonesia (collectively referred to as "Operations") which contributed to approximately 83% (FY2022: 81%) of NeraTel Group's FY2023 revenue.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the sustainability reporting requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules and has considered the Practice Note 7.6: Sustainability Reporting Guide of the SGX-ST Mainboard Rules.

This Report has also been prepared with reference to the GRI Standards, which was chosen as it is one of the most established, widely used, and internationally recognised reporting frameworks. The GRI Content Index can be found in the Appendix of this Report.

NeraTel has also considered and identified areas where it can contribute to the SDGs of the 2030 Agenda for Sustainability Development which was adopted by all United Nations Member States in 2015 ("UN Sustainability Agenda"). Aligning the Group's sustainability factors with the selected SDGs allows us to also consider the sustainability topics in question from a broader, global perspective and assess the positive and negative impacts of our business.

In line with the growing demand for businesses to demonstrate longer-term resilience in the face of climate change and the associated risks and opportunities, we have begun to consider the TCFD Recommendations and have taken steps to align our practices with the recommendations. This Report has been prepared, guided by the TCFD Recommendations and is also aligned with SGX-ST's reporting requirements.

VERIFICATION AND REVIEW

This Report has been subjected to review by the internal auditor and has also been reviewed by the Board.

Internal verification processes are in place to validate the data and information disclosed in this Report and they are further supported by data monitoring and reporting processes and controls of the Group. Furthermore, the Group's data monitoring and reporting processes and controls also help to support the quality of data and information disclosed in this Report.

The scope of the Group's internal audit activities also includes processes which relate to the reporting of selected sustainability practices or data, as relevant.

We will consider external assurance for our future sustainability reports as such a need arises.

FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback here: corporate@nera.net.

GOVERNANCE AND REPORTING OVER SUSTAINABILITY

This year, we reviewed our governance structure to further enhance the Board and Management's roles and responsibilities, emphasising the incorporation of climate-related considerations in long-term business sustainability. The review was done with reference to the TCFD Recommendations.

The Board of NeraTel is ultimately responsible for the sustainability of the business. The Board ensures that the Group's long-term business objectives and strategies incorporate sustainability considerations, including climate-related risks and opportunities and their financial impacts on the business.

SUSTAINABILITY REPORT

Amongst others, this includes considering sustainability factors including climate change in the Board's budget review, business strategy, group-wide policies, and risk management.

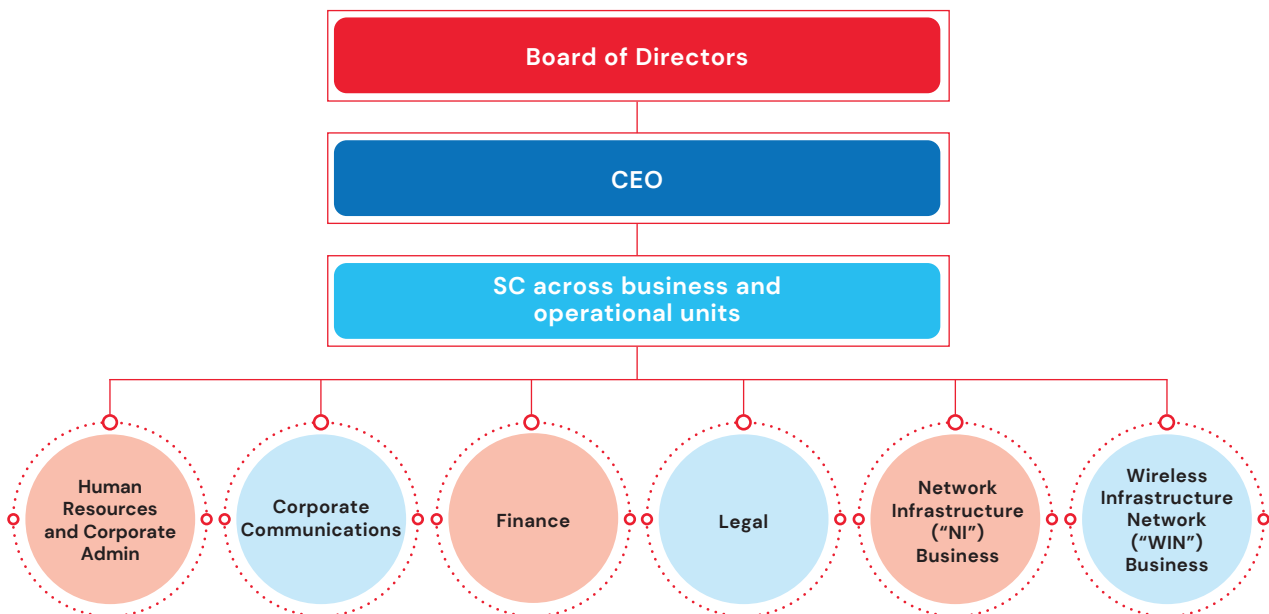
The Board is also responsible for ensuring that an effective governance structure is in place for the Group to systematically assess and manage sustainability risks and opportunities.

The Chief Executive Officer ("CEO") is responsible for leading the development of strategies to address sustainability factors, tabling them for the Board's approval, and overseeing the implementation of the sustainability strategies.

We have a Sustainability Committee ("SC") which comprises Senior Management executives and is led by the CEO. The SC sets the initiatives and targets to manage sustainability issues and drives progress through effective data collection and reporting. The SC members, through their positions as heads in their respective functions or departments, ensure that relevant sustainability strategies and action plans are carried out in these functions or departments.

The SC is also tasked to review the Group's overall engagement with stakeholders and to conduct the Group's materiality assessment on an annual basis. The materiality assessment considers sustainability factors including climate change. The SC, through the CEO, also highlights and reports significant emerging sustainability risks to the Board.

Moving forward, the SC's responsibilities will also include assessing the Group's exposure to climate-related risks and opportunities and considering strategies to enhance the Group's resilience against the possible risks and opportunities. In addition, the SC will also oversee the implementation of efforts to manage climate-related risks and capture opportunities which shall be implemented by the Senior Management.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We aim to create long-term sustainable shared values with our stakeholders. It is hence important for the Group to understand and achieve alignment of value and interest with our key stakeholders, as much as possible, to develop mutual, sustainable stakeholder relationships that are aligned with our Vision and Mission.

NeraTel Group's stakeholder engagement strategies take into consideration the various stakeholder groups and the nature of their interest or influence in the Group or the business, assessed via a stakeholder mapping process. Engagement channels are customised for each stakeholder group, allowing NeraTel to engage with them effectively and efficiently, and to suit the engagement purpose. Through the channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

The following table summarises the Group's engagement channels, frequency, and the relevant sustainability-related topics commonly discussed during the Group's engagement with its key stakeholders, namely the communities, customers, employees, regulators, shareholders, and vendors.

S/N	KEY STAKEHOLDER GROUP	ENGAGEMENT CHANNEL	FREQUENCY OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER
1	Communities	Community campaigns	Ongoing	Social inclusion
2	Customers	<ul style="list-style-type: none"> Meetings and visits Email communications Phone calls Teleconferences 	Regularly	<ul style="list-style-type: none"> Customer service Diversity, quality and safety of products Market presence
3	Employees	Staff evaluation sessions Physical/virtual town hall meetings	Annually Quarterly	<ul style="list-style-type: none"> Career development and training opportunities Job security Remuneration Workplace health and safety
4	Regulators	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange	Ad-hoc	<ul style="list-style-type: none"> Corporate governance Regulatory development towards environmental goals Workplace health and safety
5	Shareholders	<ul style="list-style-type: none"> Annual general meeting Annual reports Results announcement on SGXNET Company website Company announcement 	Annually Half-yearly Regularly When needed	<ul style="list-style-type: none"> Corporate governance Dividend payment Sustainable business performance Market valuation
6	Vendors	<ul style="list-style-type: none"> Email communications Meetings and visits Virtual events such as vendor conferences 	Regularly	<ul style="list-style-type: none"> Ability to distribute products Maintain and expand brand presence Maximise end customers' satisfaction

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

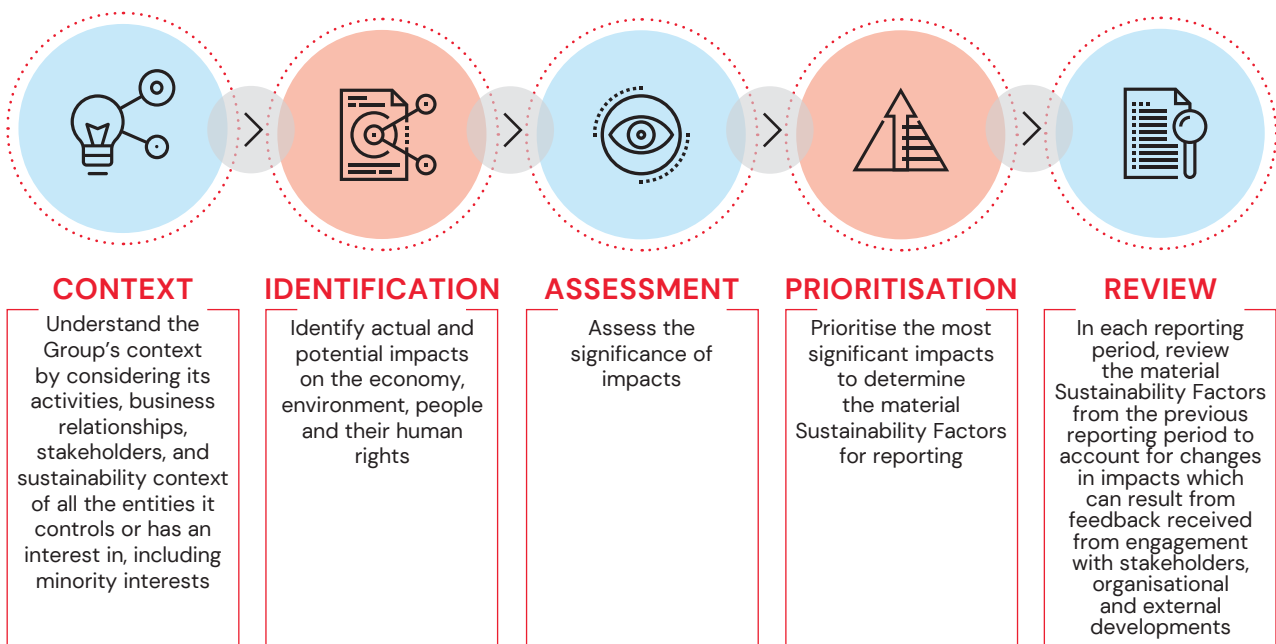
NeraTel Group determines its material sustainability factors via an annual materiality assessment process. Based on the Group’s business value chain, sustainability factors across economic, environmental, social, and governance considerations are identified and prioritised. The factors which have greater significance to the business and/or the stakeholders are determined as being material to the Group.

Value Chain

NeraTel’s business value chain can be summarised into 3 broad segments – Suppliers, Operations, and Customers.



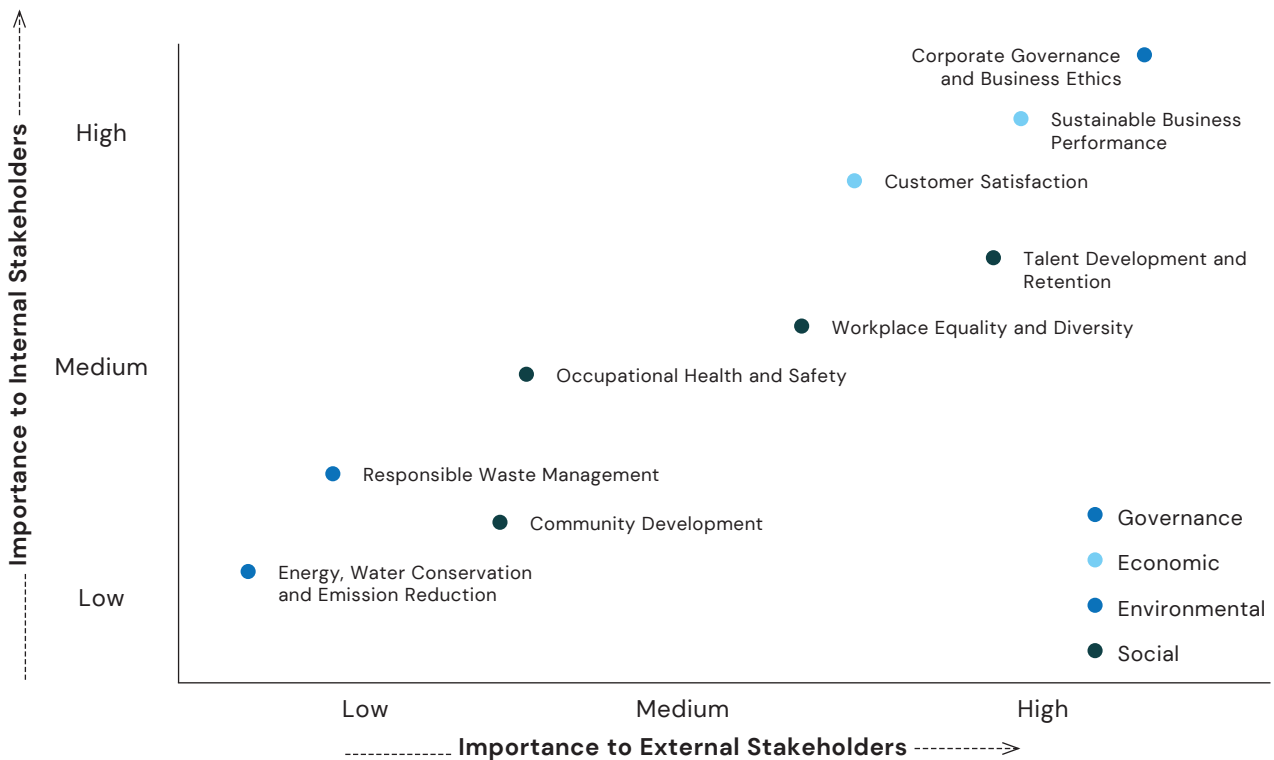
The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts (“Likelihood of Impact”) and the significance of our impacts on the economy, environment, people and their human rights, which include our contribution (negative or positive) to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



SUSTAINABILITY REPORT

A materiality assessment review for the Nera Tel Group was conducted during the year. The SC oversaw the review process and the outcome, namely the Materiality Matrix, which was then tabled to the Board. The Materiality Matrix remained similar to that adopted in the previous year.

NeraTel’s updated Materiality Matrix is illustrated as follows:



S/N	MATERIAL SUSTAINABILITY FACTOR	SDG	KEY STAKEHOLDER
CUSTOMER EXPERIENCE			
1	Total customer satisfaction	Decent work and economic growth	<ul style="list-style-type: none"> Customers Vendors
ECONOMIC			
2	Sustainable business performance	Decent work and economic growth	<ul style="list-style-type: none"> Employees Regulators Shareholders
ENVIRONMENTAL			
3	Energy, water conservation and emission reduction	<ul style="list-style-type: none"> Affordable and clean energy Clean water and sanitation 	<ul style="list-style-type: none"> Communities Shareholders
4	Responsible waste management	Responsible consumption and production	<ul style="list-style-type: none"> Communities Regulators Shareholders

SUSTAINABILITY REPORT

S/N	MATERIAL SUSTAINABILITY FACTOR	SDG	KEY STAKEHOLDER
SOCIAL			
5	Occupational health and safety	Good health and well-being	<ul style="list-style-type: none"> • Employees • Regulators
6	Talent development and retention	Quality education	<ul style="list-style-type: none"> • Employees
7	Equality and diversity in the workplace	Reduced inequalities	<ul style="list-style-type: none"> • Employees
8	Ongoing community development	Sustainable cities and communities	<ul style="list-style-type: none"> • Communities
GOVERNANCE			
9	Corporate governance and business ethics	Peace, justice and strong institutions	<ul style="list-style-type: none"> • Regulators • Shareholders

MANAGING SUSTAINABILITY FACTORS AND TRACKING PERFORMANCE

Strategies or initiatives to address the Group's Material Sustainability Factors are developed, considering the Group's sustainability-related policies where applicable. NeraTel has a Sustainability Policy that guides the Group's focus on various sustainability topics, including environmental protection and human rights, in addition to the Group's sustainability management processes such as the reporting structure, materiality assessment and management processes.

Targets for managing the Material Sustainability Factors are set for the relevant functions or departments by the SC. Relevant data collection processes are put in place to collect data and monitor indicators which are used to measure how well the Material Sustainability Factors are managed. Progress and targets are reported and deliberated at the SC's meetings.

In addition, the Material Sustainability Factors are also considered in the Group's risk management framework to ensure associated risks are identified and managed through a systematic risk management process.

CUSTOMER SATISFACTION

NeraTel's clientele comprises service providers, enterprises, government entities, transportation, and utilities companies that require infocomm solutions. Guided by our mission to deliver best-in-class solutions that elevate business values for our clients, NeraTel places emphasis on its relationship with its customers, employees, and vendors who play important roles in our business. In addition, we also focus on maintaining and continuously improving our products and solutions.

SUSTAINABILITY REPORT



Maintain presence and proximity to the customers we serve

NeraTel Group maintains a market presence across 16 countries in 4 different continents (FY2022: 16 countries, 4 continents). As we aim to gradually establish our presence in the various countries we operate in, we also strive to strengthen our visibility and market share in the Southeast Asia region where our home base, Singapore, is located. We continued to maintain our market presence in these countries.

Target for FY2023	Performance in FY2023	Target for FY2024
Maintain or improve market presence	Maintained our market presence in 16 countries across 4 different continents	Maintain or improve market presence

To ensure NeraTel has suitable channels and processes to engage with customers, the Group has established a customer relationship management system that enables effective and adequate engagement with customers for various engagement purposes such as communicating project progress, obtaining customers’ feedback, and others.

Nurture a team of highly trained and experienced employees

As a solutions provider, it is important for us to maintain a competent and empowered team to serve our clients in the planning, designing, installation, commissioning, and testing of solutions. As such, we ensure that employees across the various functions including sales, post-sales, technical and support teams possess the requisite product knowledge and technical skills to do their jobs well. All our employees are crucial enablers for NeraTel to build long-term, reliable business relationships with our clients.

Employees are required to attend professional and personal development training regularly, ensuring they not only remain at the forefront of global technological trends and advancements, but also upskill so they continue to serve our customers to the best of their abilities.

SUSTAINABILITY REPORT

Guided by our strategy, NeraTel Group continues to build a core regional team of qualified and experienced professional engineering staff that supports our local operations in the development and delivery of complex end-to-end turnkey solutions to our clients.

Further information on the Group's efforts on employee development and retention are disclosed in pages 28–29 of this Report.

Cultivate a long-term and sustainable relationship with our vendors

Our solutions are built on hardware and software sourced from various reputable international vendors, including distributors and principals with whom we maintain long-term sustainable relationships. Selecting and collaborating with capable vendors is not only important for project delivery but also crucial for NeraTel's long-term strategic growth.

We select vendors who are able to meet our requirements, such as functionality, features, quality, and safety, with a preference towards vendors with good sustainability practices. Before their appointment, due diligence and assessment processes which include track record, product and service quality, are conducted. Upon acceptance, vendors are also evaluated regularly to ensure that they are able to continue to support us in delivering value to customers and maintaining good sustainability practices.

We also have strategic vendors with whom we collaborate to develop long-term, mutually supportive relationships through which we are able to further enhance our product and technological capabilities. It allows us to gain access to a wider range of hardware and software and work together with these vendors to develop and innovate solutions for our customers.

In addition, our volume purchases allow us to secure competitive prices through discounts, rebates or pricing protection support which we can then leverage to provide our customers with value-added solutions.

Better solutions through continuous feedback and building a knowledge base

Faced with rapid technological development around the world, as well as the evolution of technological adoption that we have seen in the past years, it is paramount for NeraTel to keep up and develop new and better solutions to meet the needs and requirements of our customers.

In this regard, we have a centralised knowledge database to retain the cumulative and valuable knowledge gained from past projects such as designs, marketing strategies, used cases and lessons learned. The knowledge database supports the development of our business and employees in various ways. It serves as a database for us to understand our customers and develop better solutions and products for them. It also serves as a great source of materials to facilitate employee training, customer support, and employee onboarding. The knowledge database is stored in a secured location and accessible only by authorised personnel.

We also continue to collect feedback from customers via the established channels and touchpoints, such as our sales teams and annual customer satisfaction survey, to gather insights into the evolving needs of customers, drive product and service improvements, enhance operational improvements, and support the development of better business strategies. Customer feedback and insights gathered are discussed during regular management meetings.

Adopt market standards for the quality and safety of our products

Our operations in Singapore are certified under ISO 9001 Quality Management System, ISO 45001 Occupational Safety and Health Management, and the adoption of such international standards demonstrates our ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements.

Since December 2023, we have been Cyber Trust certified by the Cyber Security Agency of Singapore, which demonstrates our standards in terms of cybersecurity and digital safety.

