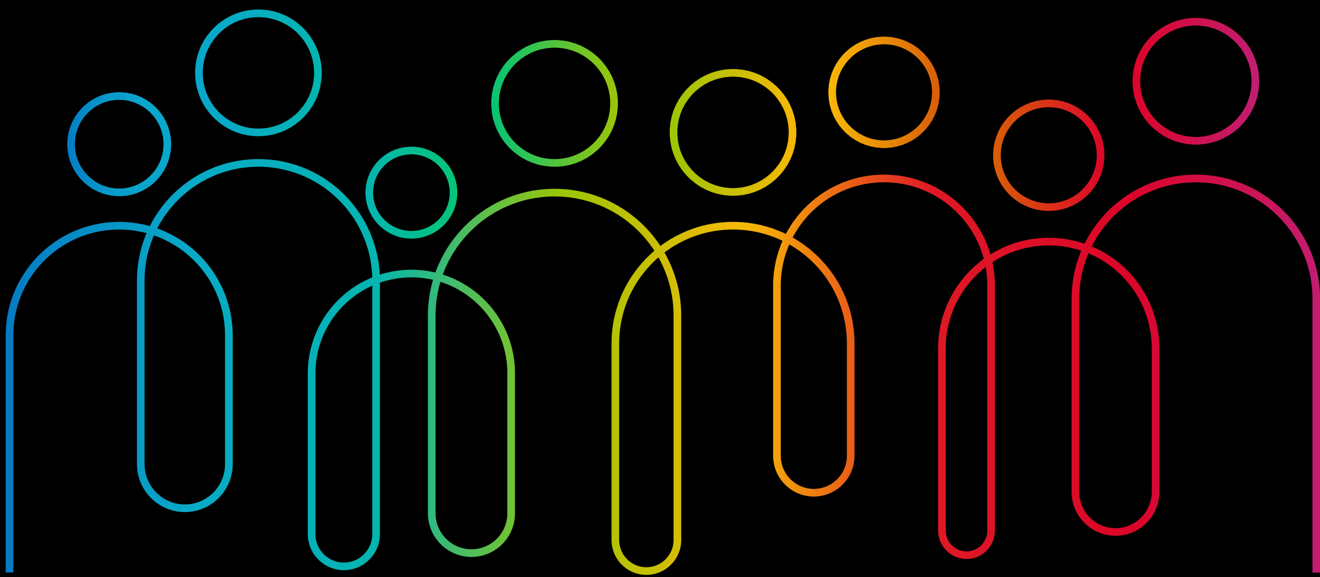
ADVANCED SYSTEMS AUTOMATION LIMITED



OPENING A NEW CHAPTER

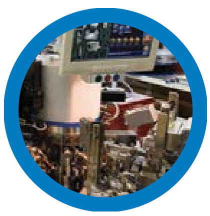
This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made, or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

Annual Report 2023

Contents





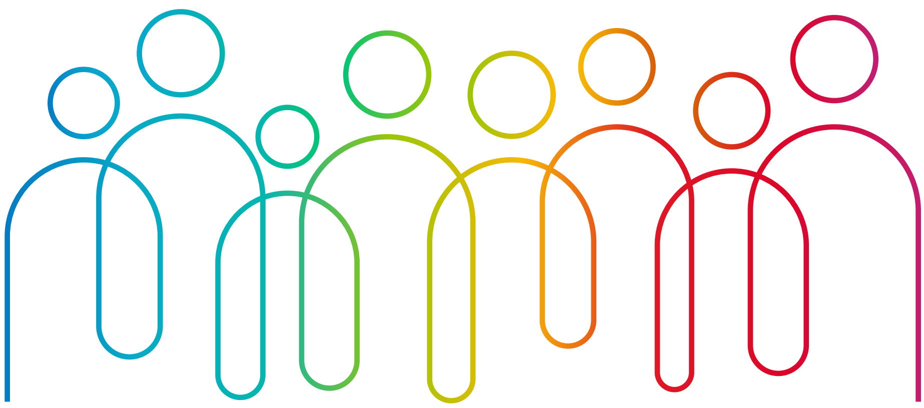
About ASA

Advanced Systems Automation Limited ("**ASA**" or the "**Company**", and together with its subsidiaries, the "**Group**") entered the semiconductor industry in 1986. Its core business was in the manufacturing of automated equipment for the encapsulation in semiconductors. Today, ASA's encapsulation equipment are used by semiconductor assembly processes around the world.