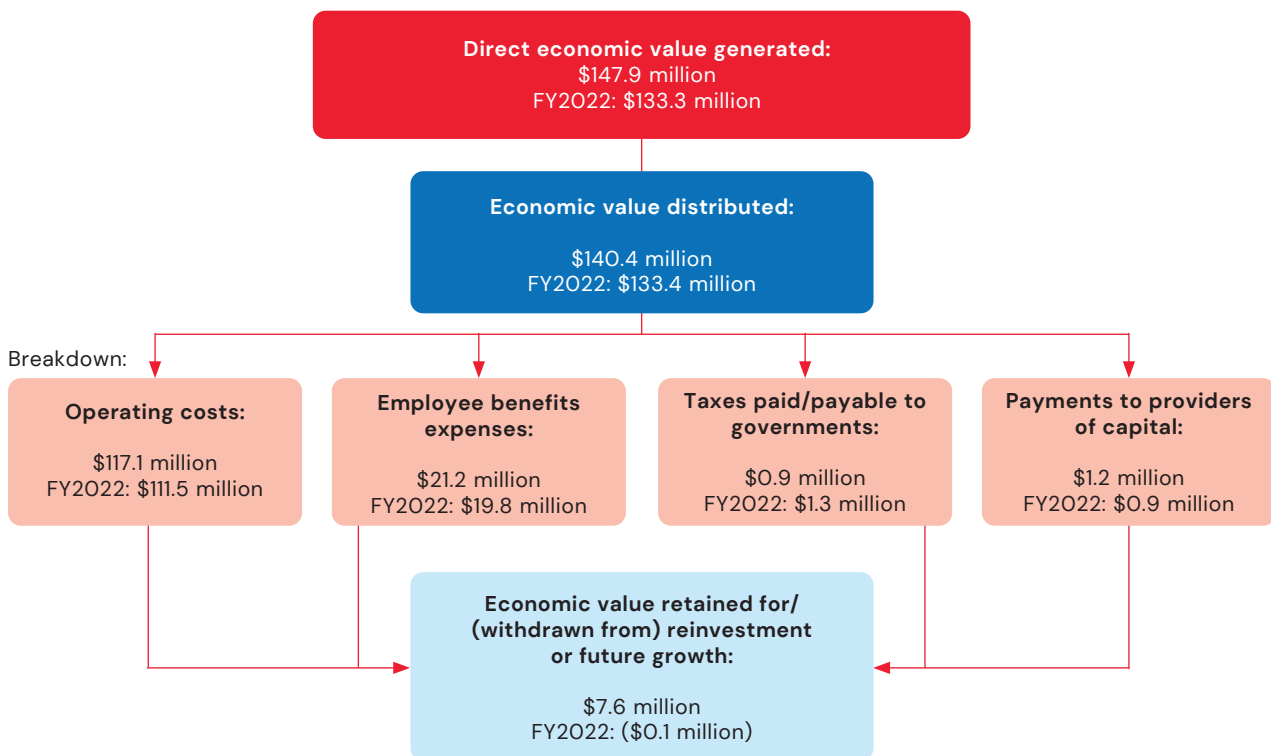
For FY2023, we targeted to maintain our adherence to the relevant market standards.

Target for FY2023	Performance in FY2023	Target for FY2024
Adhere to the market standards for the quality and safety of our products	We adhered to international standards for the quality and safety of our products	Adhere to the market standards for the quality and safety of our products

SUSTAINABILITY REPORT

SUSTAINABLE BUSINESS PERFORMANCE

NeraTel Group creates value in various forms for its stakeholders. For the financial year under review, the Group generated a direct economic value of \$147.9 million, where \$140.4 million was distributed in the form of operating costs, employee benefits expenses, taxes, and payments to providers of capital.



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

Further details of the Group’s financial performance are discussed in the Chairman and CEO Statement section in the Annual Report.

Target for FY2023	Performance in FY2023	Target for FY2024
Maintain or improve our economic value retained subject to market conditions	We reported an increase in economic value generated from \$133.3 million to \$147.9 million	Maintain or improve our economic value retained subject to market conditions

CORPORATE GOVERNANCE AND BUSINESS ETHICS

NeraTel Group’s management and business are directed through a robust corporate governance structure that is established largely in alignment with the Code of Corporate Governance 2018. Overall, the Board provides entrepreneurial leadership, sets the strategic objectives for the Group, and monitors and reviews the Group’s overall progress against the objectives. Meanwhile, the corporate governance structure supports the Board’s delivery of its fiduciary duties to act in the best interests of NeraTel.

The specific roles and responsibilities of the Board, its Committees, the CEO, and the Senior Management are delineated in relevant governance documents such as the Terms of Reference of the Board Committees.

SUSTAINABILITY REPORT

The Board also oversees a framework of risk management and internal controls that enables a systematic approach towards Enterprise Risk Management (“ERM”). The ERM framework sets out the processes through which the Group identifies, assesses, prioritises, and manages risks, including sustainability and climate-related risks. The Audit and Risk Management Committee assists the Board in assessing the adequacy and effectiveness of the risk management and internal control system.

Further details of NeraTel’s corporate governance structure and the risk management and internal control system are available in the Corporate Governance Report of the Annual Report.

Our overall Singapore Governance and Transparency Index (“SGTI”) score assessed by the National University of Singapore Business School was 88 for FY2023 (FY2022: 82).

Anti-corruption

An employee handbook is in place to provide guidance to employees on the Group’s work culture and acceptable conduct at work.

We are committed to carrying out our business with integrity by avoiding corruption in any form, including bribery, and complying with the relevant local laws and regulations of the countries in which we operate. Our stance is stated and communicated to employees through the employee handbook.

We are also in the process of developing a more comprehensive anti-corruption and anti-bribery policy, which aims to further enhance our policies and controls in combatting corruption and promoting anti-corruption awareness.

Whistle-blowing

NeraTel Group has a Whistle-blowing Policy that serves as a mechanism for employees and the public to report concerns about plausible improprieties in matters of financial reporting, dishonest practices, suspected fraud, bribery or corruption.

The whistle-blowing mechanism provides a reporting channel to the Audit and Risk Management Committee which comprises non-executive members who are majority independent, providing objectivity and impartiality to the handling process. The Whistle-blowing Policy provides confidentiality to the report handling process and it also protects whistleblowers from reprisals or victimisation for whistle-blowing in good faith.

We are pleased to report that there were no incidents of fraud or corruption reported during the financial year under review.

	FY2023
Incidents of corruption	0
Incidents of fraud	0

Target for FY2023	Performance in FY2023	Target for FY2024
<u>On-going and long-term target:</u>	0	<u>On-going and long-term target:</u>
Maintain zero incidents of fraud		Maintain zero incidents of fraud

ENERGY, WATER CONSERVATION AND EMISSION REDUCTION

Generally, NeraTel’s Operations do not cause significant, direct negative impact on the environment. That said, in line with our mission to be environmentally responsible, we are committed to using natural resources and energy responsibly. This includes using electricity and water resources efficiently and reducing our carbon footprint.

Our energy and water consumption is largely attributable to:

- the use of electricity at our offices, such as for lighting, office work, cooling and ventilation, etc. (Scope 2); and
- the use of water at our offices for cleaning purposes, restrooms and pantries.

SUSTAINABILITY REPORT

Energy and Emissions

Electricity represents the Operation's main energy consumption and we estimate our electricity use based on the electricity bills of our operating locations.

On the other hand, we also consume energy for our few company vehicles which are a mix of internal combustion engine ("ICE") cars, hybrid cars, and electric cars. The fuel consumption of these company vehicles is estimated for the purpose of energy reporting.

While Scope 1 emissions for the Operations are generally less material, we begin to estimate and report Scope 1 emissions from our operations this year.

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

Performance indicator	Unit of measurement	FY2023	FY2022	FY2021
Energy consumption				
Fossil-fuel-based energy (petrol or diesel)	kWh	69,408	Not available	Not available
Electricity consumption	kWh	845,594	1,387,516	1,234,243
Energy intensity ^{9,10}	kWh per employee	2,806.8	4,751.9	5,274.6
Water consumption				
Water consumption ¹¹	m ³	1,555	1,418	830
Water consumption intensity ¹²	m ³ per employee	4.8	4.9	3.5
GHG emissions¹³				
Scope 1 – Direct GHG emissions ¹⁴	tonnes CO ₂ e	17.2	Not available	Not available
Scope 2 – Indirect GHG emissions ¹⁵	tonnes CO ₂ e	443.4	632	553
GHG emissions intensity ¹⁶	tonnes CO ₂ e per employee	1.4	2.2	2.4

In FY2023, we have significantly reduced our electricity use and associated GHG emissions, partly contributed by our relocation of headquarters and office in Singapore.

We have also carried out an initiative to phase out the five ICE vehicles of our Singapore operations. During the year, we sold four of the ICE vehicles and leased two electric vehicles ("EVs"). We aim to ultimately fully transition to EVs for our Singapore operations, followed by operations in other countries subject to feasibility in the respective countries.

9 Energy intensity for FY2021 and FY2022 were based on electricity used only. Energy intensity for FY2023 includes energy derived from fossil-based fuels consumed in vehicles owned by the Group.

10 Energy intensity only considered full-time permanent employees of the Operations.

11 Water consumption does not include Indonesia operations as water is included in office rental and there is no separate water meters.

12 Water consumption intensity only considered full-time permanent employees of the Operations

13 Estimated guided by the GHG Protocol and covers the gases CO₂, CH₄, and N₂O. Other GHGs are less relevant considering the emission sources identified.

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

15 Scope 2 GHG emissions arise from the generation of purchased electricity consumed by the reporting entity. Scope 2 GHG emissions physically occur at the facility where electricity is generated. FY2023 Scope 2 GHG Emissions estimated using Grid Emission Factor for 2022, i.e. 0.4168 kg CO₂/kWh, as published in Singapore Energy Statistics 2023.

16 GHG emissions intensity only considered full-time permanent employees of the Operations.

SUSTAINABILITY REPORT

Water Management

We continue to carry out efforts to conserve water and energy, such as:

- avoiding keeping air conditioners on unnecessarily;
- switching on the chiller an hour later and turning it off half an hour earlier on working days;
- switching off office lights in the common areas half an hour earlier on working days and during lunch hours;
- putting up signages to remind staff to switch off lights when not in use; and
- retrofitting water-efficient taps to optimise water usage.

Target for FY2023	Performance in FY2023	Target for FY2024
<ul style="list-style-type: none"> • Maintain or reduce water consumption intensity • Maintain or reduce GHG emissions intensity 	<ul style="list-style-type: none"> • We recorded a water consumption intensity of 4.8m³ per full-time permanent employee • GHG emissions lowered to 1.4 tCO₂e 	<ul style="list-style-type: none"> • Maintain or reduce water consumption intensity • Maintain or reduce GHG emissions intensity

RESPONSIBLE WASTE MANAGEMENT

The main type of waste generated from our Operations is electronic waste ("e-waste"). E-waste poses pollution risks to the environment if not disposed of properly due to the presence of heavy metals, such as lead, mercury, and cadmium, that also pose possible health hazards to animals, humans, and the food chain. On the other hand, e-waste may also have recoverable precious metals such as gold, silver, and platinum which are not only expensive but environmentally costly to produce.

We have been handling our e-waste properly in accordance with local laws and regulations which generally require e-waste to be handled by licensed contractors. We are in the process of developing processes to collect data to report on waste-related data.

WORKPLACE EQUALITY AND DIVERSITY

NeraTel Group strives to build and provide a conducive work environment for employees, maintaining good staff morale and a sustainable workforce that is able to support the Group's value creation in the long term. In this regard, we are committed to maintaining a respectful relationship with and among our employees.

We firmly uphold our non-discrimination policy where we do not discriminate against anyone on the basis of gender, age, ethnicity, religion, nationality, political views, sexual orientation, or social or cultural background. All the Group's employment activities and decisions, such as recruitment, promotion, compensation, appraisals, and disciplinary actions, are based on employees' quality and merit, and without discrimination. Such policy is also reflected in our employee handbook which is communicated to all employees.

We are pleased to disclose that there were no reported cases of unlawful discrimination against employees during the financial year under review.

Target for FY2023	Performance in FY2023	Target for FY2024
<u>On-going and long-term target:</u> Maintain zero reported incidents of unlawful discrimination against employees	<ul style="list-style-type: none"> • 0 cases reported 	<u>On-going and long-term target:</u> Maintain zero reported incidents of unlawful discrimination against employees

As at 31 December 2023, we have a workforce of 326 employees, based on headcount of permanent full-time employees, in our Operations (31 December 2022: 292 permanent full-time employees).

SUSTAINABILITY REPORT

Due to the nature of the industry, we are seeing a higher proportion of male employees in our workforce in general. On the other hand, the age-group distribution among our employees is also reflective of the industry's general workforce situation.

At the Board level, one out of five, or 20%, of our Directors is a female Director (31 December 2022: one female Director out of six Directors or 17%).

Key statistics of the workforce breakdown of NeraTel's Operations are summarised as follows.

Gender Diversity Number (percentage)	FY2023		FY2022		FY2021	
	Male	Female	Male	Female	Male	Female
Board of Directors	4 (80%)	1 (20%)	5 (83%)	1 (17%)	5 (83%)	1 (17%)
Workforce overall	219 (67%)	107 (33%)	200 (68%)	92 (32%)	168 (72%)	66 (28%)

Age Diversity Number (percentage)	FY2023			FY2022			FY2021		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Workforce overall	45 (14%)	235 (72%)	46 (14%)	43 (15%)	218 (75%)	31 (10%)	57 (24%)	160 (68%)	17 (8%)

OCCUPATIONAL HEALTH AND SAFETY

It is also important for us to ensure a safe and healthy work environment for our employees. Generally, the workplace safety and health risks for our lines of business may relate to the use of and contact with electrical equipment and devices, ergonomic hazards in the office-based work environment, and physical safety hazards at clients' sites, amongst others.

In this regard, the Group has established for its Operations a set of safety rules and regulations which are communicated to all new joiners during their orientation. In addition, we also have safety committees to ensure workplace safety via safety assessments, safety inspections, and regular safety reporting. Where hazards or risk areas are identified, relevant controls will be established and imposed to mitigate such risks.

There are processes to report, record, and analyse any accident that has occurred so that we are able to perform root cause analysis and establish preventive measures. Lessons learned from incidents or accidents are communicated to the employees to raise awareness and prevent the recurrence of similar incidents.

Other than that, we also conduct safety and health training to ensure employees have the relevant knowledge to protect their own health and safety. In addition, we also promote employees' mental, emotional, and physical wellbeing through the following initiatives.

- We periodically circulate health and safety announcements to provide guidelines for employees.
- We continued to carry out our Family Fridays initiative where employees can officially end their workday early at 5pm every last Friday of the month.
- We continued to organise events aimed at bringing employees together to increase team bond.
- We initiated the Fruit Day initiative, providing employees with fresh fruit, including nutritional information of the fruit provided, regularly.

Furthermore, safety performance will be tracked to monitor the effectiveness of our controls and management. NeraTel Group aims to have zero workplace incidents.

For FY2023, we recorded zero fatalities, zero high-consequence work-related injuries, and zero recordable work-related ill-health cases. Nonetheless, we recorded a case of work-related injury. The incident was followed-up by investigation, review, and process improvement, where relevant.

SUSTAINABILITY REPORT

Safety and Health Performance of the Operations	FY2023	FY2022	FY2021
Number of fatalities	0	0	0
Number of high-consequence work-related injuries (injury that results in the worker not being able to recover fully to pre-injury health status within 6 months), excluding fatalities	0	0	0
Number of recordable work-related injuries	1	0	1
Number of cases of recordable work-related ill health	0	0	0

Our operations in Singapore are ISO 45001:2018, bizSAFE STAR and SafeContractor Accreditation certified and these certifications recognise our continuous efforts to incorporate safety as part of our business model.

Target for FY2023	Performance in FY2023	Target for FY2024
Minimise the number of workplace accidents	1 recordable work-related injury	Minimise the number of workplace accidents

TALENT DEVELOPMENT

The talents and skills brought by our employees are one of the vital assets of the Group. Effective employee development and training programmes are not only crucial for our human resources strategy but are also a strategic element to support NeraTel's competitive edge.

Our employee development programmes serve to achieve various objectives, including equipping our employees with skills and knowledge to perform their roles effectively, enhancing the overall service quality offered to customers, increasing productivity, as well as developing future talents and leadership for the purpose of succession planning.

To suit different development objectives, the Group provides technical training, leadership programmes, as well as other soft skills training. Generally, technical staff are encouraged to attain technical certifications relevant to their work whilst Management staff are also encouraged to attend leadership development courses and programmes.

All employees are subject to annual performance appraisals to assess their work performance, discuss challenges faced, their career aspirations and progress, and areas where the Group may improve. Such a platform also allows employees and managers to identify suitable training topics for employees in pursuit of their career development, as well as the longer-term talent planning for NeraTel Group.

During FY2023, the Group provided an average of 7.8 hours of training (FY2022: 4.8 hours) for its permanent full-time employees, broken down as follows.

Training	FY2023	FY2022	FY2021
Training hours	2,531	1,396	2,313
Average training hours per employee	7.8	4.8	9.9

Target for FY2023	Performance in FY2023	Target for FY2024
Improve or maintain the average hours of training per employee per year	We recorded an average of 7.8 training hours per employee.	Improve or maintain the average hours of training per employee per year

SUSTAINABILITY REPORT

EMPLOYEE RETENTION

During the financial period under review, we recorded a turnover rate¹⁷ of 0.27 and 0.33 for male and female employees, respectively, among permanent full-time employees across our Operations (FY2022: 31%). At the same time, via our recruitment efforts, our workforce expanded by 11.6% as at 31 December 2023 compared to a year ago.

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

Turnover and New Hire (Permanent full-time employees only)	FY2023		FY2022		FY2021	
	Turnover	New hire	Turnover	New hire	Turnover	New hire
Number (turnover rate/new hire rate¹⁸)						
Breakdown by gender						
Male	59 (0.27)	40 (0.18)	58 (0.29)	58 (0.29)	58 (0.35)	39 (0.23)
Female	35 (0.33)	29 (0.27)	24 (0.26)	37 (0.40)	36 (0.55)	22 (0.33)
Breakdown by age group						
< 30 years old	16 (0.36)	20 (0.44)	18 (0.58)	21 (0.68)	8 (0.47)	16 (0.94)
30 – 50 years old	55 (0.23)	41 (0.17)	46 (0.21)	60 (0.28)	73 (0.46)	41 (0.26)
> 50 years old	4 (0.09)	8 (0.17)	18 (0.42)	14 (0.33)	6 (0.11)	4 (0.07)

COMMUNITY DEVELOPMENT

NeraTel has a mission to give back to the community and contribute to a more inclusive society where possible. We endeavour to support communities, especially vulnerable communities, to support sustainable development that leaves no one behind.

The community initiatives engaged by NeraTel Group during the financial year under review are summarised as follows.

2023 marked the third consecutive year of our continuous support for Dover Park Hospice (DPH) and we were honoured to receive a Community Partner Award from the hospice for our ongoing partnership.

Over the course of the year, we organised a series of employee-led events in support of DPH, including the preparation of care packages for the hospice’s team of caregivers in appreciation of their contributions on National Caregivers’ Day.

Volunteers from our Singapore team also packed and distributed National Day-themed care packages for DPH’s patients to celebrate Singapore’s 58th birthday.



17 Turnover rate is calculated by dividing turnover number during the year by the number of employees at the end of the current financial year, in relation to each employee category.

18 New hire rate is calculated by dividing the number of new hires during the year by the number of employees at the end of the current financial year, in relation to each employee category.

SUSTAINABILITY REPORT

In December 2023, we ordered and handed out cups of ice-cream to the patients, staff, volunteers and caregivers in honour of World Hospice Palliative Care Day and to spread festive cheer. In addition, a total of

\$8,000 was raised from employee donations for DPH’s annual fundraising event, the Sunflower Charity Gala Dinner, which will go towards providing quality and holistic palliative care for DPH’s patients.



Our regional teams also embraced the spirit of giving and volunteered their time and efforts to give back to the community.

Our office in Malaysia organised a blood donation drive in partnership with Hospital Tengku Ampuan Rahimah, Klang, which saw eligible employees rolling up their sleeves to give the gift of life.

Our Malaysia team also contributed to Zoo Negara Malaysia’s CSR Glow Programme in support of its wildlife conservation efforts, sending in a team of volunteers to help restore the zoo’s bear enclosure to its former glory after it was affected by flash floods.


Our team in Indonesia embraced the spirit of giving during the Ramadhan fasting season, organising a series of activities which included purchasing and distributing food to security officers, food delivery riders and public transport operators working in the office vicinity, enabling them to break their fast when the time came.

Volunteers from our Indonesia office also visited two orphanages, to bring cheer to the children and deliver rice, cooking oil, sugar and other food staples.

Target for FY2023	Performance in FY2023	Target for FY2024
<p><u>On-going and long-term target:</u> Initiate various campaigns to help communities</p>	<ul style="list-style-type: none"> Campaigns and community programmes continued to be carried out 	<p><u>On-going and long-term target:</u> Initiate various campaigns to help communities</p>

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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

SDG	Our effort
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p><u>Occupational health and safety</u></p> <p>We create a safe working environment that will lower injury or illness costs, reduce absenteeism and turnover, increase productivity and raise employee morale.</p>

SUSTAINABILITY REPORT

SDG		Our effort
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<p><u>Talent development</u></p> <p>We invest in training and development of our people to enhance our business competencies as well as overall productivity.</p>
	Ensure availability and sustainable management of water and sanitation for all	<p><u>Electricity, water conservation and emission reduction</u></p> <p>We implement checks and measures to reduce water wastage, which in turn help us work towards achieving sustainable management and efficient use of natural resources.</p>
	Ensure access to affordable, reliable, sustainable and modern energy for all	<p><u>Electricity, water conservation and emission reduction</u></p> <p>We implement measures to reduce our energy consumption as it not only helps improve energy efficiency and reduce GHG emissions but also helps us reduce costs incurred to support our business operations.</p>
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<p><u>Total Customer Satisfaction</u></p> <p>We are determined to bring outstanding products and services to our customers, starting from quality management to being attentive and responsive to customer feedback.</p> <p><u>Sustainable Business Performance</u></p> <p>We contribute to economic growth through creating long-term economic value for our shareholders</p>
	Reduce inequality within and among countries	<p><u>Equality and diversity in the workplace</u></p> <p>We ensure equal opportunity for all employees regardless of age, gender, race as well as educational background.</p>
	Make cities and human settlements inclusive, safe, resilient and sustainable	<p><u>Ongoing Community Engagement</u></p> <p>While we strive to achieve our business goals, we also believe in giving back to society and serving our local communities to promote social inclusion and sustainable communities.</p>
	Ensure sustainable consumption and production patterns	<p><u>Responsible Waste Management</u></p> <p>We contribute to the reduction of waste generation by ensuring proper disposal of e-waste requiring special disposal.</p>
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<p><u>Corporate governance and business ethics</u></p> <p>We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholder value and carry out business with integrity by avoiding corruption in any form.</p>

SUSTAINABILITY REPORT

ALIGNING WITH THE TCFD RECOMMENDATIONS

We apply and align our practices with the TCFD Recommendations to enable a structured approach towards strategising how we develop resilience for NeraTel Group in the face of climate-related challenges and opportunities across the short, medium, and long term.

Key area	Our approach
Governance	<p>The Board oversees the management and monitoring of the Sustainability Factors and considers climate-related issues in determining the Group's strategic direction and policies.</p> <p>Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. The Group's SC includes representatives from various support units.</p> <p>The Group's Senior Management advises the SC in reviewing our sustainability progress. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.</p>
Strategy	<p>The climate-related risks and opportunities identified by the Group during the climate-risk identification exercise include the following:</p> <ul style="list-style-type: none"> • The reputational and financial risks for not meeting the demands of regulators and shareholders amidst the enhanced emissions reporting requirements. • On the other hand, the rising climate awareness due to these obligations enabled defined job responsibilities for the organisation to be in place and staff to attend courses regularly to stay updated on the latest climate reporting requirements. <p>We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/subsector scenarios and time horizons, to anticipate and manage climate change impacts.</p>
Risk management	<p>A climate-related risk assessment was conducted by the Management in 2023 and tabled to the Board. The assessment identified the impact of climate-related risks and opportunities as not significant to the business. The identified risks and opportunities are managed accordingly. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.</p>
Metrics and targets	<p>We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us identify areas with material climate-related risks and enable us to be more targeted in our efforts.</p> <p>To support the climate change agenda, we disclose our Scope 1 and Scope 2 GHG emissions in the Report and set climate-related targets such as those related to energy, GHG emissions, water and waste management.</p> <p>We will monitor our emissions and disclose Scope 3 GHG emissions in the future wherever applicable and practicable.</p>

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Nera Telecommunications Ltd has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational details	• Corporate Information	• 5, 9-11, 103-105
	2-2 Entities included in the organisation's sustainability reporting	• Reporting scope	• 15
	2-3 Reporting period, frequency and contact point	• Reporting scope • Feedback	• 15 • 15
	2-4 Restatements of information	• None	• Not applicable
	2-5 External assurance	• None	• Not applicable
	2-6 Activities, value chain and other business relationships	• Stakeholder Engagement	• 17
	2-7 Employees	• Workplace equality and diversity	• 26-27
	2-8 Workers who are not employees	• None	• Not applicable
	2-9 Governance structure and composition	• Composition and Size of the Board	• 6-7, 42
	2-10 Nomination and selection of the highest governance body	• Board Composition and Guidance	• 41-43
	2-11 Chair of the highest governance body	• Chairman and CEO	• 43
	2-12 Role of the highest governance body in overseeing the management of impacts	• Governance and reporting over sustainability	• 15-16
	2-13 Delegation of responsibility for managing impacts	• Governance and reporting over sustainability	• 15-16
	2-14 Role of the highest governance body in sustainability reporting	• Governance and reporting over sustainability	• 15-16

SUSTAINABILITY REPORT

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number
	2-15 Conflicts of interest	<ul style="list-style-type: none"> Independence of Directors 	<ul style="list-style-type: none"> 45-46
	2-16 Communication of critical concerns	<ul style="list-style-type: none"> Corporate Governance and Business Ethics 	<ul style="list-style-type: none"> 23-24, 57-58
	2-17 Collective knowledge of the highest governance body	<ul style="list-style-type: none"> Corporate Governance 	<ul style="list-style-type: none"> 39-40
	2-18 Evaluation of the performance of the highest governance body	<ul style="list-style-type: none"> Competency of the Board 	<ul style="list-style-type: none"> 46-47
	2-19 Remuneration policies	<ul style="list-style-type: none"> Remuneration Matters 	<ul style="list-style-type: none"> 48-52
	2-20 Process to determine remuneration	<ul style="list-style-type: none"> Remuneration Matters 	<ul style="list-style-type: none"> 48-51
	2-21 Annual total compensation ratio	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Not provided due to confidentiality constraints
	2-22 Statement on sustainable development strategy	<ul style="list-style-type: none"> Managing sustainability factors and tracking performance 	<ul style="list-style-type: none"> 20
	2-23 Policy commitments	<ul style="list-style-type: none"> Governance and reporting over sustainability Workplace equality and diversity 	<ul style="list-style-type: none"> 15-16 26-27
	2-24 Embedding policy commitments	<ul style="list-style-type: none"> Governance and reporting over sustainability Workplace equality and diversity 	<ul style="list-style-type: none"> 15-16 26-27
	2-25 Processes to remediate negative impacts	<ul style="list-style-type: none"> Whistle-blowing 	<ul style="list-style-type: none"> 24, 57-58
	2-26 Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> Whistle-blowing 	<ul style="list-style-type: none"> 24, 57-58
	2-27 Compliance with laws and regulations	<ul style="list-style-type: none"> Anti-corruption Responsible waste management Workplace equality and diversity 	<ul style="list-style-type: none"> 24, 57-58 26 26-27

SUSTAINABILITY REPORT

GRI Standard/ Other Source	Disclosure	Information/Location	Page Number
	2-28 Membership associations	• None	• Not applicable
	2-29 Approach to stakeholder engagement	• Stakeholder engagement	• 17
	2-30 Collective bargaining agreements	• None of our employees are covered by collective bargaining agreements	• Not applicable
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• Materiality assessment	• 18
	3-2 List of material topics	• Materiality assessment	• 19-20
Corporate Governance and Business Ethics			
GRI 205: Anti-corruption 2016	3-3 Management of material topics	• Anti-corruption	• 24
	205-3 Confirmed incidents of corruption and actions taken	• Anti-corruption	• 24
Sustainable Business Performance			
GRI 201: Economic Performance 2016	3-3 Management of material topics	• Sustainable business performance	• 23
	201-1 Direct economic value generated and distributed	• Sustainable business performance	• 23
Customer Satisfaction			
(Non-GRI topic)	3-3 Management of material topics	• Customer satisfaction	• 20
Talent Development and Retention			
GRI 404: Training and Education 2016	3-3 Management of material topics	• Talent development	• 28-29
	404-1 Average hours of training per year per employee	• Talent development	• 28
GRI 401: Employment 2016	3-3 Management of material topics	• Workplace equality and diversity	• 29
	401-1 New employee hires and employee turnover	• Employee retention	• 29

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GRI Standard/ Other Source	Disclosure	Information/Location	Page Number
Workplace Equality and Diversity			
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	• Workplace equality and diversity	• 26
	405-1 Diversity of governance bodies and employees	• Workplace equality and diversity	• 26-27 • 41-43
GRI 406: Non-discrimination 2016	3-3 Management of material topics	• Workplace equality and diversity	• 26
	406-1 Incidents of discrimination and corrective actions taken	• Workplace equality and diversity	• 26
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	• Occupational health and safety	• 27
	403-9 Work-related injuries	• Occupational health and safety	• 27-28
	403-10 Work-related ill health	• Occupational health and safety	• 28
Responsible Waste Management			
GRI 306: Waste 2020	3-3 Management of material topics	• Responsible waste management	• 26
Community Development			
GRI 413: Local Communities 2016	3-3 Management of material topics	• Community development	• 29-30
	413-1 Operations with local community engagement, impact assessments, and development programmes	• Community development	• 29-30
Energy, Water Conservation and Emission Reduction			
GRI 302: Energy 2016	3-3 Management of material topics	• Energy and Emissions	• 25
	302-1 Energy consumption within the organisation	• Energy and Emissions	• 25
	302-3 Energy intensity	• Energy and Emissions	• 25
GRI 303: Water and Effluents 2018	3-3 Management of material topics	• Water Management	• 26
	303-5 Water consumption	• Water Management	• 26
GRI 305: Emissions 2016	3-3 Management of material topics	• Energy and Emissions	• 25
	305-1 Direct (Scope 1) GHG emissions	• Energy and Emissions	• 25
	305-2 Energy indirect (Scope 2) GHG emissions	• Energy and Emissions	• 25
	305-4 GHG emissions intensity	• Energy and Emissions	• 25

CORPORATE GOVERNANCE REPORT

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

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

The Board is pleased to report to its shareholders on the Company’s corporate governance practices for the financial year ended 31 December 2023 (“FY2023”) with specific reference to each provision of the Code of Corporate Governance 2018 (the “Code”) issued in August 2018. The Board confirms that the principles and provisions of the Code have been adhered to and to the extent that the Company’s practices may vary from the provisions of the Code, the Company has explained in this report how its practices are consistent with the intent of the relevant principles of the Code.

BOARD MATTERS

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

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

Provision 1.1

Board’s Role

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

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

The Board’s Conduct of Affairs

The principal functions of the Board include, inter alia:

- (a) Providing entrepreneurial leadership, setting key business and financial strategic objectives and strategies and ensuring necessary financial and human resources are in place for the Company to meet those objectives;
- (b) Approving the annual budget, major investments and divestments, and funding proposals;
- (c) Reviewing and monitoring Management’s performance;
- (d) Establishing a framework for the oversight of prudent and effective internal controls, risk management, financial reporting and compliance; and
- (e) Assuming responsibility for good corporate governance to protect the Company’s assets and enhancing the long-term value of the Company for its shareholders.

CORPORATE GOVERNANCE REPORT

Objective Decision Making

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

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

Provision 1.2

Continuous Training and Development of Directors

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

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

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

Appointment Letter to new Director

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

Provision 1.3

Internal Guidelines on Matters Requiring Board Approval

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

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

- a) Strategic business plans and policies of the Group;
- b) Annual budgets;
- c) Material acquisitions and disposal of assets;

CORPORATE GOVERNANCE REPORT

- d) Corporate or financial restructuring;
- e) Share issuances, interim dividends and other returns to shareholders;
- f) Matters involving a conflict of interest for a substantial shareholder or a director; and
- g) Terms of reference of the Board and its Committees.

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

Provision 1.4

Delegation of Authority to Board Committees

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

Provision 1.5 & 1.6

Meetings of Board and Board Committees

The Board and its committees meet regularly through scheduled meetings and as warranted by particular circumstances. A schedule of meetings is provided in advance to each Director prior to the commencement of each Financial Year. If Directors are unable to attend meetings in person, telephonic means of communication are allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare for the meetings, agendas together with Board papers and related materials are circulated within five (5) working days before the meetings.

The Board normally meets at least four (4) times a year with additional meetings convened as and when necessary.

During FY2023, the Company held six (6) Board Meetings.

Multiple Board Representations

All Directors are required to declare their Board Representations. The NC considers that the multiple Board representations held presently by its Directors do not impede their respective performance in carrying out their duties to the Company.

The Directors had committed considerable time towards the many Board meetings and Board committee meetings held in FY2023 and adjusted their schedules to ensure participation in Board and Board committee meetings for the deliberation of issues. The NC finds the Directors have committed their time effectively to discharge their responsibilities.

CORPORATE GOVERNANCE REPORT

A record of the Directors' attendance at the Board and Board Committee meetings as well as General Meeting for the financial year ended 31 December 2023 is set out below:

2023 Meeting Attendance*	Board Meetings	Audit and Risk Management Committee Meetings	Remuneration Committee Meetings	Nominating Committee Meetings	General Meetings
Number of meetings held in FY2023	6	6	3	1	1
Name of Directors	Number of meetings attended				
Dr. Lim Puay Koon, Chairperson ¹	5/5	3/4	3/3	N/A	1/1
Mr. Chong Hoi Ming	6/6	N/A	N/A	N/A	1/1
Mr. Basil Chan ²	6/6	6/6	N/A	1/1	1/1
Mr. Tommy Teo Zhi Zhuang	6/6	6/6	N/A	N/A	1/1
Mr. Wong Chee-Yann	6/6	N/A	3/3	1/1	1/1
Ms. Kay Pang Ker-Wei ³	6/6	2/2	2/3	1/1	0/1

* Referred to meetings held/attended while each Director was in office in FY2023.

- ¹ Dr. Lim Puay Koon resigned as Independent Director, the Chairperson of the Board, the Chairperson of the Remuneration Committee and a Member of the Audit and Risk Management Committee on 7 August 2023.
- ² Mr. Basil Chan was further redesignated as Chairman of the Board and a Member of the Remuneration Committee on 7 August 2023.
- ³ Ms. Kay Pang Ker-Wei was further redesignated as Chairperson of the Remuneration Committee and a Member of the Audit and Risk Management Committee on 7 August 2023.

Board's Access to information

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

Provision 1.7

Board's Access to Management and Company Secretary

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

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

CORPORATE GOVERNANCE REPORT

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

Appointment and Removal of Company Secretary

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

Board's Access to Independent Professional Advice

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

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provisions 2.1, 2.2 & 2.3

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

As at the date of this Report, the Board comprises five (5) Directors, one (1) of whom is an Executive Director, two (2) of whom are Non-Independent and Non-Executive Directors, and the remaining two (2) Directors are Independent Directors. In addition, the Chairman of the Board is an Independent Director. Accordingly, at least one-third of the Board is made up of Independent Directors, and Non-Executive Directors make a majority of the Board. As such, there is a strong independent element on the Board, capable of open, constructive and robust debate on pertinent issues affecting the affairs and business of the Company and the Group.

Independence of Directors

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

The NC, having considered the assessment made by the Directors on the independence status of Mr. Basil Chan and Ms. Kay Pang Ker-Wei and other relevant factors, has determined that each has no relationship with the Company, its related corporations, its substantial shareholders or its officers and is also independent of the executive functions of the Company. In the discharge of their duties, they had exercised their independent business judgment in the best interest of the Company. In particular, both Mr. Basil Chan and Ms. Kay Pang Ker-Wei (a) have not been employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years; and (b) do not have an immediate family members who are employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is or was determined by the RC.

In this respect, the Board, with the recommendation and concurrence of the NC, affirmed that Mr. Basil Chan and Ms. Kay Pang Ker-Wei remain as Independent Directors of the Company and each abstained from the discussions and taking a decision in respect of their own independence.

CORPORATE GOVERNANCE REPORT

Further, under Listing Rules of SGX-ST which took effect from 11 January 2023, an Independent Director will not be considered independent if he or she has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer.

The Board confirms that none of the Independent Directors has served as a director of the Company for an aggregate period of more than nine (9) years (whether before or after listing).

Provision 2.4

Composition and Size of the Board

The Company recognises and embraces the importance of diversity at the Board level and sees diversity as an essential element to ensuring the achievement of its strategic objectives. The Company has adopted a Board Diversity Policy, with the NC responsible for reviewing and assessing the Board composition on behalf of the Board, and recommending the appointment of new directors.

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

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

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

Having reviewed and considered the composition and diversity of the Board and its committees, the NC has determined that the current Board size and structure is adequate for the business operations of the Company.

In reference to diversity in terms of skills, knowledge, experience, amongst the Directors in the Board are IT, accounting, finance, corporate governance, private equity and legal/law professionals who possess relevant and diverse expertise and skill sets for effective decision making. Key information regarding the Directors is set out on pages 6 to 7 of this Annual Report.

In terms of gender diversity, the Company has set a target to ensure that the Board has a minimum of one (1) female director on the Board. As at the date of this Report (and throughout FY2023), one (1) out of the five (5) Directors in the Board is female. Accordingly, the Company has achieved its target set under the Board Diversity Policy. Nonetheless, given the importance of gender as a part of board diversity, the NC will continually assess the diversity needs of the Board as the Company grows over time and will prioritise the appointment of more female directors to the Board as may be appropriate in the future.

CORPORATE GOVERNANCE REPORT

In view of the foregoing, the NC with the concurrence of the Board, is of the opinion that the current Board size of five (5) Directors, is appropriate and that it provides the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity in order to avoid groupthink and foster constructive debate.

The NC will review the Board Diversity Policy from time to time and also continually assess and institute board diversity targets when the need arises.

Competency of the Board

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

Provision 2.5

Regular Meetings of Non-Executive Directors and Independent Directors

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

PRINCIPLE 3: CHAIRMAN AND CEO

Provisions 3.1 & 3.2 Roles and Responsibilities of Chairman & CEO

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

Mr. Basil Chan is an Independent Director and was appointed as the Chairman of the Board on 7 August 2023. He is responsible for the overall leadership of the Board and engages Senior Management regularly on pertinent issues. He approves the agendas for Board Meetings and promotes a culture of open and free discussion amongst the Directors. He also ensures that the Board receives timely and accurate information from Management, and provides valuable insight, guidance and advice on corporate governance systems and processes.

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

Provision 3.3

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 4: BOARD MEMBERSHIP

Provision 4.1 and 4.2

NC Membership and Terms of Reference

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

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

During the year under review, the NC held one (1) meeting, which all members attended.

The principal functions of the NC are:

- (a) To identify candidates, review nominations for both appointment and reappointment of the Directors to the Board for its approval. For the appointment of new candidates to the Board, the proposed appointee's background, experience and other board memberships will be taken into consideration. The NC also reviews the Board's succession plans for the Directors, CEO, and Senior Management;
- (b) To review the Board structure, size, competencies including the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (c) To review the independence of each Director annually;
- (d) To decide whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when the Director has multiple Board representations;
- (e) To assess the effectiveness of the Board and contribution of each Director to the effectiveness of the Board; and
- (f) To review suitable training and professional development programmes for the Board and its Directors.

NC Responsibilities

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

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

CORPORATE GOVERNANCE REPORT

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

The NC (with Mr. Basil Chan and Mr. Wong Chee-Yann abstaining in relation to their respective re-election as a Director of the Company) has recommended the nomination of the following Directors retiring under Regulation 94 of the Constitution of the Company, selected in accordance with Regulation 95 of the Constitution of the Company, for re-election at the forthcoming AGM:

- (i) Mr. Basil Chan (Regulation 95)
- (ii) Mr. Wong Chee-Yann (Regulation 95)

Each of Mr. Basil Chan and Mr. Wong Chee-Yann have given their consent to remain in office and will submit themselves for re-election at the forthcoming AGM.

Upon re-election as Director, Mr. Basil Chan will remain as the Chairman of the Board, the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee; Mr. Wong Chee-Yann will remain as a member of the Nominating Committee and a member of the Remuneration Committee;

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

Alternate Directors

There are no Alternate Directors on the Board.

Provision 4.4

Determining Directors' Independence

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

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Further details are set out in Provision 2.1 of this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Provisions 4.3 and 4.5

Process for the Selection and Appointment of New Directors

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

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

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

Key Information on Directors

Key information of each member of the Board including directorships and chairmanships in other listed companies, other major appointments, academic/professional qualifications, membership/chairmanship in the Company's Board committees, date of first appointment and last re-election, etc. can be found under the Directors' Profile section on pages 6 to 7 of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2

Board Performance

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

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

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

CORPORATE GOVERNANCE REPORT

Performance Criteria for Board Evaluation

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

- a) Board composition and size;
- b) Board access to timely and accurate information;
- c) Board processes;
- d) Internal controls and risk management;
- e) Board accountability to the shareholders;
- f) Performance of each Board Committee;
- g) Board interaction with CEO/Senior Management; and
- h) Board's Standards of Conduct.

For FY2023, the NC duly observed the aforesaid process and criteria and was satisfied with the results of the review.