In 1997, ASA embarked into developing the world's first total backend in line equipment solution. Thereafter, in 2000, through further developmental efforts, it successfully launched the Solder Ball placement and the Saw Singulation and Sort machines. These equipment were designed for the Ball Grid Array packages, which were then experiencing rapid growth. In 2003, a high speed Flip Chip bonder was introduced to the market and this design won the Advanced Packaging Award that year. With the disposal of Microfits Pte Ltd on 20 January 2021, the Group has exited the manufacturing of automated backend equipment business for the semiconductor assembly process.

Subsequent to the disposal of Microfits Pte Ltd on 20 January 2021, Equipment Contract Manufacturing Services ("**ECMS**") will be the only core business segment within ASA. This division manufactures electromechanical components and parts for the semiconductor and consumer electronics industries. In 2013, the Group expanded its competency and skill set in this business segment through the acquisition of Emerald Precision Engineering Sdn. Bhd. In 2018, the Group's acquisition of Pioneer Venture Pte Ltd, Yumei REIT Sdn. Bhd. and Yumei Technologies Sdn. Bhd. was successfully completed. This stable of companies brought with them new skill sets in die-casting and plastic injection moulding enabling the Group to offer a wider spectrum of comprehensive value propositions to a broader customer base and an expanded regional reach.

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



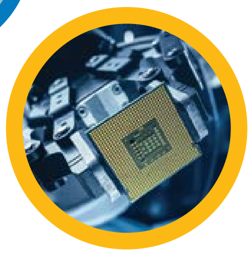
Letter To Shareholders and Operations Review

"Surrounded by the current economic environment, ASA is preparing to change its business model. Correspondingly, our financial, knowledge and human capitals will inevitably evolve for the better. Your support over the years has helped ASA realised its potentials at the height of the IT industry and I hope that you will continue to keep your faith in the Group as we enter a new chapter."

Dear Shareholders,

2023 saw the world weaning itself off the fears of COVID-19 as barriers and movement restrictions from the last few years were removed. However, these developments did not ease the challenges in our industry. The ongoing trade war between China and the United States, the Russian – Ukraine war and the latest war that erupted in Gaza exacerbated problems for many economies. Inflation, high interest rates and rising manpower costs inflicted more stress on both businesses and consumers. The effects of climate change brought their own disruptions and rising unemployment across many industries saw consumers tightening their belts.

Advanced Systems Automation Limited ("**ASA**") has underperformed due to many of the abovementioned factors. In FY2023, we saw a 14% drop in our revenue and despite adopting various cost control measures, our operations turned in a net loss of S$4.0 million. The contraction in the information


technology (“**IT**”) industry is expected to continue as many players reduce excess inventories and assets built up during COVID-19 in anticipation of the post COVID-19 demand uptake that unfortunately did not happen. With this in mind, for our business to be sustainable, our model has to change. In October 2023, we announced the proposed acquisition of 100% of the issued and paid-up share capital of LSO Organization Holdings Pte. Ltd. (“**Proposed Acquisition**”) paving the way for our entrance into aquaculture – an active part of the food supply chain. As announced on 20 July 2024, all resolutions tabled at our extraordinary general meeting held on 20 July 2024 (“**July 2024 EGM**”), including the resolutions proposing the Proposed Acquisition and Proposed RCN Issuance (as defined below), were put to vote by way of poll at the July 2024 EGM, and were passed by our shareholders.

OPERATIONS REVIEW

INCOME STATEMENT

The Group recorded revenue of S$12.9 million for the financial year ended 31 December 2023 (“**FY2023**”); a decrease of S$2.1 million or 14% as compared to the previous corresponding financial year ended 31 December 2022 (“**FY2022**”). The decrease in revenue was mainly due to lower sales demand from customers.