Evaluation of Individual Directors

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

- a) Understanding of the Company's mission, strategic plans and long-term objectives;
- b) knowledge of the Group's business and operations;
- c) business acumen;
- d) knowledge of Corporate Governance and Committee work;
- e) contribution and engagement;
- f) communication and interaction;
- g) integrity; and
- h) any other special contributions made.

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

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

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

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1, 6.2 and 6.3

Remuneration Committee and Terms of Reference

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

Ms. Kay Pang Ker-Wei, Chairperson	(Independent Director, redesignated on 7 August 2023)
Mr. Basil Chan	(Independent Director, appointed on 7 August 2023)
Mr. Wong Chee-Yann	(Non-Executive Director)

Dr. Lim Puay Koon was the Chairperson of the RC during FY2023. Dr. Lim Puay Koon stepped down on 7 August 2023 and in place, Mr. Basil Chan was appointed as a member of the RC and Ms. Kay Pang Ker-Wei was re-designated as Chairperson of the RC on the same date.

During the year under review, the RC held three (3) meetings.

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

The principal functions of the RC are:

- (a) To review and recommend to the Board a general framework for remuneration for the Directors, CEO and Senior Management of the Company;
- (b) To recommend the remuneration of the Non-Executive Directors to the Board for approval at the Annual General Meeting;
- (c) To determine specific remuneration packages for each Executive Director, CEO, Senior Management and any relative of a Director and/or its substantial shareholders who is employed in a managerial position by the Company;
- (d) To review the Company's obligations arising in the event of termination of the Executive Directors, CEO and Senior Management's service contracts and to ensure that these service contracts contain fair and reasonable termination clauses which are not overly generous; and
- (e) To review the remuneration packages of employees related to Executive Director, CEO and substantial or controlling shareholders of the Group and to ensure that the remuneration of such employees are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

CORPORATE GOVERNANCE REPORT

Provision 6.4

RC's Access to Advice on Remuneration Matters

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

No remuneration consultants were engaged by the Company during FY2023.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Provision 7.1

Remuneration of Executive Director and Key Management Personnel

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

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

Link between Remuneration and Performance

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

The Executive Director and Key Management Personnel variable remuneration is linked to performance targets as assigned by the RC. These performance targets incorporate Net Profit After Tax ("NPAT"), controls, regional or business lines profitability, strategic growth, operational improvements and securing of new customers. For FY2023, the RC has evaluated the extent to which the Executive Director and each of the Key Management Personnel has delivered on the corporate and individual objectives and based on the evaluation, has approved the compensation for the Executive Director and Key Management Personnel which were subsequently endorsed by the Board.

Contractual Provisions

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

CORPORATE GOVERNANCE REPORT

Provision 7.2

Remuneration of Non-Executive Directors

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

The framework for Non-Executive Directors' fees for FY2023 is set out below:

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

The Directors' fees for the financial year ending 31 December 2023 were last adjusted and approved by shareholders at the FY2022 AGM, and there was no prior change to the Directors' fees since FY2014. To ensure that the remuneration of Non-Executive Directors is set at a level which is fair and reflective of their current roles and responsibilities, the Company had previously engaged an independent third-party remuneration consultant, Robinson Consulting Pte Ltd, to review and make recommendations on the remuneration framework and level of Directors' fees for the financial year ending 31 December 2023 for the Non-Executive Directors. After considering the assessment by the remuneration consultant, the RC proposed the above framework for Non-Executive Directors' fees for the financial year ending 31 December 2023, to be payable quarterly in arrears.

No member of the RC or Director was involved in deciding his or her own remuneration.

The RC propose that the Directors' fees for the financial year ending 31 December 2024 be set at the same level as FY2023. The Board concurred with the RC and recommended the same for approval by the shareholders at the AGM of the Company.

Provision 7.3

Remuneration Framework

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

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

Short-term Incentive Scheme

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

CORPORATE GOVERNANCE REPORT

Employee Share Scheme

The Employee Share Scheme approved at an extraordinary general meeting held on 29 April 2014, was put in place to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees. No share awards were issued in FY2023.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

Provisions 8.1 and 8.3

Remuneration Report

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

Remuneration of Directors

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

The breakdown (in dollar terms) for the remuneration and fees of the Directors for the year ended 31 December 2023 is as follows:

Remuneration and Fees/Name of Directors	Fees (S\$)	Salary (S\$)	Bonus (S\$)	Total ⁽¹⁾ (S\$)
S\$750,000 to S\$1,000,000				
Remuneration paid to Executive Director/CEO				
Mr. Chong Hoi Ming ⁽¹⁾	–	568,344	306,804	875,148
		65%	35%	100%
Below S\$250,000				
Fees paid to Independent and Non-Executive Directors				
Dr Lim Puay Koon ⁽²⁾⁽³⁾	56,400	–	–	56,400
Mr. Basil Chan	83,915	–	–	83,915
Mr. Wong Chee-Yann	44,000	–	–	44,000
Mr. Tommy Teo Zhi Zhuang	45,000	–	–	45,000
Ms. Kay Pang Ker-Wei	59,860	–	–	59,860
Total Directors' Remuneration and Fees	289,175 25%	568,344 49%	306,804 26%	1,164,323 100%

Notes:

(1) The Executive Director/CEO does not receive Director's fees. His salary and bonus disclosed above include allowances, benefits in-kind and statutory contributions for FY2023.

(2) Dr. Lim Puay Koon's last day of service was on 07 August 2023.

(3) Director's fee was pro-rated for the period he served on the Board during FY2023.

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

CORPORATE GOVERNANCE REPORT

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

Remuneration of Key Management Personnel

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

Name and Position of Key Management Personnel	Salary ⁽¹⁾	Bonus ⁽²⁾	Total	Remuneration Bands of S\$250,000 to S\$500,000 and below S\$250,000
Ms. Tan Geok Leng Jacqueline Chief Financial Officer	73%	27%	100%	S\$250,000 – S\$500,000
Mr. Loh Weng Leong Alex Senior Vice President, Sales (APAC)	66%	34%	100%	S\$250,000 – S\$500,000
Mr. Phil Jeon Vice President of Cybersecurity	78%	22%	100%	S\$250,000 – S\$500,000
Mr. Yong Keh Soon Senior Vice President, Solutions and Services	75%	25%	100%	S\$250,000 – S\$500,000
Mr. Lim Kok Quee Group Solutions Head and Country Manager of Singapore	70%	30%	100%	S\$250,000 – S\$500,000
Total Remuneration of Top 5 Key Management Personnel	72% \$1,492,236	28% \$570,361	100% \$2,062,597	

Notes:

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

(2) Bonus includes statutory contributions.

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

Provision 8.2

Employee Related to Directors/CEO/Substantial Shareholders

There is no employee who is an immediate family member of a Director, CEO or Substantial Shareholder of the Company, whose remuneration exceeded \$100,000 during FY2023.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1

Risk Management and Internal Controls System

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

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

Risk Management

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

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

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

Internal Controls

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

Provision 9.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

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

During the year under review, the ARMC reviewed reports submitted by the internal auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls. These reports covered the year 2023.

CORPORATE GOVERNANCE REPORT

Board's Comment on Adequacy and Effectiveness of risk management and Internal Controls

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

Based on the framework of risk management and internal controls established and maintained in the Group, the work performed by the internal auditors, statutory audit review undertaken by the external auditors, the Board with the concurrence of the ARMC, is of the opinion that the risk management and internal control systems that the Group has put in place to address the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2023 to meet the needs of the Group's current business environment. The Board, has received written assurance from the CEO and the Chief Financial Officer that:

- (a) the financial records have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective.

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

Risk Committee

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

PRINCIPLE 10: AUDIT AND RISK MANAGEMENT COMMITTEE

Provision 10.1

Roles, Responsibilities and Authorities of ARMC

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

The key functions of the ARMC are:

- (a) Review the adequacy and effectiveness of financial, operational, compliance controls and risk management;
- (b) To consider the appointment and re-appointment of the external auditors, audit fees and matters relating to the removal of the auditors;

CORPORATE GOVERNANCE REPORT

- (c) To review the audit plans and reports of the internal and external auditors and consider the effectiveness of the actions taken by Management on the auditors' recommendations, review and evaluate the Group's internal accounting controls system;
- (d) To review the assurance from the CEO and Chief Financial Officer on the financial records and financial statements;
- (e) To review the half year and annual financial statements for recommendation to the Board for approval, focusing in particular, on:
 - (i) Significant financial reporting issues and judgments;
 - (ii) Changes in accounting policies and practices;
 - (iii) Major risk areas;
 - (iv) Significant adjustments resulting from the audit;
 - (v) Going Concern statement;
 - (vi) Compliance with accounting standards; and
 - (vii) Compliance with statutory and regulatory requirements
- (f) To review any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;
- (g) To review Interested Persons Transactions and Related Party Transactions;
- (h) To review the scope and results of the internal audit procedures; and
- (i) To review the assistance given by the Management to the auditors.

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

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

The ARMC has explicit authority to investigate any matter including whistle-blowing reports within its Terms of Reference. All whistle-blower complaints were reviewed by the ARMC to ensure independent and thorough investigation and adequate follow-up action as well as arrangements for staff or third party to raise concerns and improprieties in confidence. The Company has maintained a whistle-blowing register to record all the whistle-blowing incidents. The contents were reviewed by the ARMC at its quarterly meetings and closed appropriately.

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

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

CORPORATE GOVERNANCE REPORT

The ARMC had reviewed the external auditor's audit plan for FY2023 and agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARMC's review of the financial statements of the Group for FY2023, it had discussed with Management the accounting principles that were applied and their judgment of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARMC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2023.

KAM	HOW THE ARMC REVIEWED THESE MATTERS AND WHAT DECISIONS WERE MADE
Revenue recognition	The ARMC reviewed the policy and basis for revenue recognition with Management and concurred with their determination of the revenue. The ARMC discussed with the auditors on their audit procedures performed including the Group's basis for identification of performance obligations and whether they were satisfied over time or at a point in time, review of contract revenues recognised and project costs incurred, as well as Management's estimate of the costs to complete. The ARMC was satisfied with the appropriateness of the revenue recognised in the consolidated financial statements of the Group for the financial year ended 31 December 2023.
Recoverability of trade receivables and contract assets	The ARMC assessed the recoverability of specific long overdue trade receivables and potential impairment of contract assets. The ARMC noted that the audit procedures performed by the auditors included evaluating Management's assumptions and inputs used in the computation of historical credit loss rates and reviewing the data and information that management had used to make forward-looking adjustments as well as requesting for confirmations and obtaining evidence of receipts subsequent to the year end from selected customers. It concurred with Management on the adequacy of the provision for trade receivables and impairment of contract assets for the financial year ended 31 December 2023.

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

ARMC to Keep Abreast of Changes to Accounting Standards

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

Independence of External Auditors

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

CORPORATE GOVERNANCE REPORT

The ARMC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors and the ARMC was of the view that the non-audit services (namely for tax compliance services) provided by the external auditors in FY2023 did not prejudice their objectivity and independence.

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

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

External Auditor Fees for FY2023	S\$'000	% of Total Fees
Total Audit Fees	388	78
Total Non-Audit Fees	108	22
Total Fees	496	100

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

Whistle-blowing Policy

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

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

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

CORPORATE GOVERNANCE REPORT

Whistle-blowing Committee (“WBC”)

The WBC consists of:

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

The WBC is empowered to:

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Provision 10.2

ARMC Membership

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

Mr. Basil Chan, Chairman	(Independent Director)
Ms. Kay Pang Ker-Wei	(Independent Director, appointed on 7 August 2023)
Mr. Tommy Teo Zhi Zhuang	(Non-Executive Director)

During the year under review, the ARMC held six (6) scheduled meetings, which were attended by majority of the members.

Provision 10.3

Expertise of ARMC Members

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

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

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

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

Provision 10.4

Internal Auditors

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

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

CORPORATE GOVERNANCE REPORT

Internal Audit Function

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

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

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

Adequacy and Effectiveness of Internal Audit Function

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

Provision 10.5

Meeting with External and Internal Auditors

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

Provision 11.1

Sufficient Information to Shareholders

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

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

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

CORPORATE GOVERNANCE REPORT

Effective Shareholders' Participation

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

The Group fully supports the Code's principle to encourage shareholders' participation in and vote at all the General Meetings. The Company's Constitution allows the appointment of not more than two (2) proxies by shareholders to attend the AGM and vote on their behalf. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the General Meetings as proxies without being constrained by the two-proxy requirement.

Following Singapore's return to Dorscon green level with effect from 13 February 2023, the Company has decided to hold its General Meetings in the physical face-to-face format practiced pre-COVID. In this regard, the Company held its last AGM in respect of FY2022 physically at Temasek Club, 131 Rifle Range Road, Singapore 588406.

Shareholders participated in the AGM physically, and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM. The Company had received questions from shareholders and the Company had on 23 April 2023, published on the SGXNET and on the Company's website the Company's responses to all questions submitted in advance by the shareholders.

The Company's forthcoming AGM in respect of FY2023 will be held physically at Temasek Club, 131 Rifle Range Road, Singapore 588406.

Provision 11.2

Separate Resolutions at General Meetings

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

Proxies for Nominee Companies

The Constitution of the Company allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two (2) proxies to attend General Meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at the General Meeting of the Company as their CPF agent banks' proxies.

CORPORATE GOVERNANCE REPORT

Provision 11.3

Attendees at General Meetings

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

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

Provision 11.4

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

Provision 11.5

Minutes of General Meetings

The minutes of the General Meeting which incorporate substantial comments or queries from shareholders relating to the agenda of the meeting, response from the Board and Management, are available to shareholders at the registered office of the Company at 19 Tai Seng Avenue, #06-01, Singapore 534054 during normal business hours upon written request. The minutes of General Meeting will be published on the SGXNET and the Company's corporate website at <http://nera.net/agm-egm-minutes.html> within one (1) month after each General Meeting.

Provision 11.6

Dividend Policy

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

In view of the performance of the Company and the Group in FY2023 and the return to profitability, the Directors have proposed a first and final dividend of 0.5 cent per ordinary share for the year under review.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Provisions 12.1, 12.2 and 12.3

Communication with Shareholders

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

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

Timely Information to Shareholders

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

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

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

Soliciting and Understanding Views of Shareholders

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

All resolutions at AGMs are put to vote by poll to allow greater transparency and more equitable participation by shareholders. An independent scrutineer, Corporate Republic Advisory Pte. Ltd., has been appointed by the Company to ensure the satisfactory procedure of the electronic polling process and to direct and supervise the counting of votes during the last Annual General Meeting held in 2023.

CORPORATE GOVERNANCE REPORT

Regular Dialogue with Shareholders and Investor Relations Policy

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

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

The Chairman, CEO, Chief Financial Officer and majority of the Directors were present at the 2023 AGM proceedings, held at Temasek Club, Brani Room, 131 Rifle Range Road, Singapore 588406. The Minutes of the AGM was published on both SGXNET and the Company's website after the AGM.

The Company's website also contains the latest and past annual reports, quarterly results and results' presentation slides as presented to analysts. The Company's Investor Relations contact is also reflected on the website at <https://www.nera.net/contact-us/>, to enable shareholders to contact the Company, if required.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2

Relationship with stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors. During FY2023, the Company's strategy and keys areas of focus in relation to the management of stakeholder relationships can be found under the Sustainability Report on pages 13 to 36 of this Annual Report.

Provision 13.3

Communications with stakeholders

The Company has engaged WeR1 Consultants Pte Ltd as its Investor Relations consultant. Their contact details are on the website at <https://www.nera.net/contact-us/>, so stakeholders can contact the Company, if required.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

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

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

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

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

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

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

Material Contracts

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

Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported to the ARMC and the transactions are carried out at arm’s length and under normal commercial terms. There are no interested person transactions for FY2023.

CODE OF CONDUCT AND PRACTICES

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

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Nera Telecommunications Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheets and statements of changes in equity of the Company for the financial year ended 31 December 2023.

1. Opinion of the Directors

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group and the balance sheets and statements of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. The Directors have reviewed the cash flow forecast prepared by management and are of the view that the Group will have sufficient net positive cash flow to satisfy its working capital requirements and to meet its obligation as and when they fall due.

2. Directors

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

Chong Hoi Ming
Basil Chan (Chairman, appointed on 07 August 2023)
Tommy Teo Zhi Zhuang
Wong Chee-Yann
Kay Pang Ker-Wei

3. Arrangements to enable Directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares and debentures

The following Director, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations as stated below:

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

* Shares are held in trust for the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and on 21 January 2024.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year or on 21 January 2024.

5. Share plan

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

The NeraTel PSP 2014 is administered by the Remuneration Committee (the "Committee") comprising three Directors, Basil Chan, Wong Chee-Yann and Kay Pang Ker-Wei.

DIRECTORS' STATEMENT

5. Share plan (cont'd)

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

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

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

6. Audit and Risk Management Committee

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly financial information and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditor
- Met with the external and internal auditors, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARMC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

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

DIRECTORS' STATEMENT

7. Auditors

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

On behalf of the Board of Directors,

Basil Chan
Director

Chong Hoi Ming
Director

Singapore
9 April 2024

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nera Telecommunications Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheets and the statements of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) SFRS(I) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Key audit matters (cont'd)

Revenue recognition

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

Our audit procedures included, amongst others:

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Key audit matters (cont'd)

Recoverability of trade receivables and contract assets

Trade receivables and contract asset balances were significant to the Group and the Company as they represent 51% and 26% of the total assets of the balance sheets of the Group and the Company respectively. The Group's trade receivables and contract assets amounted to \$42,979,000 and \$22,062,000 respectively as at 31 December 2023, against which an allowance for expected credit loss ("ECL") and impairment of \$2,750,000 and \$3,728,000 had been made respectively. As at 31 December 2023, 17% of the trade receivables are aged more than 90 days. The Company's trade receivables and contract assets amounted to \$12,408,000 and \$9,760,000 respectively as at 31 December 2023, against which an allowance for ECL and impairment of \$38,000 and \$2,083,000 had been made respectively. As at 31 December 2023, 19% of the trade receivables are aged more than 90 days.

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

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

Our audit procedures included, amongst others:

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Other information

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

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

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

Responsibilities of Management and Directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

- 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.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ong Beng Lee, Ken.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
9 April 2024

BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current assets					
Property, plant and equipment	5	4,777	5,197	1,741	1,003
Right-of-use assets	17	4,459	5,229	3,964	4,713
Intangible assets	6	568	734	548	683
Investments in subsidiaries	7	–	–	7,754	2,218
Long term trade and other receivables	11	199	312	–	–
Deferred tax assets	25	4,044	484	2,128	208
		<u>14,047</u>	<u>11,956</u>	<u>16,135</u>	<u>8,825</u>
Current assets					
Stocks	8	5,401	11,662	5,096	7,136
Contract assets	9	22,062	36,227	9,760	11,609
Trade receivables	10	42,979	48,884	12,408	7,990
Other receivables, deposits and prepayments	11	21,716	22,737	20,085	17,547
Amounts due from subsidiaries					
– trade	12	–	–	3,988	7,957
– non-trade	12	–	–	6,682	10,350
Fixed deposits	28	4,220	–	4,220	–
Cash and bank balances	28	16,402	18,200	7,909	6,337
		<u>112,780</u>	<u>137,710</u>	<u>70,148</u>	<u>68,926</u>
Assets held for sale	4	–	2,744	–	2,744
		<u>112,780</u>	<u>140,454</u>	<u>70,148</u>	<u>71,670</u>
Current liabilities					
Trade payables	13	28,292	39,112	10,527	7,537
Other payables and accruals	14	6,911	10,052	3,479	5,045
Contract liabilities	9	25,080	30,845	19,407	20,054
Amounts due to subsidiaries	12				
– trade		–	–	17	23
– non-trade	12	–	–	446	677
Short-term borrowings	16	11,997	21,000	11,997	21,000
Lease liabilities		1,547	539	1,129	169
Provision for taxation		946	572	–	106
Provision for warranty	15	491	479	417	304
		<u>75,264</u>	<u>102,599</u>	<u>47,419</u>	<u>54,915</u>
Liabilities directly associated with the assets held for sale		–	2,797	–	2,797
		<u>75,264</u>	<u>105,396</u>	<u>47,419</u>	<u>57,712</u>
Net current assets		<u>37,516</u>	<u>35,058</u>	<u>22,729</u>	<u>13,958</u>
Non-current liabilities					
Lease liabilities	17	4,404	5,399	4,267	5,211
Defined benefit obligation	38	582	550	–	–
		<u>4,986</u>	<u>5,949</u>	<u>4,267</u>	<u>5,211</u>
Net assets		<u>46,577</u>	<u>41,065</u>	<u>34,597</u>	<u>17,572</u>
Equity attributable to owners of the Company					
Share capital	18	29,909	29,909	29,909	29,909
Revenue reserve		17,388	11,717	4,688	(12,337)
Translation reserve	19	(1,463)	(1,044)	–	–
Other reserve		743	483	–	–
		<u>46,577</u>	<u>41,065</u>	<u>34,597</u>	<u>17,572</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$'000	2022 \$'000
Revenue	9	141,688	132,529
Cost of sales		(110,451)	(102,949)
Gross profit		31,237	29,580
Distribution and selling expenses		(16,537)	(18,311)
Administrative expenses		(13,820)	(11,865)
Other income/(expenses)	20	3,695	(3,866)
Profit/(loss) from operating activities	21	4,575	(4,462)
Finance income	23	262	86
Finance expenses	24	(1,155)	(859)
Profit/(loss) before tax		3,682	(5,235)
Tax	25	1,989	(2,056)
Profit/(loss) after tax		5,671	(7,291)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation of financial statements of foreign operations		(419)	1,822
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit obligation		260	(7)
Other comprehensive (loss)/income for the year, net of tax		(159)	1,815
Total comprehensive income/(loss) for the year attributable to owners of the Company		5,512	(5,476)
Earnings per share attributable to owners of the Company (cents per share)			
Basic	26(a)	1.57	(2.01)
Diluted	26(a)	1.57	(2.01)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company				Total equity \$'000
	Share capital (Note 18) \$'000	Revenue reserve \$'000	Translation reserve (Note 19) \$'000	Other reserve \$'000	
Group					
At 1 January 2023	29,909	11,717	(1,044)	483	41,065
Profit for the year	–	5,671	–	–	5,671
Other comprehensive (loss)/income for the year	–	–	(419)	260	(159)
Total comprehensive income/(loss) for the year	–	5,671	(419)	260	5,512
Total contributions by and distributions to owners	–	5,671	(419)	260	5,512
At 31 December 2023	29,909	17,388	(1,463)	743	46,577
At 1 January 2022	29,909	19,008	(2,866)	490	46,541
Loss for the year	–	(7,291)	–	–	(7,291)
Other comprehensive income/(loss) for the year	–	–	1,822	(7)	1,815
Total comprehensive (loss)/income for the year	–	(7,291)	1,822	(7)	(5,476)
Total contributions by and distributions to owners	–	(7,291)	1,822	(7)	(5,476)
At 31 December 2022	29,909	11,717	(1,044)	483	41,065

	Attributable to owners of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Company			
At 1 January 2023	29,909	(12,337)	17,572
Profit for the year	–	17,025	17,025
Total comprehensive income for the year	–	17,025	17,025
Total contributions by and distributions to owners	–	17,025	17,025
At 31 December 2023	29,909	4,688	34,597
At 1 January 2022	29,909	7,816	37,725
Loss for the year	–	(20,153)	(20,153)
Total comprehensive loss for the year	–	(20,153)	(20,153)
Total contributions by and distributions to owners	–	(20,153)	(20,153)
At 31 December 2022	29,909	(12,337)	17,572

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Profit/(loss) before tax		3,682	(5,235)
Adjustments for:			
Amortisation of intangible asset	6	240	238
Bad debts written off	21	24	21
Depreciation of property, plant and equipment	5	1,092	797
Depreciation of right-of-use assets	17	1,490	1,035
Interest expense	24	1,155	859
Interest income	23	(262)	(86)
Foreign exchange (gain)/loss, net – forward currency contracts	21	(54)	56
Net gain on disposal of property, plant and equipment	21	(5,754)	(21)
Net allowance for contract assets	9	327	993
Stocks write-down	8	–	78
Net allowance for doubtful trade debts	9	120	2,285
Net provision for warranty	15	517	234
Gain on sale of customer contracts		–	(631)
Pension cost		361	254
Operating cash flows before changes in working capital		2,938	877
Decrease/(increase) in:			
Stocks		6,545	(1,799)
Contract assets		13,385	(2,222)
Trade receivables		4,502	(8,109)
Other receivables, deposits and prepayments		628	(681)
Increase/(decrease) in:			
Trade payables		(10,620)	14,934
Other payables and accruals		(3,422)	1,898
Contract liabilities		(5,366)	314
Provision for warranty		(505)	(273)
Foreign exchange (gain)/loss, net – forward currency contracts		(54)	56
Unrealised foreign exchange loss, net		1,470	4,613
Cash generated from operations		9,501	9,608
Income tax paid		(920)	(1,256)
Interest paid		(602)	(618)
Benefits paid out from pension fund	38	(71)	(92)
Net cash flows generated from operating activities		7,908	7,642
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		6,370	22
Purchase of property, plant and equipment	5	(1,348)	(529)
Purchase of intangible assets	6	(75)	(6)
Proceeds from sale of customer contracts		–	338
Interest received		192	86
Net cash flows generated from/(used in) investing activities		5,139	(89)
Cash flows from financing activities			
Proceeds from bank loans		9,000	24,000
Increased in trade facilities		2,497	–
Repayment of bank loans		(20,500)	(35,000)
Repayment of lease liabilities		(963)	(1,109)
Net cash flows used in financing activities		(9,966)	(12,109)
Net increase/(decrease) in cash and cash equivalents		3,081	(4,556)
Effect of exchange rates changes on cash and bank balances		(664)	(761)
Cash and cash equivalents at beginning of the year		18,086	23,403
Cash and cash equivalents at end of the year	28	20,503	18,086

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. Corporate information

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

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

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

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

2. Material accounting policies information

2.1 Basis of preparation

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

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

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

The Group incurred a net profit of \$5,671,000 for the financial year ended 31 December 2023 (net loss of \$7,291,000 for the financial year ended 31 December 2022). Operating cash inflows was \$7,908,000 for the year ended 31 December 2023 (cash inflows for the year ended 31 December 2022: \$7,642,000). As of 31 December 2023, the Group had net assets of \$46,577,000 (2022: \$41,065,000) and net current assets of \$37,516,000 (2022: \$35,058,000).

The financial statements have been prepared on a going concern basis. The ability of the Group to continue as a going concern depends on the ability of the Group to renew or obtain short terms borrowings from the banks. Management has prepared a cash flow forecast and is of the view that the Group will have sufficient net positive cash flow to satisfy its working capital requirements and to meet its obligation as and when they fall due.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

2.4 Basis of consolidation

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.4 Basis of consolidation (cont'd)

- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Foreign currency

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

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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

(b) Consolidated financial statements

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

2.6 Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.7 *Non-current assets held for sale*

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

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

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

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

2.8 *Property, plant and equipment*

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

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

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

Leasehold improvements	–	10 years
Plant and other equipment	–	3 to 7 years
Furniture and fittings	–	5 to 10 years
Motor vehicles	–	5 years

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.9 Intangible assets

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

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

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

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

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

Brand

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

Acquired computer software licences

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

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

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investment in debt instruments

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

(i) *Amortised cost*

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

(ii) *Fair value through profit or loss*

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

Derivatives

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

De-recognition

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

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.11 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

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

De-recognition

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

2.12 Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.14 Stocks

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

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

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

2.15 Provisions

General

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

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

Warranty provisions

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

2.16 Employee benefits

(a) *Defined contribution plans*

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

(b) *Defined benefit plans*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.16 Employee benefits (cont'd)

(b) Defined benefit plans (cont'd)

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

(c) Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.17 Leases

(a) *As lessee*

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

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and other equipment – 1 to 5 years

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

(ii) *Lease liabilities*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.17 Leases (cont'd)

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

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

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

(b) *As lessor*

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

2.18 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

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

(a) *Sale and installation of network equipment*

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

(b) *Rendering of services*

(i) *Professional services*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.18 Revenue (cont'd)

(b) Rendering of services (cont'd)

(ii) Maintenance services

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

(c) Turnkey project

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.19 Government grants

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

2.20 Income taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.20 Income taxes (cont'd)

(b) Deferred tax (cont'd)

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

(c) Sales tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Material accounting policies information (cont'd)

2.21 Derivative financial instruments

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

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

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

2.22 Segment reporting

For management purposes, the Group is organised on a world-wide basis into two major operating businesses (divisions) which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.23 Contingencies

A contingent liability is:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

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

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and net deferred tax assets at 31 December 2023 are \$946,000 (2022: \$572,000) and \$4,044,000 (2022: \$484,000) respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) *Revenue from contracts*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

3.2 Key sources of estimation uncertainty (cont'd)

(ii) Recoverability of trade receivables and contract assets

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 10.

The carrying amount of trade receivables and contract assets as at 31 December 2023 are \$42,979,000 and \$22,062,000 (2022: \$48,884,000 and \$36,227,000) respectively.

(iii) Provision for warranty

The Group recognises provision for warranty when the product is sold or service is provided. Initial recognition is based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranty were based on current sales level and current information available about the expected warranty claims. The Group's provisions for warranty at 31 December 2023 was \$491,000 (2022: \$479,000). The warranty provision will be reversed if not utilised upon expiry of warranty period.

4. Assets held for sale

In previous year, the Group has classified leasehold building as held for sale. The carrying value of the assets held for sale was \$2,744,000 mainly derived from leasehold building. With the conditions precedent for sale completion including approval from Jurong Town Corporation attained on 5 January 2023, the sale was completed on 31 January 2023. Sale proceeds of \$6,300,000 was received from the purchaser on 31 January 2023 and a net gain of \$6,219,000 on the sale of property was recorded during the year.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Property, plant and equipment

	Leasehold improvements \$'000	Plant and other equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
Group						
Cost						
At 1 January 2022	1,569	3,984	839	752	4,139	11,283
Additions	–	89	6	–	954	1,049
Disposals/written off	–	(762)	–	(152)	–	(914)
Transferred to plant and other equipment	–	1,013	–	–	(1,013)	–
Currency realignment	(67)	(190)	(41)	(49)	(379)	(726)
At 31 December 2022 and 1 January 2023	1,502	4,134	804	551	3,701	10,692
Additions	923	354	95	–	–	1,372
Disposals/written off	(773)	(941)	(283)	(162)	(549)	(2,708)
Reclassification	868	–	–	–	(868)	–
Currency realignment	(16)	(51)	(10)	(22)	(29)	(128)
At 31 December 2023	2,504	3,496	606	367	2,255	9,228
Group						
Accumulated depreciation						
At 1 January 2022	1,308	3,298	588	703	–	5,897
Charge for the year	126	567	78	26	–	797
Disposals/written off	–	(761)	–	(152)	–	(913)
Currency realignment	(53)	(157)	(27)	(49)	–	(286)
At 31 December 2022 and 1 January 2023	1,381	2,947	639	528	–	5,495
Charge for the year	423	574	87	8	–	1,092
Disposals/written off	(745)	(890)	(268)	(146)	–	(2,049)
Currency realignment	(17)	(36)	(11)	(23)	–	(87)
At 31 December 2023	1,042	2,595	447	367	–	4,451
Net carrying amount						
At 31 December 2022	121	1,187	165	23	3,701*	5,197
At 31 December 2023	1,462	901	159	–	2,255*	4,777

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$1,372,000 (2022: \$1,049,000). The cash outflow on acquisition of property, plant and equipment amounted to \$1,348,000 (2022: \$529,000). The remaining amount of \$24,000 (2022: \$520,000) is unpaid as at year end and is recorded in other payables.

* During the year, the Group purchased equipment amounting to nil (2022: \$86,000) which are held by Nera (Philippines), Inc. The equipment are currently classified in assets under construction and they were acquired for the purpose of a government project in the Philippines.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

	Leasehold improvements \$'000	Plant and other equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Assets under construction \$'000	Total \$'000
Company						
Cost						
At 1 January 2022	773	1,056	295	311	–	2,435
Additions	–	–	–	–	868	868
Disposals/written off	–	(2)	–	(88)	–	(90)
At 31 December 2022 and 1 January 2023	773	1,054	295	223	868	3,213
Additions	923	279	79	–	–	1,281
Disposals/written off	(773)	(508)	(283)	(160)	–	(1,724)
Reclassification	868	–	–	–	(868)	–
At 31 December 2023	1,791	825	91	63	–	2,770
Accumulated depreciation						
At 1 January 2022	739	935	266	265	–	2,205
Charge for the year	6	56	10	23	–	95
Disposals/written off	–	(2)	–	(88)	–	(90)
At 31 December 2022 and 1 January 2023	745	989	276	200	–	2,210
Charge for the year	341	64	17	8	–	430
Disposals/written off	(745)	(456)	(265)	(145)	–	(1,611)
At 31 December 2023	341	597	28	63	–	1,029
Net carrying amount						
At 31 December 2022	28	65	19	23	868	1,003
At 31 December 2023	1,450	228	63	–	–	1,741

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Intangible assets

	Brand \$'000	Software \$'000	Total \$'000
Group			
Cost			
At 1 January 2022	1,289	564	1,853
Additions	–	6	6
Currency realignment	–	(16)	(16)
At 31 December 2022 and 1 January 2023	1,289	554	1,843
Additions	–	75	75
Currency realignment	–	(10)	(10)
At 31 December 2023	1,289	619	1,908
Accumulated amortisation			
At 1 January 2022	709	173	882
Amortisation	65	173	238
Currency realignment	–	(11)	(11)
At 31 December 2022 and 1 January 2023	774	335	1,109
Amortisation	65	175	240
Currency realignment	–	(9)	(9)
At 31 December 2023	839	501	1,340
Net carrying amount			
At 31 December 2022	515	219	734
At 31 December 2023	450	118	568
	Brand \$'000	Software \$'000	Total \$'000
Company			
Cost			
At 1 January 2022	1,289	365	1,654
Additions	–	–	–
At 31 December 2022 and 1 January 2023	1,289	365	1,654
Additions	–	50	50
At 31 December 2023	1,289	415	1,704
Accumulated amortisation			
At 1 January 2022	709	76	785
Amortisation	65	121	186
At 31 December 2022 and 1 January 2023	774	197	971
Amortisation	65	120	185
At 31 December 2023	839	317	1,156
Net carrying amount			
At 31 December 2022	515	168	683
At 31 December 2023	450	98	548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Intangible assets (cont'd)

Brand relates to the 'NERA' brand and the useful life is estimated to be 20 years. The remaining amortisation period is 7 years.

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

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

7. Investments in subsidiaries

	Company	
	2023 \$'000	2022 \$'000
Unquoted shares	5,869	5,869
Conversion of loan to unquoted shares	5,643	–
Loan to a subsidiary	21,784	2,000
Impairment loss	(25,542)	(5,651)
Carrying amount after impairment loss	<u>7,754</u>	<u>2,218</u>
Movement in impairment loss:		
At 1 January	5,651	4,245
Charge for the year	<u>19,891</u>	<u>1,406</u>
At 31 December	<u>25,542</u>	<u>5,651</u>

Loan to a subsidiary which form part of the Company's net investments in subsidiaries, is unsecured, bear interest rates of 6.99% (2022: 4.89%) and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less impairment losses.

During the year, the company has converted the outstanding debt due from P.T. Nera Indonesia amounting to \$5,643,000 into 3,890 shares in P.T. Nera Indonesia.

Impairment losses of \$19,784,000 was recognised to write-down the loan to subsidiary during financial year 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Investments in subsidiaries (cont'd)

The details and the principal activities of the subsidiaries are:

Name of company	Principal activity	Country of incorporation and place of business	Percentage of equity interest		Cost of investment	
			2023 %	2022 %	2023 \$'000	2022 \$'000
Nera Networks (S) Pte Ltd (B)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communication and information technology networks	Singapore	100	100	1,000	1,000
Nera (Thailand) Limited (*) (ii)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Thailand	100	100	1,406	1,406
Nera (Philippines), Inc. (*)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Philippines	100	100	1,128	1,128
Nera Infocom (M) Sdn. Bhd. (*)	Sales, installation and maintenance of information technology equipment	Malaysia	100	100	225	225
P.T. Nera Indonesia (*)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Indonesia	100	100	5,990	347
Nera Telecommunications (Australia) Pty Ltd (#)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Australia	100	100	589	589

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Investments in subsidiaries (cont'd)

Name of company	Principal activity	Country of incorporation and place of business	Percentage of equity interest		Cost of investment	
			2023 %	2022 %	2023 \$'000	2022 \$'000
Nera Telecommunications (India) Pvt. Ltd. (#)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	India	100	100	570	570
Nera (Malaysia) Sdn. Bhd. (*)	Sales, installation and maintenance of communications equipment	Malaysia	100	100	404	404
Nera Telecommunications (Myanmar) Company Limited (#)	Service, maintenance and leasing	Myanmar	100	100	133	133
Nera Telecommunications (Vietnam) Co., Ltd. (#)	Installation, maintenance, service and repair of info-communications and telecommunications equipment	Vietnam	100	100	67	67
					11,512	5,869
Held through Nera Networks (S) Pte Ltd						
Nera Telecommunications AS (#) (i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Norway	100	100	–	–
Nera Telecommunications Maroc S.A.R.L AU (**)(i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Morocco	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Investments in subsidiaries (cont'd)

Name of company	Principal activity	Country of incorporation and place of business	Percentage of equity interest		Cost of investment	
			2023 %	2022 %	2023 \$'000	2022 \$'000
Held through Nera Networks (S) Pte Ltd (cont'd)						
Nera Telecommunications (Pakistan) (Private) Limited (#) (i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Pakistan	100	100	–	–
Nera Telecommunications FZ-LLC (#) (i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	United Arab Emirates	100	100	–	–
Nera Networks Nigeria Limited (#) (i)	Sales and distribution, design, engineering, servicing, installation and maintenance of transmission networks, satellite communications and information technology networks	Nigeria	100	100	–	–
Nera Telecommunications Holding (Thailand) Co., Ltd. (#) (i) (iii)	Investment holding	Thailand	100	100	–	–

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

(*) Audited by member firms of Ernst & Young Global in the respective countries.

(#) Audited by other CPA firms in the respective countries.

(**) No requirement for statutory audit.

(i) Cost of investment is not stated as the subsidiaries are not directly held by the Company (Nera Telecommunications Ltd).

(ii) The Company holds 49% of the ordinary shares in the subsidiary while the remaining 51% preference shares is held by its subsidiary, Nera Telecommunications Holdings (Thailand) Co. Ltd.

(iii) The Group holds 49% of the ordinary shares in the subsidiary while the remaining 51% is held by a preference shareholder. The preference shareholder is entitled to one vote per 30 shares held, fixed non-cumulative preferred dividend at a rate of 1% of paid-up value of the shares and has preferred right to receive such dividend and paid-up value prior to ordinary shares. Nera Telecommunications Holding (Thailand) Co., Ltd. is treated as a subsidiary of the Group as the Group has majority voting rights.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. Investments in subsidiaries (cont'd)

Impairment losses of \$107,000 was recognised to write-down the investment in Nera Telecommunications (Australia) Pty Ltd during the year.

In previous year, impairment losses of \$1,406,000 was recognised to write-down the investment in Nera (Thailand) Limited.

8. Stocks

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Network equipment	5,401	11,662	5,096	7,136

At 31 December 2023, stocks recognised as an expense in the consolidated statement of comprehensive income under line item "Cost of sales" for the Group amounted to \$47,137,000 (2022: \$36,398,000) inclusive of stocks net write-down of nil (2022: \$78,000).

9. Revenue

(a) Disaggregation of revenue

Segments	WIN		NI		Total revenue	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Primary geographical markets						
Singapore	3,093	1,521	58,286	49,506	61,379	51,027
Indonesia	3,611	2,530	27,139	23,412	30,750	25,942
Malaysia	2,941	2,354	20,284	22,563	23,225	24,917
Philippines	762	1,085	1,090	4,770	1,852	5,855
Thailand	1,180	892	1,501	707	2,681	1,599
EMEA countries	15,198	18,423	5,061	1,730	20,259	20,153
Others	1,530	2,644	12	392	1,542	3,036
	<u>28,315</u>	<u>29,449</u>	<u>113,373</u>	<u>103,080</u>	<u>141,688</u>	<u>132,529</u>
Major product or service lines						
Sale of equipment	7,105	9,171	49,873	31,881	56,978	41,052
Rendering of services	7,785	5,695	44,928	42,432	52,713	48,127
Turnkey project	13,425	14,583	18,572	28,767	31,997	43,350
	<u>28,315</u>	<u>29,449</u>	<u>113,373</u>	<u>103,080</u>	<u>141,688</u>	<u>132,529</u>
Timing of transfer of goods or services						
At a point in time	7,105	9,171	49,873	31,881	56,978	41,052
Over time	21,210	20,278	63,500	71,199	84,710	91,477
	<u>28,315</u>	<u>29,449</u>	<u>113,373</u>	<u>103,080</u>	<u>141,688</u>	<u>132,529</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Revenue (cont'd)

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

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

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

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

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

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

- (iii) Estimating variable consideration for turnkey projects

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

(c) *Contract assets and contract liabilities*

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables (Note 10)	42,979	48,884	12,408	7,990
Contract assets	22,062	36,227	9,760	11,609
Contract liabilities	25,080	30,845	19,407	20,054

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Revenue (cont'd)

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

The Group has recognised a net impairment loss on receivables arising from contracts with customers amounting to \$120,000 (2022: net impairment loss of \$2,285,000). The Company has recognised a net writeback on receivables arising from contracts with customers amounting to nil (2022: \$70,000).

The Group has recognised a net impairment loss on contract assets amounting to \$327,000 (2022: net impairment loss on contract assets of \$993,000).