Gross profit margin (“**GPM**”) of the Group in FY2023 was 31%, which was 1% lower as compared to the GPM of 32% in FY2022. This was mainly due to changes in the sales mix in FY2023.

Selling and marketing costs in FY2023 declined by S$0.1 million or 14%, from S$0.8 million in FY2022 to S$0.7 million in FY2023. The decrease was mainly due to lower sales promotion expenses incurred in FY2023.

General and administrative (“**G&A**”) costs in FY2023 increased by 23%, as compared to the G&A costs incurred in FY2022. The increase was mainly due to professional and consultancy fees incurred for the Proposed Acquisition during FY2023. Please refer to the Company’s circular to shareholders dated 5 July 2024 (“**Circular**”) for further information on the Proposed Acquisition.

Finance costs (net) in FY2023 increased by 69% or S$0.3 million, from S$0.5 million in FY2022 to S$0.8 million in FY2023 mainly due to higher interest rates and the conversion of the outstanding amounts due to related parties into new interest-bearing loans in FY2022.

The Group recorded other expenses (net) of S$2.0 million in FY2023 attributable mainly to the full impairment of intangible assets (comprising goodwill and customer relationships). No such other expenses were recorded in FY2022.

As a result of the above, the Group reported a net loss attributable to owners of the Company of S$4.0 million in FY2023, as compared to a net profit of approximately S$23,000 in FY2022.

BALANCE SHEET

Property, plant and equipment decreased by S$0.5 million, from S$6.9 million as at 31 December 2022 to S$6.4 million as at 31 December 2023, mainly due to depreciation costs charged during the year and foreign currency movements.

Intangible assets decreased by S$2.1 million, from S$2.1 million as at 31 December 2022 to S$Nil as at 31 December 2023, due to the full impairment of goodwill and customer relationships during the year.

Right-of-use assets remained relatively constant at S$0.5 million as at 31 December 2023 and 31 December 2022.

Inventories decreased by S$0.2 million, from S$1.0 million as at 31 December 2022 to S$0.8 million as at 31 December 2023, due to lower orders from one of the Group’s subsidiaries.

Letter To Shareholders and Operations Review

Trade and other receivables increased by S$2.1 million, from S$2.3 million as at 31 December 2022 to S$4.4 million at 31 December 2023 due to a bridging loan of S$2.0 million advanced to LSO Organization Holdings Pte. Ltd. pursuant to the terms and conditions of the Proposed Acquisition. Please refer to the Circular for further information on the Proposed Acquisition.

Prepayments and advances increased by S$0.1 million, from S$0.2 million as at 31 December 2022 to S$0.3 million as at 31 December 2023, due to higher advances to vendors in FY2023.

Other liabilities increased by S$0.3 million, from S$1.5 million as at 31 December 2022 to S$1.8 million as at 31 December 2023, due to accrual of payroll related cost.

Current trade and other payables decreased by S$0.9 million, from S$6.1 million at 31 December 2022 to S$5.2 million as at 31 December 2023 mainly due to the reclassification of a corporate shareholder' loans from current liabilities to non-current liabilities.

There was a drawdown of S$2.5 million redeemable convertible notes in FY2023 as the first tranche of the Proposed RCN Issuance (as defined below), a fund raising exercise for the Proposed Acquisition. Please refer to the Circular for further information on the Proposed RCN Issuance and the Proposed Acquisition.

Non-current trade and other payables increased from S$8.8 million as at 31 December 2022 to S$10.8 million as at 31 December 2023 mainly due to the reclassification of a corporate shareholder's loans from current liabilities to non-current liabilities.

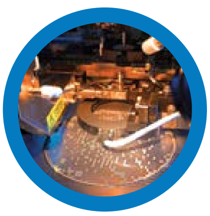
Total loans and borrowings and bank overdraft decreased by S$0.2 million, from S$2.9 million as at 31 December 2022 to S$2.7 million as at 31 December 2023, due to loan repayments during the year.