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

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

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

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contract assets reclassified to receivables	29,631	24,165	9,217	8,685

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	20,797	13,917	11,637	7,331

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

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2023 is \$102,719,000 (2022: \$154,546,000), which the Group expects to recognise as revenue in 2024 and 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Trade receivables

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables	45,729	59,380	12,446	8,367
Less: Allowance for impairment of trade receivables	(2,750)	(10,496)	(38)	(377)
Total trade receivables	42,979	48,884	12,408	7,990
Add:				
Other receivables and deposits (excluding staff advances, prepayments and tax recoverable) (Note 11)	2,227	4,060	2,272	809
Cash and bank balances (Note 28)	16,402	18,200	7,909	6,337
Fixed deposits (Note 28)	4,220	–	4,220	–
Amounts due from subsidiaries	–	–	10,670	18,307
Total financial assets carried at amortised cost	65,828	71,144	37,479	33,443

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

At balance sheet date, retention sums relating to contracts included in trade receivables of the Group and the Company are \$3,688,000 and nil (2022: \$5,162,000 and nil) respectively.

At the balance sheet date, trade receivables for the Group arising from export sales amounting to \$4,155,000 (2022: \$5,071,000) are arranged to be settled via letters of credits issued by banks in countries where the customers are based.

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
US dollar	4,995	10,725	572	1,567
Other currencies	69	320	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Trade receivables (cont'd)

Expected credit losses

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Movement in allowance accounts:				
At 1 January	10,496	9,268	377	447
Charge for the year	1,242	2,715	34	–
Written back	(1,122)	(430)	(34)	(70)
Written off	(7,733)	(124)	(339)	–
Currency realignment	(133)	(933)	–	–
At 31 December	<u>2,750</u>	<u>10,496</u>	<u>38</u>	<u>377</u>

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Movement in allowance accounts:				
At 1 January	3,296	3,873	2,083	2,083
Charge for the year	327	1,001	–	–
Written back	–	(8)	–	–
Written off	(13)	(1,389)	–	–
Currency realignment	118	(181)	–	–
At 31 December	<u>3,728</u>	<u>3,296</u>	<u>2,083</u>	<u>2,083</u>

11. Other receivables, deposits and prepayments

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Prepayments	18,549	17,650	17,783	16,738
Deposits	1,930	2,302	212	335
Staff advances	14	19	–	–
Tax recoverable	1,125	1,320	30	–
Other debtors	297	1,758	2,060	474
	<u>21,915</u>	<u>23,049</u>	<u>20,085</u>	<u>17,547</u>
Non-current	199	312	–	–
Current	<u>21,716</u>	<u>22,737</u>	<u>20,085</u>	<u>17,547</u>
	<u>21,915</u>	<u>23,049</u>	<u>20,085</u>	<u>17,547</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

The trade balances are non-interest bearing and are generally on 30 days' terms.

The non-trade balances are unsecured, repayable on demand and are to be settled in cash. Included in non-trade balances are advances to subsidiaries of \$6,112,000 (2022: \$15,284,000) that bears interest from 3.500% to 7.400% per annum (2022: 3.225% to 9.265% per annum). Other balances due from/(to) subsidiaries do not bear any interest.

13. Trade payables

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

Included in trade payables are accrued project costs amounting to \$8,489,000 (2022: \$7,943,000) and a fair value gain on forward currency contracts amounting to \$54,000 (2022: fair value loss on forward currency contracts amounting to \$56,000) which has been recognised in profit or loss as at 31 December 2023.

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
US dollar	5,943	8,252	4,524	3,428
Euro	91	–	90	–
Norwegian krone	26	–	–	–
Other currencies	1,660	1,445	–	–

14. Other payables and accruals

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Accrued payroll and staff expenses	3,782	3,949	2,444	2,732
Other accrued operating expenses	1,654	2,833	373	401
Other creditors	1,232	2,959	662	1,912
Withholding tax payables	243	311	–	–
Total other payables and accruals	6,911	10,052	3,479	5,045
Add:				
Trade payables (Note 13)	28,292	39,112	10,527	7,537
Amounts due to subsidiaries (Note 12)	–	–	463	700
Borrowings (Note 16)	11,997	21,000	11,997	21,000
Less:				
Withholding tax payables	(243)	(311)	–	–
Total financial liabilities carried at amortised cost	46,957	69,853	26,466	34,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Provision for warranty

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

- there is unpredictability in the network system in which it is possible for a failed IT equipment to cause the whole network to not be operational;
- the Group continues to work on projects and install equipment for customers in environments that are considerably more challenging;
- the Group continues to use equipment from new vendors whose equipment may not be fully tested in different environments; and
- there is a mismatch of the duration of the warranty coverage.

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	479	531	304	390
Provision for the year	744	380	715	304
Write-back of provision	(227)	(146)	(98)	(124)
Utilised during the year	(505)	(273)	(504)	(266)
Currency realignment	–	(13)	–	–
At 31 December	491	479	417	304

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

16. Borrowings

	Effective %	Maturities	Group		Company	
			2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Short-term borrowings (unsecured):						
Singapore dollar floating rate bank loans	5.27% to 5.53%	January 2024	9,500	–	9,500	–
Singapore dollar floating rate trade line	6.73% to 6.74%	January 2024	2,497	–	2,497	–
Singapore dollar floating rate bank loans	5.18% to 5.60%	January 2023, February 2023, March 2023	–	21,000	–	21,000
			11,997	21,000	11,997	21,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Borrowings (cont'd)

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

	1 January 2023 \$'000	Cash flows \$'000	New leases \$'000	Foreign exchange movement \$'000	Others \$'000	31 December 2023 \$'000
Short-term borrowings (unsecured):						
– current	21,000	(9,003)	–	–	–	11,997
Lease liabilities	5,938	(963)	749	(29)	256*	5,951

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

* Includes nil (2022: \$91,000) lease liabilities directly associated with the assets held for sale.

17. Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Leases (cont'd)

Group	Leasehold land and building \$'000	Plant and other equipment \$'000	Total \$'000
Cost			
At 1 January 2022	2,545	207	2,752
Additions	5,125	84	5,209
Disposal	(289)	(20)	(309)
Currency realignment	(240)	(3)	(243)
At 31 December 2022	7,141	268	7,409
Additions	376	373	749
Disposal	(1,101)	(6)	(1,107)
Currency realignment	(155)	(4)	(159)
At 31 December 2023	6,261	631	6,892
Accumulated depreciation			
At 1 January 2022	1,582	54	1,636
Charge for the year	965	70	1,035
Disposal	(289)	(20)	(309)
Currency realignment	(181)	(1)	(182)
At 31 December 2022	2,077	103	2,180
Charge for the year	1,301	189	1,490
Disposal	(1,101)	(6)	(1,107)
Currency realignment	(127)	(3)	(130)
At 31 December 2023	2,150	283	2,433
Net carrying amount			
At 1 January 2022	963	153	1,116
At 31 December 2022	5,064	165	5,229
At 31 December 2023	4,111	348	4,459
Company			
Cost			
At 1 January 2022	–	201	201
Additions	4,841	37	4,878
Disposal	–	(15)	(15)
At 31 December 2022 and 1 January 2023	4,841	223	5,064
Additions	–	200	200
Disposal	–	–	–
At 31 December 2023	4,841	423	5,264
Accumulated depreciation			
At 1 January 2022	–	46	46
Charge for the year	263	57	320
Disposal	–	(15)	(15)
At 31 December 2022 and 1 January 2023	263	88	351
Charge for the year	837	112	949
Disposal	–	–	–
At 31 December 2023	1,100	200	1,300
Net carrying amount			
At 31 December 2022	4,578	135	4,713
At 31 December 2023	3,741	223	3,964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Leases (cont'd)

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At 1 January	5,938	1,223	5,380	156
Additions	749	5,557	200	5,225
Accretion of interest (Note 24)	256	241	219	173
Reclassification to assets held for sale	–	91	–	91
Payments	(963)	(1,109)	(403)	(265)
Currency realignment	(29)	(65)	–	–
At 31 December	<u>5,951</u>	<u>5,938</u>	<u>5,396</u>	<u>5,380</u>
Current	1,547	539	1,129	169
Non-current	<u>4,404</u>	<u>5,399</u>	<u>4,267</u>	<u>5,211</u>
Total lease liabilities	<u>5,951</u>	<u>5,938</u>	<u>5,396</u>	<u>5,380</u>

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

The following are the amounts recognised in profit or loss:

	Group	
	2023 \$'000	2022 \$'000
Depreciation expense of right-of-use assets	1,490	1,035
Interest expense on lease liabilities	256	241
Expense relating to leases of short term lease assets (included in administrative expenses)	255	4
Expense relating to leases of low-value assets (included in administrative expenses)	6	11
Total amount recognised in profit or loss	<u>2,007</u>	<u>1,291</u>

The Group has total cash outflows for leases of \$963,000 in 2023 (2022: \$1,109,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Share capital

	2023	Group and Company		2022
	\$'000	\$'000	Number of shares '000	'000
Issued and fully paid ordinary shares:				
At 1 January and 31 December	29,909	29,909	361,897	361,897

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

19. Translation reserve

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

	Group	
	2023 \$'000	2022 \$'000
At 1 January	(1,044)	(2,866)
Current year translation	(419)	1,822
At 31 December	(1,463)	(1,044)
Net effect of exchange differences arises from:		
Translation of financial statements of foreign operations	(419)	1,822

20. Other income/(expenses)

	Group	
	2023 \$'000	2022 \$'000
Amortisation of intangible asset	(240)	(238)
Foreign exchange gain/(loss), net – forward currency contracts	54	(56)
Realised foreign exchange loss, net	(649)	(213)
Unrealised foreign exchange loss, net	(1,470)	(4,613)
Government grants	237	53
Net gain on disposal of property, plant and equipment	5,754	21
Gain on sale of contract*	–	631
Others	9	549
	3,695	(3,866)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. Profit/(loss) from operating activities

The following items have been included in arriving at profit/(loss) from operating activities:

	Group	
	2023	2022
	\$'000	\$'000
Audit fees to:		
Auditors of the Company	271	253
Audit fees paid to other member firms of EY Global	117	100
Other auditors	28	31
Bad debts written off	24	21
Non-audit fees to:		
Auditors of the Company	41	21
Non-audit fees paid to other member firms of EY Global	67	80
Other auditors	164	108
Write-back for doubtful trade receivables	(1,122)	(430)
Impairment loss on trade receivables	1,242	2,715
Net gain on disposal of property, plant and equipment	(5,754)	(21)
Legal fee	183	79

22. Personnel expenses and employee benefits

	Group	
	2023	2022
	\$'000	\$'000
Wages, salaries and bonuses	15,951	15,168
Pension contributions	2,334	1,979
Other personnel benefits	2,804	2,637
Termination benefits	73	27
	21,162	19,811

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

23. Finance income

	Group	
	2023	2022
	\$'000	\$'000
Interest income from:		
Bank deposits	227	78
Long term trade receivables	35	8
	262	86

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Finance expenses

	Group	
	2023 \$'000	2022 \$'000
Interest expense	899	618
Interest on lease liabilities	256	241
	<u>1,155</u>	<u>859</u>

25. Tax

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

	Group	
	2023 \$'000	2022 \$'000
<i>Consolidated income statement:</i>		
Current income tax:		
Current income taxation	1,136	1,662
Under/(over) provision in respect of prior years	708	(70)
Deferred income tax:		
Current year	(3,866)	417
Prior year	33	47
Income tax expense recognised in profit and loss	<u>(1,989)</u>	<u>2,056</u>

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

	Group	
	2023 \$'000	2022 \$'000
Profit/(loss) before tax from continuing operations	<u>3,682</u>	<u>(5,235)</u>
Tax at 17%	626	(890)
Tax effect of expenses that are not deductible in determining taxable profit/(loss)	1,666	2,965
Under/(over) provision in respect of prior years	741	(23)
Difference in tax rates applicable to subsidiaries	(267)	(573)
Tax effect of income not subject to tax	(1,207)	(411)
Effect of change in tax rate	(18)	62
Tax exemption, incentives and rebates	(17)	(65)
Deferred tax asset recognised during the year	(3,866)	(67)
Utilisation of previously recognised deferred tax assets	124	205
Utilisation of previously unrecognised deferred tax assets	(183)	(282)
Deferred tax assets not recognised by subsidiaries	412	1,135
	<u>(1,989)</u>	<u>2,056</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Tax (cont'd)

Deferred tax as at 31 December related to the following:

	Group		Consolidated income statement		Company	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Deferred tax liabilities:</i>						
Differences in depreciation of property, plant and equipment for tax purposes	69	(15)	(84)	50	72	(23)
Difference in amortisation of intangible assets	(93)	(116)	(23)	(32)	(93)	(116)
Right-of-use assets	(674)	(792)	(118)	(101)	(674)	(801)
	<u>(698)</u>	<u>(923)</u>			<u>(695)</u>	<u>(940)</u>
<i>Deferred tax assets:</i>						
Interest income receivables	(207)	(227)	(20)	112	(167)	(202)
General provisions	1,761	672	(1,089)	(4)	434	412
Tax losses	2,177	–	(2,177)	463	1,633	–
Retirement benefit #	143	24	(119)	–	–	–
Lease liabilities	868	914	46	–	917	914
Others	–	24	24	(24)	6	24
Net deferred tax assets	<u>4,044</u>	<u>484</u>			<u>2,128</u>	<u>208</u>
Foreign exchange differences			(273)	–		
Net deferred tax expense/ (credit)			<u>(3,833)</u>	<u>464</u>		

Deferred tax on retirement benefit amounting to nil (2022: \$31,000) is recorded in 'Other comprehensive income', under the equity section of the balance sheet.

Changes in corporate tax rate from financial year 2023 and 2022 are as follows:

- Morocco: from 0.5% to 0.25% (2022: 31% to 0.5%)
- Myanmar: from 25% to 22% (2022: 25%)

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

As at 31 December 2023, on the back of the improved performance and outlook the Group and the Company recognised deferred tax assets of \$4,044,000 (2022: \$484,000) and \$2,128,000 (2022: \$208,000) respectively. The deferred tax assets are mainly related to unused tax losses and deductible temporary differences arising from one of the subsidiaries of the Group and the Company. Deferred tax assets have been recognised to the extent it is probable that there will be future taxable profits available against which the deductible temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Tax (cont'd)

Unrecognised tax losses

The Group has tax losses and unutilised capital allowances of approximately \$18,318,000 (2022: \$12,774,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting year, no deferred tax liability (2022: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$4,261,000 (2022: \$4,582,000). The deferred tax liability is estimated to be \$226,000 (2022: \$294,000).

Tax consequences of proposed dividends

There are no income tax consequences (2022: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

26. Earnings per share

(a) *Continuing operations*

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

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

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

	Group	
	2023	2022
Net profit/(loss) attributable to ordinary equity holders of the Company for basic and diluted earnings per share (\$'000)	<u>5,671</u>	<u>(7,291)</u>
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	<u>361,897</u>	<u>361,897</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Earnings per share (cont'd)

(b) Earnings per share computation

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

27. Dividends

	Group and Company	
	2023	2022
	\$'000	\$'000
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares:</i>		
– A final exempt (one-tier) dividend for the current financial year of 0.5 cent (2022: nil) per share	1,809	–

28. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	4,220	–	4,220	–
Cash and bank balances	16,402	18,200	7,909	6,337
Deposits pledged	(119)	(114)	–	–
Cash and cash equivalents in the cashflow statement	<u>20,503</u>	<u>18,086</u>	<u>12,129</u>	<u>6,337</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.003% to 3.75% (2022: 0.01% to 3.75%) per annum. Included in cash and cash equivalents are amounts totaling \$119,000 (2022: \$114,000) pledged in accordance to a contractual arrangement and for purpose of bankers' guarantees issued.

Fixed deposits of the Group and the Company were made for a period of 30 days depending on the immediate cash requirements of the Group and the Company, and earned interests at the respective fixed deposit rates. The effective interest rates of fixed deposits ranging from 2.75% to 5.19% (2022: nil) per annum.

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
US dollar	6,574	3,118	5,896	757
AU dollar	4	9	4	9
Euro	157	108	18	31
Norwegian krone	67	173	–	–
Other currencies	<u>20</u>	<u>57</u>	<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Employee share plan

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

During the financial year, no shares (2022: Nil) were granted under the employee share plan.

30. Commitments

(a) Capital commitments

At 31 December 2023, the Group and the Company had commitments of nil (2022: \$1,290,000) relating to the purchase of new property, plant and equipment and renovation cost.

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

As at 31 December 2023 the Group has no commitments under operating leases for equipment.

31. Contingent liabilities

	Group and Company	
	2023	2022
	\$'000	\$'000
Guarantees		
Bankers' guarantees issued by banks on behalf of subsidiaries	590	1,916

32. Related party disclosures

Compensation of key management personnel

	Group	
	2023	2022
	\$'000	\$'000
Directors of the Company:		
Directors' fees	289	276
Directors' remuneration	858	1,093
Defined contribution benefits	17	35
Key management:		
Key management's remuneration	2,305	1,697
Defined contribution benefits	55	55

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Segment information

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

- Wireless Infrastructure Networks ("WIN") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of satellite communications, transmission products and systems and wireless solutions.
- Network Infrastructure ("NI") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of info-communications network infrastructure, network security solutions, IP networks, optical networks and broadcast infrastructure.

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

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment turnover, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

	WIN \$'000	NI \$'000	Adjustments \$'000	Notes	Total \$'000
2023					
Revenue	28,314	113,374			141,688
Cost of sales	(23,360)	(87,091)			(110,451)
Gross profit	4,954	26,283			31,237
Distribution and selling expenses	(3,587)	(12,950)			(16,537)
Administrative expenses	(2,008)	(11,812)			(13,820)
Other (expenses)/income	(1,469)	5,164			3,695
(Loss)/profit from operating activities	(2,110)	6,685			4,575
Finance income					262
Finance expenses					(1,155)
Profit before tax					3,682
Tax					1,989
Net profit for the year					5,671
Other information					
Segment assets	26,928	53,318	46,581	A	126,827
Segment liabilities	10,892	48,922	20,436	B	80,250
Capital expenditure	61	1,311			1,372
Depreciation and amortisation	243	2,579			2,822
Other non-cash (income)/expenses (*)	(633)	1,621			988

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Segment information (cont'd)

Allocation basis and transfer pricing (cont'd)

	WIN \$'000	NI \$'000	Adjustments \$'000	Notes	Total \$'000
2022					
Revenue	29,449	103,080			132,529
Cost of sales	(23,590)	(79,359)			(102,949)
Gross profit	5,859	23,721			29,580
Distribution and selling expenses	(5,985)	(12,326)			(18,311)
Administrative expenses	(2,635)	(9,230)			(11,865)
Other expenses	(321)	(3,545)			(3,866)
Loss from operating activities	(3,082)	(1,380)			(4,462)
Finance income					86
Finance expenses					(859)
Loss before tax					(5,235)
Tax					(2,056)
Net loss for the year					(7,291)
Other information					
Segment assets	35,244	75,433	41,733	A	152,410
Segment liabilities	14,626	64,545	32,174	B	111,345
Capital expenditure	69	980			1,049
Depreciation and amortisation	334	1,736			2,070
Other non-cash (income)/ expenses (*)	962	2,018			2,980

(*) Other non-cash (income)/expenses include net provision for warranty, stocks written down, net allowance/(write-back) for doubtful trade debts and net allowance/(write-back) for contract assets, bad debts written off and gain on sale of customer contracts

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2023 \$'000	2022 \$'000
Deferred tax assets	4,044	484
Other receivables, deposits and prepayments	21,915	23,049
Cash and cash equivalents	16,402	18,200
Fixed deposits	4,220	–
	46,581	41,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2023 \$'000	2022 \$'000
Defined benefit obligation	582	550
Other payables and accruals	6,911	10,052
Borrowings	11,997	21,000
Provision for taxation	946	572
	20,436	32,174

Geographical segments

Revenue and non-current assets (excluding deferred tax assets) information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore	61,379	51,027	6,253	6,399
Indonesia	30,750	25,942	409	485
Malaysia	23,225	24,917	215	159
Philippines	1,852	5,855	2,823	3,990
Thailand	2,681	1,599	268	349
Other EMEA countries	18,617	20,153	35	90
Others	3,184	3,036	–	–
	141,688	132,529	10,003	11,472

Non-current assets information presented above consist of intangible assets, property, plant and equipment, right-of-use assets, long term trade and other receivables.

Information about a major customer

Revenue from one major customer amounted to \$23,222,000 (2022: \$21,853,000), arising from revenue by the WIN and NI segments (2022: WIN and NI segments).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit and risk management committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly US dollar and Euro. Approximately 14% (2022: 18%) of the Group's turnover and 65% (2022: 38%) of the Group's purchases are denominated in foreign currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances amount to \$6,822,000 (2022: \$3,465,000) and \$5,918,000 (2022: \$797,000) for the Group and the Company respectively.