As at 31 December 2023, the Group reported net current liabilities of S$1.5 million and net liabilities of S$7.2 million. Please refer to Note 2.1 under the Notes to the Financial Statements of this Annual Report for information on the Directors' assessment of the Group's and the Company's ability to continue as a going concern.

In addition, the Company had at the July 2024 EGM obtained shareholders' approval for the proposed issuance of 5.0% redeemable convertible notes convertible into new ordinary shares in the capital of the Company with an aggregate principal amount of up to S$5.0 million ("**Proposed RCN Issuance**"). The Proposed RCN Issuance will enable the Company to strengthen its balance sheet, shore up liquidity, and fund the expansion and diversification of its existing core business by way of, amongst others, acquisitions of other profitable business including but not limited to the Proposed Acquisition, which would enable the Company to further improve its financial performance and position in the near future. As announced on 31 October 2023, the Company drawdown the first tranche of the 5% redeemable convertible notes amounting to S$2.5 million. On 25 July 2024 and 26 July 2024, the Company allotted and issued an aggregate of 73,275,861 new shares of the Company following conversion of the first tranche of the redeemable convertible notes by the subscribers with an aggregate principal value of S$1.7 million. In addition, the Company had drawdown the second tranche of the 5% redeemable convertible notes amounting to an aggregate of S$1.0 million on 30 July 2024. Please refer to the Circular as well







as the Company's announcements dated 20 July 2024, 24 July 2024 and 26 July 2024 for further information on the Proposed RCN Issuance and the Proposed Acquisition.

CASH FLOWS

Net cash generated from operating activities amounted to S$0.3 million in FY2023. The Group recorded operating cash outflows before working capital changes of S$0.1 million. The main movements of the cash flows from operating activities in FY2023 comprised (i) the decrease in inventories of S$0.2 million; (ii) the increase in trade and other receivables and prepayment and advances of S$0.3 million; and (iii) the increase in trade and other payables, contract liabilities and other liabilities of S$0.7 million. An amount of S$0.2 million was also utilised for the payment of income tax in FY2023.

Net cash used in investing activities amounting to S$2.6 million in FY2023 were for the purchase of property, plant and equipment net of the proceeds from disposal of property, plant and equipment amounting to S$0.6 million and a bridging loan of S$2.0 million advanced to LSO Organization Holdings Pte. Ltd..

A total of S$2.0 million was generated from financing activities in FY2023 mainly due to the Company having drawdown the first tranche of the 5% redeemable convertible notes amounting to S$2.5 million, partially offset by net repayments of bank borrowings and lease obligation of S$0.4 million and payment of interest of S$0.1 million.

Cash and cash equivalents amounted to S$3.6 million as at 31 December 2023 as compared to S$3.7 million reported as at 31 December 2022.

OUTLOOK

2024 will remain a difficult year for all of us. We expect our business to remain static unless there are new developments that can significantly benefit our operations in this part of the regional IT chain. IT has become an integrated part of our daily lives but with China and United States continuing to be at odds with each other, there will be less growth opportunities in the foreseeable future.
Surrounded by the current economic environment, ASA is preparing to change its business model. Correspondingly, our financial, knowledge and human capitals will inevitably evolve for the better. Your support over the years has helped ASA realised its potentials at the height of the IT industry and I hope that you will continue to keep your faith in the Group as we enter a new chapter. The global situation will continue to be in a state of flux but basic necessities like food will retain its importance, albeit in different forms. Therefore, I hope this change in ASA will help to improve shareholders' value.

IN APPRECIATION

I would like to thank all our business associates, customers and staff for their confidence and trust during the year. Into the new financial year, I look forward to your support as we encounter more challenges during the course of our corporate development.

Yours Sincerely,

DATO' SRI SOPIYAN B. MOHD. RASHDI
Chairman

Board of Directors

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi, 61
Independent and Non-Executive Chairman
Audit Committee Chairman

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

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

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

Dato' Sri Mohd Sopiyan is currently the Group Chief Executive Officer of PT Envy Technologies Indonesia Tbk. since February 2022, a technology listed company in Indonesia as well as Chief Executive Officer of PT Dragon Terra Venture, a company involved in capital market activities including corporate finance and fund-raising exercises in Indonesia.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited
- PT Envy Technologies Indonesia Tbk

Past 3 Years Listed Companies' Directorships
- ASTI Holdings Limited
- Dragon Group International Limited

Mr. Seah Chong Hoe, 64
Executive Director and Chief Executive Officer

A pioneer of the Yumei Group, Mr. Seah Chong Hoe was instrumental in its growth and development since 1989. He brings with him more than 3 decades of knowledge and experience from the electronics engineering as well as the plastic molding industries.

In his current role at ASA, Mr. Seah will oversee the operations and business efficiency of the group.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited

Past 3 Years Listed Companies' Directorships
- None

Board of Directors

Mr. Mandie Chong Man Sui, 67
Independent Director
Nominating Committee Chairman

Bachelor of Science in Engineering, National Taiwan University

Chong Man Sui, with over 38 years of experience in the IT industry, particularly in semiconductors, has been active in product development and marketing in the Hong Kong and China markets. He is the director of Advanced Systems Automation Limited in Singapore since August, 2021. He is also director of some other companies in Hong Kong and Korea as well.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited

Past 3 Years Listed Companies' Directorships
- ASTI Holdings Limited
- Dragon Group International Limited

Mr. Steven Shen Hing, 63
Independent Director
Remuneration Committee Chairman

Bachelor of Science in Electrical Engineering, National Taiwan University

Mr. Steven Shen is a reputable name in the semiconductor and electronics industry. He brings with him a wealth experience having been a successful entrepreneur and was the President of Flextech (North Asia) responsible for the China, Hong Kong, Korea and India markets.

Mr. Shen founded his own component distribution company and developed his own technical design and FAE teams in the late 1980s. Over a span of 2 years, his company commanded more than 85% of the sound blaster card market in China and Hong Kong. In early 1990s, riding on the enhanced ESS features developed, his company became a globally renowned VCD and DVD chip supplier in the early 1990s.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited

Past 3 Years Listed Companies' Directorships
- None

Financial Highlights

RESULTS OF OPERATIONS	2023	2022	2021
	S$'000	S$'000	S$'000
Group Income Statement			
Revenue	12,928	15,042	18,990
(Loss)/profit before taxation	(3,677)	284	(175)
(Loss)/profit attributable to Owners of the Company	(4,017)	23	(244)
Group Balance Sheets			
Non-Current Assets	6,849	9,551	10,483
Current Assets	9,844	8,129	9,024
Total Assets	16,693	17,680	19,507
Current Liabilities	11,308	9,643	19,700
Non-Current Liabilities	12,634	10,763	2,040
Total Liabilities	23,942	20,406	21,740
Equity attributable to Owners of the Company	(7,249)	(2,726)	(2,233)
Total Equity	(7,249)	(2,726)	(2,233)
Basic (Loss)/Earnings per share (cents) [1]	(0.0180)	0.0001	(0.0011)
Net Liabilities Value per share (cents) [2]	(0.032)	(0.012)	(0.010)
Weighted average number of shares in the year	22,324,126,058	22,324,126,058	22,324,126,058
Number of shares (excluding treasury shares) as at end of year	22,324,126,058	22,324,126,058	22,324,126,058
Financial Ratios			
Return on Average Shareholders' Fund (%) [4]	81	(1)	12
Gearing Ratio (%) [5]	176	122	114
Current Ratio (Times) [6]	0.9	0.8	0.5

(1) (Loss)/Earnings per share are calculated based on net (loss)/profit attributable to ordinary shareholders divided by the weighted average number of shares

(2) Net liabilities value are calculated based on equity attributable to owners of the company divided by the number of ordinary shares

(3) Return on average shareholders' fund is calculated based on net (loss)/profit attributable to ordinary shareholders divided by the average of equity attributable to owners of the company

(4) Gearing ratio is calculated based on net debt divided by total capital plus net debt

(5) Current ratio is calculated based on current assets divided by current liabilities





Corporate Information

BOARD OF DIRECTORS

Executive:
Seah Chong Hoe
Executive Director and Chief Executive Officer

Non-Executive:
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Independent and Non-Executive Chairman