The Group uses forward currency contracts to mitigate the currency exposures on transactions in excess of \$100,000 for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts are in the same currency as the underlying exposure. It is the Group's policy not to enter into forward currency contracts until a firm commitment is in place and to negotiate the terms of forward currency contracts to match the terms of the underlying exposure.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. These investments are not hedged as the respective currency positions are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, AU dollar and Euro exchange rates (against SGD), with all other variables held constant, of the Group's (loss)/profit before tax.

	Group	
	2023	2022
	\$'000	\$'000
US dollar		
– Strengthened 3% (2022: 3%)	223	226
– Weakened 3% (2022: 3%)	(223)	(226)
Euro		
– Strengthened 5% (2022: 5%)	5	8
– Weakened 5% (2022: 5%)	(5)	(8)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from cash and cash equivalents and borrowings.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest income from cash assets placed with banks with all other variables held constant, of the Group's profit/(loss) before tax.

	Group Increase/ (decrease) basis points	Effect on profit/(loss) before tax \$'000
2023		
US dollar bank placements	(100)	(87)
AU dollar bank placements	(100)	–
Euro bank placements	(100)	(2)
Singapore dollar bank borrowings	(100)	(95)
US dollar bank borrowings	(100)	(25)
US dollar bank placements	100	87
AU dollar bank placements	100	–
Euro bank placements	100	2
Singapore dollar bank borrowings	100	95
US dollar bank borrowings	100	25
2022		
US dollar bank placements	(100)	(42)
AU dollar bank placements	(100)	–
Euro bank placements	(100)	(2)
Singapore dollar bank borrowings	(100)	(210)
US dollar bank placements	100	42
AU dollar bank placements	100	–
Euro bank placements	100	2
Singapore dollar bank borrowings	100	210

Liquidity risk

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

The principal method the Group uses to manage liquidity risk arising from financial liabilities is maintaining an adequate level of cash and cash equivalents and committed stand-by credit facilities with banks. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below analyses the Group's financial assets and liabilities and certain derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The carrying amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

	2023				2022			
	1 year or less \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000	1 year or less \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Group								
Financial assets:								
Trade receivables	42,979	–	–	42,979	48,884	–	–	48,884
Other receivables and deposits (excluding staff advances, prepayments and tax recoverable)	2,028	199	–	2,227	3,748	312	–	4,060
Cash and cash equivalents	16,402	–	–	16,402	18,200	–	–	18,200
Fixed deposits	4,220	–	–	4,220	–	–	–	–
Derivative financial instruments								
– Forward currency contracts	2,636	–	–	2,636	3,626	–	–	3,626
Total undiscounted financial assets	68,265	199	–	68,464	74,458	312	–	74,770
Financial liabilities:								
Trade payables	28,292	–	–	28,292	39,112	–	–	39,112
Other payables and accruals (excluding withholding tax payables)	6,668	–	–	6,668	9,741	–	–	9,741
Borrowings	12,054	–	–	12,054	21,257	–	–	21,257
Lease liabilities	1,706	4,575	–	6,281	738	5,046	211	5,995
Derivative financial instruments								
– Forward currency contracts	2,677	–	–	2,677	3,720	–	–	3,720
Total undiscounted financial liabilities	51,397	4,575	–	55,972	74,568	5,046	211	79,825
Total net undiscounted financial assets/(liabilities)	16,868	(4,376)	–	12,492	(110)	(4,734)	(211)	(5,055)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	2023				2022			
	1 year or less \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000	1 year or less \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Company								
Financial assets:								
Trade receivables	12,408	–	–	12,408	7,990	–	–	7,990
Other receivables and deposits (excluding prepayments and tax recoverable)	2,272	–	–	2,272	809	–	–	809
Amounts due from subsidiaries	10,670	–	–	10,670	18,307	–	–	18,307
Cash and cash equivalents	7,909	–	–	7,909	6,337	–	–	6,337
Fixed deposits	4,220	–	–	4,220	–	–	–	–
Derivative financial instruments								
– Forward currency contracts	2,636	–	–	2,636	3,626	–	–	3,626
Total undiscounted financial assets	40,115	–	–	40,115	37,069	–	–	37,069
Financial liabilities:								
Trade payables	10,527	–	–	10,527	7,537	–	–	7,537
Other payables and accruals	3,479	–	–	3,479	5,045	–	–	5,045
Amounts due to subsidiaries	463	–	–	463	700	–	–	700
Borrowings	12,054	–	–	12,054	21,257	–	–	21,257
Lease liabilities	1,284	4,482	–	5,766	342	4,847	211	5,400
Derivative financial instruments								
– Forward currency contracts	2,677	–	–	2,677	3,720	–	–	3,720
Total undiscounted financial liabilities	30,484	4,482	–	34,966	38,601	4,847	211	43,659
Total net undiscounted financial assets/(liabilities)	9,631	(4,482)	–	5,149	(1,532)	(4,847)	(211)	(6,590)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities.

	2023				2022			
	1 year or less \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000	1 year or less \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
Company								
Financial guarantees in relation to contracts	2,137	1,762	–	3,899	2,270	4,162	–	6,432

Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

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

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

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

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

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2023 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions and expected inflation rates.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geography:

(i) Singapore

	Contract Assets \$'000	Current \$'000	Trade receivables Days past due		Total \$'000
			Less than 90 days \$'000	More than 90 days \$'000	
31 December 2023					
Gross carrying amount	9,760	5,463	4,613	2,370	22,206
Loss allowance provision	25	–	–	38	63
31 December 2022					
Gross carrying amount	11,609	2,004	3,289	3,074	19,976
Loss allowance provision	25	–	–	377	402

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

(ii) Other geographical area

	Contract Assets \$'000	Current \$'000	Trade receivables Days past due		Total \$'000
			Less than 90 days \$'000	More than 90 days \$'000	
31 December 2023					
Gross carrying amount	16,030	17,624	10,091	5,568	49,313
Loss allowance provision	3,703	–	4	2,708	6,415
31 December 2022					
Gross carrying amount	27,914	23,345	7,631	20,037	78,927
Loss allowance provision	3,271	24	–	10,095	13,390

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 10.

During the year, the Group wrote-off \$24,000 (2022: \$21,000) of trade receivables as the Group does not expect to receive future cash flows and there are no recoveries from collection of cash flows previously written off.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the balance sheet date are as follows:

Customers' profile

By country

% of total trade receivables	Group		Company	
	2023	2022	2023	2022
≥ 25	Singapore	–	Singapore	Singapore
>10 and <25	Indonesia and Malaysia	Singapore, Indonesia, Malaysia and Morocco	–	–
≤ 10	Philippines, Pakistan, Morocco and others	Philippines, Pakistan, Thailand and others	Philippines and others	Philippines, Pakistan and others

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile (cont'd)

By industry

	Group				Company			
	2023	% of	2022	% of	2023	% of	2022	% of
	\$'000	total	\$'000	total	\$'000	total	\$'000	total
Telecommunications	22,717	53	26,885	55	8,167	66	5,797	73
Government agencies	14,082	33	15,592	32	907	7	496	6
Media and broadcasting	614	1	1,528	3	614	5	784	10
Financial institutions	408	1	332	1	383	3	306	4
Multi-industry conglomerates	–	–	206	–	–	–	206	3
Hospitality	2,536	6	1,026	2	2,263	18	383	4
Others	2,622	6	3,315	7	74	1	18	–
	<u>42,979</u>	<u>100</u>	<u>48,884</u>	<u>100</u>	<u>12,408</u>	<u>100</u>	<u>7,990</u>	<u>100</u>

At the balance sheet date,

- 37% (2022: 55%) of the Group's trade receivables in Malaysia (2022: Malaysia) are due from a reputable telecommunications service provider; and
- 24% (2022: 30%) of the Group's trade receivables are due from 3 major customers in the telecommunications industry.

35. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Fair value of assets and liabilities (cont'd)

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			Total \$'000
	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	
At 31 December 2023				
Financial liabilities				
Derivatives – Forward currency contracts	–	40	–	40
At 31 December 2022				
Financial liabilities				
Derivatives – Forward currency contracts	–	94	–	94

(c) *Level 2 fair value measurements*

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

(d) *Assets and liabilities not measured at fair value, for which fair value is disclosed*

There are no assets and liabilities not measured at fair value at 31 December 2023 and 2022 but for which fair value is disclosed.

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

Cash and cash equivalents (Note 28), trade receivables (Note 10), other receivables and deposits (Note 11), amount due from/(to) subsidiaries (Note 12), trade payables (Note 13), other payables and accruals (Note 14) and short-term borrowings (Note 16).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments.

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

There are no financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. Derivatives

	Contract/ notional amount	Group				
		2023 \$'000		2022 \$'000		
		Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Forward currency contracts	2,636	–	40	3,626	–	94

Forward currency contracts are mainly used to hedge the Group's sales and purchases denominated in US dollar (2022: US dollar), against SGD for which firm commitments existed at the balance sheet date, extending to May 2024 (2022: May 2023).

The Group does not apply hedge accounting.

37. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 50%. The Group includes within net debt, only loans and borrowings, less cash and cash equivalents. Capital refers to equity attributable to the owners of the Company.

	Group	
	2023 \$'000	2022 \$'000
Borrowings (Note 16)	11,997	21,000
Less: Cash and cash equivalent (Note 28)	(20,503)	(18,086)
Net debts	(8,506)	2,914
Capital:		
Equity attributable to owners of the Company	46,577	41,065
Capital and net debt	38,071	43,979
Gearing ratio	(22%)	7%

38. Defined benefit obligation

Retirement plans

Nera (Thailand) Limited and P.T. Nera Indonesia have unfunded, non-contributory defined benefit retirement plans while Nera (Philippines), Inc. has funded, non-contributory defined benefit plans covering all their qualified employees. The provision for post-employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method, and is in pursuant of Republic Act 7641 in Philippines, Labor Law No. 13/2003 in Indonesia, and Legal Severance Pay Law in Thailand. The Group's latest actuarial valuation reports are dated 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. Defined benefit obligation (cont'd)

Retirement plans (cont'd)

The retirement plan for Nera (Philippines), Inc. requires contributions to be made to separately administered funds. The funds are administered by a local bank. Subject to the specific instructions provided by the company in writing, the company directs the local bank to hold, invest, and reinvest the funds and keep the same invested, in its sole discretion, without distinction between principal and income in, but not limited to, certain investments in unit investment trust fund.

Long service awards

Nera (Thailand) Limited and P.T. Nera Indonesia have an award in the form of cash award during active employment for employees who have completed certain years of services.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	Philippines plan		Thailand plan		Indonesia plan		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	103	123	75	45	581	635	759	803
Fair value of plan assets	(177)	(253)	–	–	–	–	(177)	(253)
Net (asset)/liability arising from defined benefit obligation	(74)	(130)	75	45	581	635	582	550

Changes in present value of the defined benefit obligation are as follows:

	Philippines plan		Thailand plan		Indonesia plan		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January	123	213	45	40	635	532	803	785
Interest cost	8	9	23	19	53	35	84	63
Current service cost	64	28	2	1	216	199	282	228
Remeasurement losses/ (gains):								
Actuarial changes arising from changes in financial assumptions	(5)	(30)	4	(5)	(126)	(12)	(127)	(47)
Actuarial changes due to experience adjustment	(1)	(8)	2	(7)	(139)	58	(138)	43
Recognition of actuarial loss	–	–	–	–	1	3	1	3
Effects of benefit changes	–	–	–	–	–	(86)	–	(86)
Benefit paid out	(85)	(73)	–	–	(60)	(19)	(145)	(92)
Exchange differences	(1)	(16)	(1)	(3)	1	(75)	(1)	(94)
At 31 December	103	123	75	45	581	635	759	803

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. Defined benefit obligation (cont'd)

Changes in fair value of plan assets are as follows:

	Philippines plan	
	2023 \$'000	2022 \$'000
At 1 January	253	362
Benefits paid	(85)	(73)
Interest income	16	15
<i>Remeasurement gains/(losses):</i>		
Return on plan assets	(6)	(21)
Effect of asset ceiling	–	–
Exchange differences	(1)	(30)
At 31 December	<u>177</u>	<u>253</u>

The fair values of the plan assets by each class as at the end of the reporting period are as follows:

	2023 \$'000	2022 \$'000
Investments in unit investment trust fund ("UITF") – Philippines plan	<u>177</u>	<u>253</u>

Investments in UITF are ready-made investments that allow the pooling of funds that are managed by a local bank.

The plan asset's carrying amount approximates its fair value since these are marked-to-market.

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2023	2022
<i>Discount rates:</i>		
Philippines plan	5.96%	6.43%
Thailand plan	3.12%	3.64%
Indonesia plan	6.80%	7.40%
<i>Future salary increases:</i>		
Philippines plan	5.00%	6.00%
Thailand plan	5.00%	5.00%
Indonesia plan	<u>6.00%</u>	<u>8.00%</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. Defined benefit obligation (cont'd)

	2023 %	2022 %
<i>Mortality rate</i>		
Philippines plan	1994 US Group Annuity Mortality (GAM) Table, Male and Female	1994 US Group Annuity Mortality (GAM) Table, Male and Female
Thailand plan	105% of Thai Mortality Ordinary Table 2017	105% of Thai Mortality Ordinary Table 2017
Indonesia plan	Mortality Table of Indonesia 2019	Mortality Table of Indonesia 2019

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease)	31 December 2023		
		Philippines plan	Thailand plan	Indonesia plan
Discount rates	(Actual + 1.00%)	–	–	(59)
	(Actual – 1.00%)	–	–	68
	(Actual + 0.50%)	(5)	(9)	–
	(Actual – 0.50%)	5	–	–
Future salary increases	(Actual + 1.00%)	9	4	69
	(Actual – 1.00%)	(9)	(13)	(61)

	Increase/ (decrease)	31 December 2022		
		Philippines plan	Thailand plan	Indonesia plan
Discount rates	(Actual + 1.00%)	–	–	(61)
	(Actual – 1.00%)	–	–	71
	(Actual + 0.50%)	(6)	(6)	–
	(Actual – 0.50%)	6	1	–
Future salary increases	(Actual + 1.00%)	12	4	71
	(Actual – 1.00%)	(11)	(8)	(63)

The Group has no specific matching strategies between the retirement plan assets and the defined benefit obligation under the retirement plans.

The average duration of the defined benefit obligation at the end of the reporting period is 12 years (2022: 12 years).

39. Events occurring after balance sheet date

On 5 December 2023, the Corporate Affairs Commission (CAC) of Nigeria issued a Notice that companies with foreign equity participation must increase paid up share capital to \$150,000 within six months from the date that the Notice was issued. Failing which, the CAC shall commence proceedings for compulsory winding up of the company. The Group is in the midst of working with the local consultant on the matter.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 9 April 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	6	0.15	103	0.00
100 – 1,000	170	4.25	146,951	0.04
1,001 – 10,000	1,970	49.29	12,213,476	3.37
10,001 – 1,000,000	1,830	45.78	105,405,831	29.13
1,000,001 AND ABOVE	21	0.53	244,130,639	67.46
TOTAL	3,997	100.00	361,897,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	193,414,439	53.44
2	DBS NOMINEES (PRIVATE) LIMITED	11,270,300	3.11
3	RAFFLES NOMINEES (PTE.) LIMITED	4,339,600	1.20
4	TAN BOON KHAK HOLDINGS PTE LTD	4,075,000	1.13
5	PHILLIP SECURITIES PTE LTD	3,166,500	0.87
6	POH KHENG MUI (FU QINGMEI)	3,152,600	0.87
7	CITIBANK NOMINEES SINGAPORE PTE LTD	3,018,200	0.83
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,834,500	0.78
9	ABN AMRO CLEARING BANK N.V.	2,744,900	0.76
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,473,800	0.68
11	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	1,724,500	0.48
12	TAN ENG YAM HOLDINGS PTE LTD	1,509,100	0.42
13	LIM AH KAW @ LIM LAN CHING	1,332,300	0.37
14	TAN LENG OEI	1,213,550	0.34
15	TAN GEOK LENG	1,200,000	0.33
16	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,147,400	0.32
17	ANG JUI KHOON	1,143,300	0.32
18	TAN SECK WEI	1,135,550	0.31
19	FU MUI KIM MRS WOO TOONG LI	1,120,000	0.31
20	LEE WOON KIAT	1,078,100	0.30
	TOTAL	243,093,639	67.17

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2024

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Asia Systems Ltd ¹	193,173,439	53.38	–	–
Canopus Asia Systems, L.P. ²	–	–	193,173,439	53.38
PGA Partners Ltd ³	–	–	193,173,439	53.38
Ashish Jaiprakash Shastry ⁴	–	–	193,173,439	53.38

Notes:

- 193,173,439 shares held by Asia Systems Ltd (“ASL”) are registered in the name of UOB Kay Hian Pte Ltd.
- Canopus Asia Systems, L.P. (“Canopus”) owns 100% of ASL and is deemed to be interested in all the shares held by ASL in the Company.
- PGA Partners Ltd (“PGA”) is the general partner of and controls Canopus. PGA is deemed to be interested in the shares held via by ASL.
- Mr Ashish Jaiprakash Shastry owns all the issued share capital of PGA and he is deemed to be interested in the shares held by ASL.

PUBLIC FLOAT

Based on information available to the Company as at 18 March 2024, approximately 46.62% of the total number of issued shares of the Company is held in the hands of public, and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be convened and held at Temasek Club, Brani Room, 131 Rifle Range Road, Singapore 588406 on Friday, 26 April 2024 at 10.00 a.m. for the purpose of transacting the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 0.5 cent per ordinary share for the financial year ended 31 December 2023. **(Resolution 2)**
3. To re-elect Mr Basil Chan retiring pursuant to Regulation 94 of the Company's Constitution. **(Resolution 3)**
[See Explanatory Note (i)]
4. To re-elect Mr Wong Chee-Yann retiring pursuant to Regulation 94 of the Company's Constitution. **(Resolution 4)**
[See Explanatory Note (ii)]
5. To approve the payment of Directors' fees of S\$271,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears. **(Resolution 5)**
[See Explanatory Note (iii)]
6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

7. Authority to issue Shares

"That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Rules of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

(Resolution 7)

[See Explanatory Note (iv)]

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to grant awards and issue shares under the Performance Share Plan

“That approval be and is hereby given to the Directors to grant awards in accordance with the provisions of the Nera Telecommunications Performance Share Plan 2014” (the “**Share Plan**”) to allot and issue from time to time such number of shares in the capital of the Company as may be required to be delivered pursuant to the vesting of awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered or to be delivered pursuant to the awards granted under the Share Plan shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, and that such authority, shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

(Resolution 8)

[See Explanatory Note (v)]

9. To transact any other business which may be properly transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

Gn Jong Yuh Gwendolyn
Company Secretary

Singapore,
11 April 2024

Explanatory Notes:

- (i) Ordinary Resolution 3 is to re-elect Mr Basil Chan (“**Mr Chan**”) who will be retiring by rotation under Regulation 94 of the Company’s Constitution and if he is re-elected, he will remain as Chairman of the Board of Directors, Chairman of the Audit and Risk Management Committee, a member of the Remuneration Committee and a member of the Nominating Committee. Mr Chan is considered an Independent Director for the purpose of Provision 2.1 of Principle 2 of the Code of Corporate Governance 2018. Key information on Mr Chan is found under the section “**Additional Information on Directors seeking Re-Election**” of the Annual Report.
- (ii) Ordinary Resolution 4 is to re-elect Mr Wong Chee-Yann (“**Mr Wong**”) who will be retiring by rotation under Regulation 94 of the Company’s Constitution and if he is re-elected, he will remain as a member of the Remuneration Committee and a member of the Nominating Committee. Mr Wong is considered a Non-Independent and Non-Executive Director. Key information on Mr Wong is found under the section “**Additional Information on Directors seeking Re-Election**” of the Annual Report.
- (iii) Ordinary Resolution 5 is to seek approval for the payment of S\$271,000 to all Non-Executive Directors as Directors’ Fees for the financial year ending 31 December 2024 to be paid quarterly in arrears.
- (iv) The Proposed Resolution 7, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares at the time this Ordinary Resolution is passed. The total number of issued shares excluding treasury shares of the Company shall be the total number of issued shares excluding treasury shares at the time this Ordinary Resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues consolidation or subdivision of the Company’s shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

- (v) The Proposed Resolution 8, if passed, will empower the Directors effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Share Plan, approved by shareholders on 29 April 2014 and was last renewed at the Annual General Meeting of the Company on 28 April 2023, and to allot and issue shares in the capital of the Company pursuant to the Share Plan, provided that the aggregate number of shares issued and to be issued under the Share Plan does not exceed 10% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.

Notes:

- (a) The members of the Company are invited to **attend physically** at the Annual General Meeting (“AGM”). There will be no option for members to participate virtually. Printed copies of this Notice and the accompanying proxy form will be sent to members. In addition, this Notice and the accompanying proxy form will also be made available on SGXNet at the URL: <https://www.sgx.com/securities/company-announcements> and the Company’s Investor Relations (“IR”) website at the URL: <https://www.nera.net/investors/publications/>.
- (b) Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process.

Voting by proxy

- (c) A member who is unable to attend the AGM may appoint not more than two proxies to attend, speak and vote at the general meeting of the Company. A proxy need not be a member of the Company.
- (d) Where such member appoints two (2) proxies, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (e) A member who is a Relevant Intermediary* may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

* Relevant Intermediary is:

- (i) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity;
- (ii) a person holding a capital markets services license to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
- (f) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act 1967 of Singapore to attend and vote for and on behalf of such corporation.
- (g) A member can appoint the Chairperson of the Meeting as his/her/its proxy, but this is not mandatory.
- (h) Where a member (whether individual or corporate) appoints the Chairperson of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, if no specific instruction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
- (i) For investors who hold shares through relevant intermediaries, including Central Provident Fund Investment Schemes (“CPFIS Investors”) and/or Supplementary Retirement Scheme (“SRS Investors”) should approach their respective CPF Agent Banks or SRS Operators and submit their votes by 5.00 p.m. on 16 April 2024, being seven (7) working days prior to the date of AGM.
- (j) The Chairperson of the AGM, as proxy, need not be a member of the Company.
- (k) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

NOTICE OF ANNUAL GENERAL MEETING

- (l) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (m) The instrument appointing the proxy/ies must be submitted to the Company in the following manner:
- (i) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (ii) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at NerateIAGM2024@boardroomlimited.com,
- in either case, by 10.00 a.m. on 23 April 2024, being no later than 72 hours before the time fixed for the AGM, and in default the instrument of proxy shall not be treated as valid.
- (n) A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
- (o) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the AGM.
- (p) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Submission of questions in advance of the AGM

- (q) Members who wish to submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM must be submitted in the following manner no later than 10.00 a.m. on 18 April 2024:
- (i) by email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at NerateIAGM2024@boardroomlimited.com; or
 - (ii) by post to the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.
- (r) When sending in their questions by email or post, members are required to provide the Company with the following details to enable the Company to verify the shareholders' status:
- their full name;
 - their address; and
 - the manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS).
- (s) The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's corporate website and on SGXNet before 10.00 a.m. on 21 April 2024.
- (t) The Annual Report 2023 may be accessed at the Company's IR website at the URL <https://www.nera.net/investors/publications/> and it is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof and submitting any question to the Company in advance of the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Basil Chan and Mr Wong Chee-Yann will be seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2024 (“AGM”) (the “Retiring Directors”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR BASIL CHAN	MR WONG CHEE-YANN
Date of Appointment	18/03/2020	28/02/2022
Date of last re-appointment	29/04/2022	29/04/2022
Age	73	44
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Basil Chan (“Mr Chan”) for reappointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that he possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Wong Chee-Yann (“Mr Wong”) for re-appointment as Non-Executive Director of the Company. The Board has reviewed and concluded that he possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive and Independent	Non-Executive
Job Title (e.g. Lead ID, AC Chairperson, AC Member etc.)	Chairman of the Board of Directors and the Audit and Risk Management Committee, and a member of the Nominating and Remuneration Committees	Member of the Nominating and Remuneration Committees
Professional qualifications	Mr Chan holds a BSc Econ (Hons) degree majoring in Business Administration from the University of Wales Institute of Science and Technology and is a Fellow Member of the Institute of Chartered Accountants in England and Wales and a Fellow Member of the Institute of Singapore Chartered Accountants. He is also a Fellow Member of the Singapore Institute of Directors.	Mr Wong holds a Bachelor of Science and Master of Engineering from Cornell University, and a Master of Finance from Princeton University.
Working experience and occupation(s) during the past 10 years	2003 – Present Managing Director MBE Corporate Advisory Pte Ltd	Private Equity Fund Manager
Shareholding Interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Mr. Wong is an employee of Northstar Advisors Pte. Ltd., the fund manager of Northstar Equity Partners III Limited (“NEP III”). NEP III holds an indirect shareholding interest in the listed issuer.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR BASIL CHAN	MR WONG CHEE-YANN
Other Principal Commitments* Including Directorships# Past (for the last 5 years)	Independent Director, AEM Holdings Ltd (2006 – 2022) Independent Director, Global Invacom Group Limited (2012 – 2020) Independent Director, Memories Group Limited (2017 – 2023)	Please refer to the Appendix (I)
Present	Independent Director, Grand Banks Yachts Limited (2011–present) Independent Director, Broadway Industrial Group Ltd (2019–present) Managing Director, MBE Corporate Advisory Pte Ltd (2003–present) Director, Memories (2022) Pte Limited (2022–present)	Please refer to the Appendix (II)
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
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-ELECTION

	MR BASIL CHAN	MR WONG CHEE-YANN
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 ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No No* No No No* *For the last 10 years	No No No No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR WONG CHEE-YANN'S OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS

Appendix (I)	Appendix (II)	
<p>Advance Wealth Finance Ltd (11 Feb 2022 – 5 Oct 2022)</p> <p>APAC Realty 1 (30 Apr 2019 – 29 Dec 2022)</p> <p>APAC Realty 2 (30 Apr 2019 – 29 Dec 2022)</p> <p>Arcadia Infrastructure Investment Limited (11 Feb 2022 – 18 Jan 2024)</p> <p>Asia Ventures Limited (11 Feb 2022 – 18 Jan 2024)</p> <p>Attadale Investment Limited (11 Feb 2022 – 29 Nov 2023)</p> <p>Canopus Assecuratio Limited (23 Jun 2016 – 20 Dec 2023)</p> <p>eRealty Analytics Limited (30 Apr 2019 – 29 Dec 2022)</p> <p>Jubilee Analytics Limited (30 Apr 2019 – 29 Dec 2022)</p> <p>Lunar Crescent International Inc (30 Sep 2019 – 23 Dec 2021)</p> <p>Menhir Investment Holdings Limited (18 Jan 2016 – 21 Jul 2023)</p> <p>Milford Group Limited (22 Jan 2020 – 18 Jan 2024)</p> <p>NSV Maxwell Holdings (23 Mar 2022 – 8 Feb 2024)</p> <p>NSV Maxwell Limited (22 Mar 2022 – 8 Feb 2024)</p> <p>Paidia Pte. Ltd. (28 Feb 2022 – 13 Dec 2023)</p> <p>Paradiso Capital Inc (13 May 2020 – 31 Mar 2022)</p> <p>Redcliff Enterprise Overseas Ltd (22 Jan 2020 – 19 Oct 2023)</p> <p>Star Engineering Limited (22 Feb 2017 – 29 Sep 2023)</p> <p>Telco Tower Holdings (11 Feb 2022 – 18 Jan 2024)</p> <p>Tiki Global Pte Ltd (14 Oct 2021 – 23 Jan 2024)</p> <p>Topica Holding Pte. Ltd. (22 Aug 2022 – 15 May 2023)</p> <p>Windrose Finance Limited (18 Jun 2019 – 18 Jan 2024)</p>	<p>Aberdeen Holdings Ltd</p> <p>Akasya Investments Limited</p> <p>Alberose Investment Inc.</p> <p>Andamar Investment Ltd</p> <p>Apollo Wonder Holding</p> <p>Archipelago Tourism Holdings</p> <p>Archipelago Tourism Limited</p> <p>Ardiva Capital Inc</p> <p>Asia Infra Networks Holdings Ltd</p> <p>Asia Maritime Holdings Limited</p> <p>Asia Pacific Realty Holdings Ltd</p> <p>Avengers Digital Holdings</p> <p>Avengers Digital Limited</p> <p>Bayfront Asia Holdings Limited</p> <p>Calmwaters Investment Limited</p> <p>Canopus Asia Capital Limited</p> <p>Canopus General Ltd</p> <p>Canopus Oeconomus Financial Holdings</p> <p>Canopus Palm Ltd</p> <p>Canopus Realty Ltd</p> <p>Canopus Tower Limited</p> <p>Casa Decora Investments Ltd</p> <p>Central Cascadia Ltd</p> <p>Clover Universal Enterprise Ltd</p> <p>Collaborative Spaces Inc.</p> <p>Crawford Prominence Ltd</p> <p>Daily Group International Private Limited</p> <p>Edutech Archipelago Holdings</p> <p>Edutech Archipelago Limited</p> <p>Edutech Asia Group</p> <p>Edutech Asia Holdings</p> <p>Edutech Nusantara Holdings</p> <p>Edutech Nusantara Limited</p> <p>Efishery Pte Ltd</p> <p>Gochean Holdings Incorporated</p> <p>Innovalues Holdings Pte Ltd</p> <p>Jayawijaya Finance Limited</p> <p>Langford Universal Finance Ltd</p> <p>Modern Retail Finance Limited</p> <p>Modern Retail Group Limited</p> <p>Modern Retail Holdings Limited</p> <p>Modern Retail Partners Limited</p> <p>Modern Retail Treasury Limited</p> <p>Nera Telecommunications Ltd</p> <p>Northstar Advisors Capital Incorporated</p> <p>Northstar Advisors Pte. Ltd.</p> <p>Northstar Digital Auto Holdings</p> <p>Northstar Digital Auto Limited</p> <p>Northstar GV Holdings</p> <p>Northstar GV Limited</p> <p>Northstar IV Technology Holdings Inc.</p> <p>Northstar Samudra Holdings I Incorporated</p> <p>Northstar Samudra Holdings II Incorporated</p> <p>Northstar Samudra Holdings III Incorporated</p>	<p>Northstar Woku Holdings</p> <p>Northstar Woku Limited</p> <p>Nova National Enterprise Ltd</p> <p>Novay Kerncy LtdNS Aquanaut Holdings</p> <p>NS Aquanaut Limited</p> <p>NS Dairy Holdings</p> <p>NS Dairy Limited</p> <p>NS Indigo 3 Holdings</p> <p>NS Indigo 3 Limited</p> <p>NS Kiwi Holdings</p> <p>NS Kiwi Limited</p> <p>NS Nautilus Holdings</p> <p>NS Nautilus Limited</p> <p>NS Nomad Holdings</p> <p>NS Nomad Limited</p> <p>NS Picasso Holdings</p> <p>NS Picasso Limited</p> <p>NS Picasso Partners</p> <p>NS POS Holdings</p> <p>NS POS Limited</p> <p>NS Saffron Holdings</p> <p>NS Saffron Limited</p> <p>NS Ulysses Holdings</p> <p>NS Ulysses Limited</p> <p>NS Uno Holdings</p> <p>NS Uno Limited</p> <p>NSV Fusion Holdings</p> <p>NSV Fusion Limited</p> <p>NSV Junction Holdings</p> <p>NSV Junction Limited</p> <p>NSV Omega Holdings</p> <p>NSV Omega Limited</p> <p>NSV Walrus Holdings</p> <p>NSV Walrus Limited</p> <p>NTH Gemma Inc.</p> <p>NTH GP Holdings</p> <p>NTH GP Limited</p> <p>NTH GP Partners</p> <p>Nusantara FMCG Holdings</p> <p>Nusantara FMCG Limited</p> <p>Nusantara Healthcare Holdings</p> <p>Nusantara Healthcare Limited</p> <p>PGA Realty Partners Ltd</p> <p>Precision Solutions Group</p> <p>Precision Solutions Holdings</p> <p>Precision Solutions Limited</p> <p>Precision Solutions Partners</p> <p>Ranford Universal</p> <p>Retail Development Group Limited</p> <p>Riverhill Finance Ltd</p> <p>Salvitas Investment Inc</p> <p>Salvitas Limited</p> <p>SEA Maritime Finance Limited</p> <p>Spearwood Limited</p> <p>Trio SEA Energy Partners</p> <p>Ubiquitous Traders Inc</p> <p>Ubiquitous Traders Pte. Ltd.</p> <p>UP Coworking Pte. Ltd.</p> <p>Vibrant Colors Development Limited</p> <p>Wellbloom Investment Limited</p> <p>Wharf Investment Limited</p> <p>Windsor Nusantara Holdings</p> <p>Zifinity Pte Ltd</p>

NERA TELECOMMUNICATIONS LTD

(Incorporated In the Republic of Singapore)

COMPANY REGISTRATION NO.: 197802690R

PROXY FORM

IMPORTANT:

1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "Relevant Intermediary").
2. For investors who have used their CPF or SRS monies to buy Nera Telecommunications Ltd's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPFIS or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPFIS or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 16 April 2024.

* I/We, _____ (Name) _____ (NRIC/Passport/Company Registration Number*)
of _____ (Address)
being a *member/members of Nera Telecommunications Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

* and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be convened and held at Temasek Club, Brani Room, 131 Rifle Range Road, Singapore 588406 on Friday, 26 April 2024 at 10.00 a.m. and at any adjournment thereof.

* I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions, or abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. **In absence of specific instructions as to voting, or abstentions from voting, in respect of a resolution, the proxy/proxies for that resolution will vote or abstain from voting at *his/their discretion.**

No.	Resolutions relating to:	For [#]	Against [#]	Abstained [#]
AS ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and the Independent Auditor's Report thereon.			
2.	To declare a first and final dividend of 0.5 cent per ordinary share for the financial year ended 31 December 2023.			
3.	To re-elect Mr Basil Chan as Director.			
4.	To re-elect Mr Wong Chee-Yann as Director.			
5.	To approve the payment of Directors' fees of S\$271,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears.			
6.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
AS SPECIAL BUSINESS				
7.	To authorise Directors to allot and issue shares.			
8.	To authorise Directors to grant award and issue shares under the Performance Share Plan.			

* Delete as appropriate.

[#] If you wish to exercise all your votes "For" or "Against" or "Abstain", please indicate so with a (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this day of 2024

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

.....
Signature(s) of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf.



NOTES:

1. A member who is unable to attend the AGM may appoint not more than two proxies to attend, speak and vote at the general meeting of the Company. A proxy need not be a member of the Company.
2. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you only have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
3. Where a member appoints two (2) proxies, the proportion of his/her shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A member who is a Relevant Intermediary* may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

* Relevant Intermediary is:

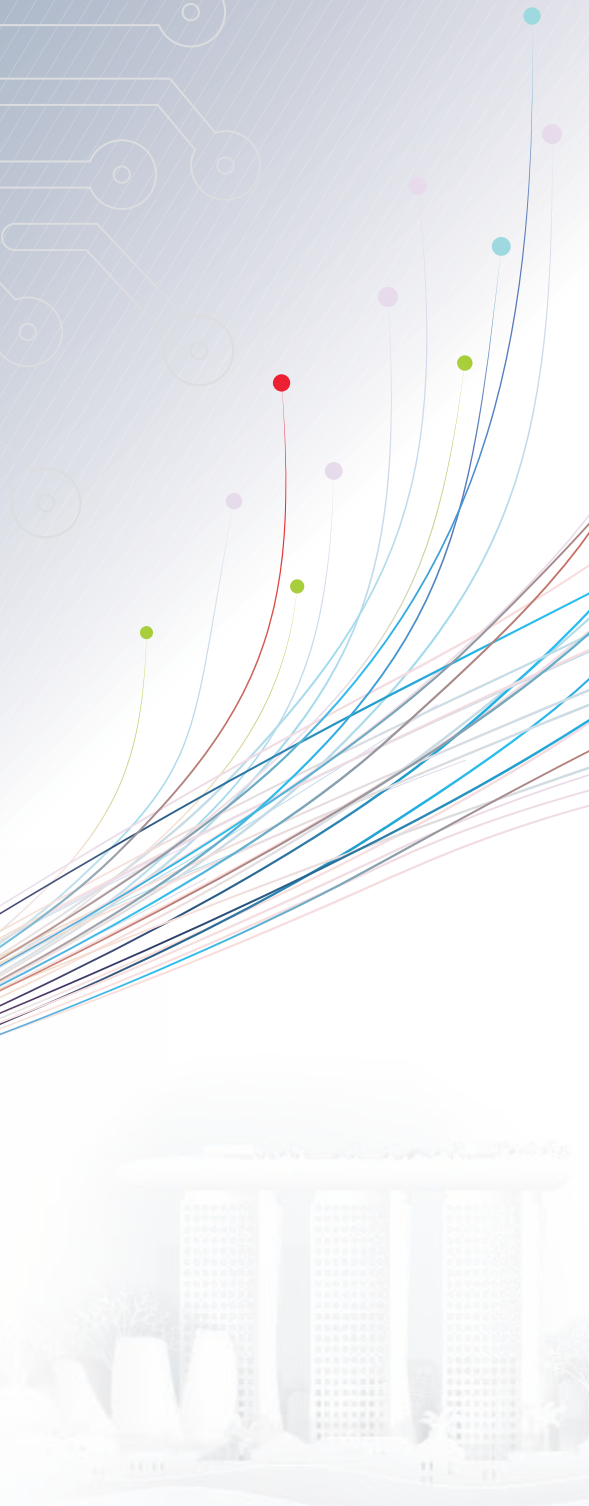
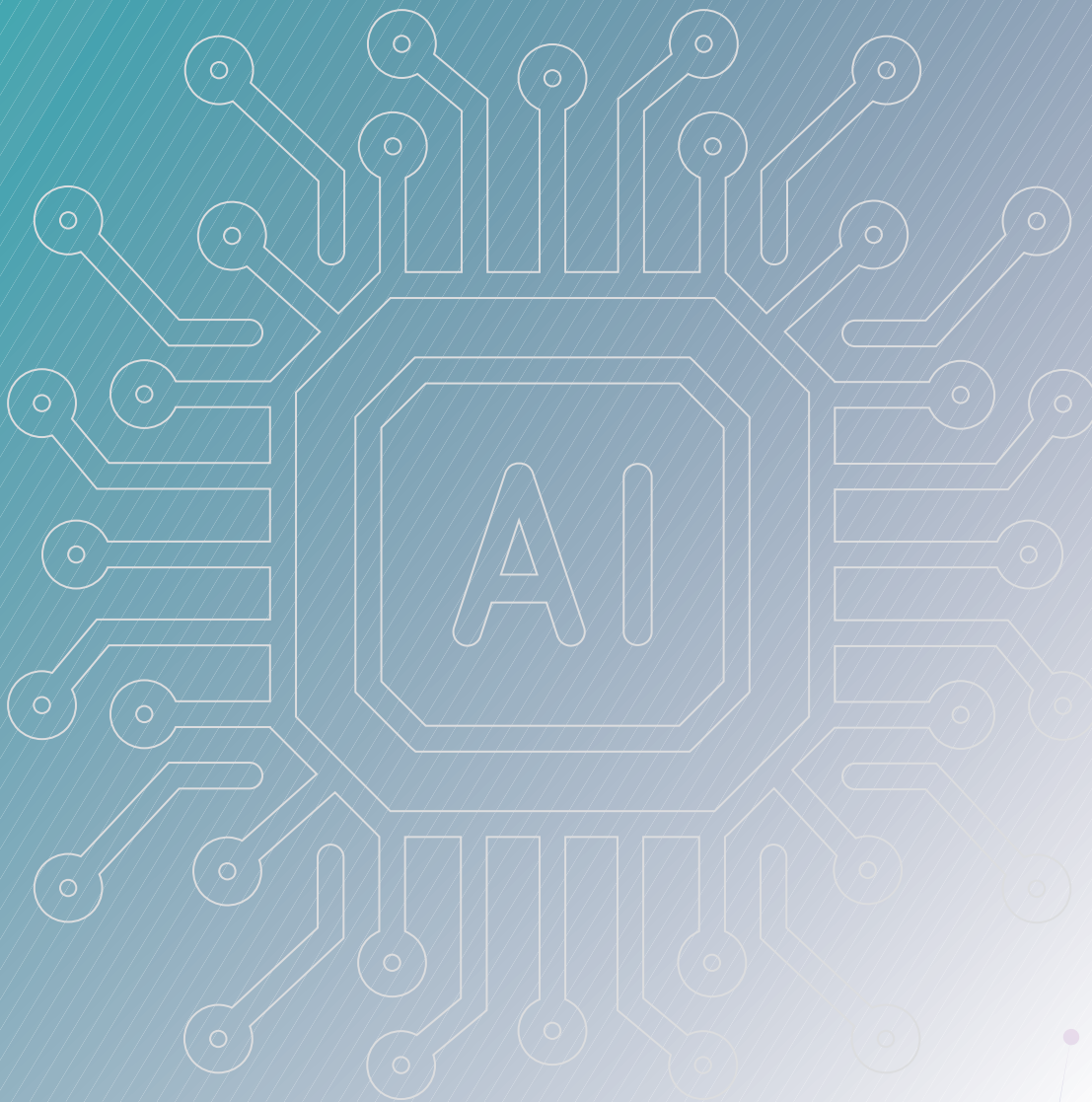
- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity;
 - (b) a person holding a capital markets services license to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under the Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
5. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act 1967 of Singapore to attend and vote for and on behalf of such corporation.
 6. A member can appoint the Chairperson of the Meeting as his/her/its proxy, but this is not mandatory.
 7. Where a member (whether individual or corporate) appoints the Chairperson of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, if no specific instruction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the proxy(ies) will vote or abstain from voting at his/her/their discretion.
 8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
 9. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 10. The instrument appointing the proxy/ies must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at NeratelAGM2024@boardroomlimited.com,
in either case, by 10.00 a.m. on 23 April 2024, being no later than 72 hours before the time fixed for the AGM, and in default the instrument of proxy shall not be treated as valid.
 11. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
 12. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the AGM.
 13. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.

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