Mandie Chong Man Sui
Independent Director

Steven Shen Hing
Independent Director

AUDIT COMMITTEE
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Chairman

Mandie Chong Man Sui
Steven Shen Hing

NOMINATING COMMITTEE
Mandie Chong Man Sui
Chairman

Steven Shen Hing
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi

REMUNERATION COMMITTEE
Steven Shen Hing
Chairman

Mandie Chong Man Sui
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi

COMPANY SECRETARY
Theng Searn Por

REGISTERED OFFICE
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#02-282
Kampong Ubi Industrial Estate
Singapore (408702)

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77 Robinson Road, #06-03
Singapore 068896
Telephone (65) 6636 4201

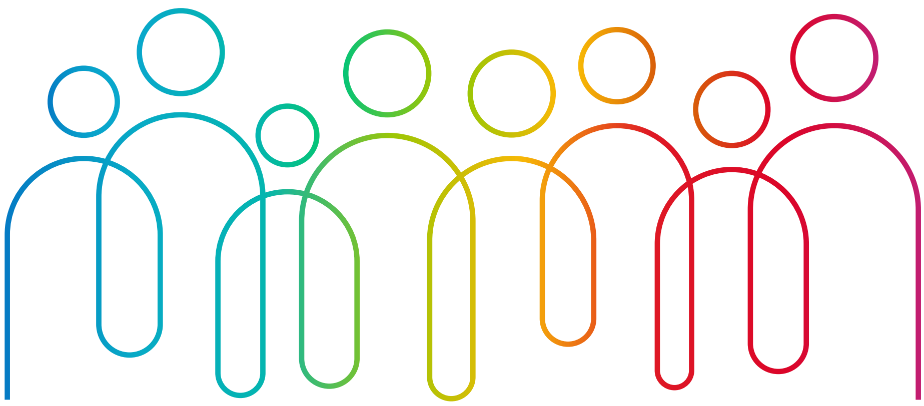
BUSINESS OFFICE
3014 Ubi Road 1
#02-282
Kampong Ubi Industrial Estate
Singapore (408702)
Tel: (65) 67461887

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

INDEPENDENT AUDITOR
Forvis Mazars LLP (formally known as Mazars LLP)
Public Accountants and Chartered Accountants
135 Cecil Street
#10-01
Singapore 069536

Audit Partner-in-charge:
Lai Keng Wei
(Since the financial year ended 31 December 2022)

PRINCIPAL BANKER
Malayan Banking Berhad
United Overseas Bank Limited



APPENDIX 1

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Year ended 31 December 2023

The board of directors (the "**Board**" or "**Directors**") of Advanced Systems Automation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is committed to maintaining a high standard of corporate governance in complying with the Singapore Code of Corporate Governance 2018 (the "**Code**") which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). For the financial year ended 31 December 2023 ("**FY2023**"), the Company had complied with all principles set out in the Code. In areas where the Company deviates from the provisions of the Code, appropriate explanations have been provided in the relevant sections. The Board views the adherence of such corporate governance practices as key to discharging its duties to protect and enhance shareholder value and the financial performance of the Group.

This Corporate Governance Report ("**Report**") describes the corporate governance practices of the Group that were in place throughout FY2023 with reference to the principles and provisions set out in the Code.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

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

In addition, the principal functions of the Board are to:

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

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. The non-exhaustive list of material transactions, that require the Board's approval under such guidelines are listed below:

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

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

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

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

Whenever a new Director is appointed on the Board, the Company will provide a formal letter to the Director, setting out, amongst other things, his duties, and obligations. The Company will also put all new Directors through an orientation programme to update them with all information necessary or desirable for the Director to understand its businesses and governance practices. Depending on the need, new Directors may be put through house sessions to acquaint them on Directors' duties and compliance with the relevant bodies of law in the performance of their duties. Pursuant to the amended Rule 406(3)(a) of the Catalist Rules, the Company will arrange for training courses for new Directors who do not have prior experience as a director of a public listed company in Singapore. These courses are generally organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. During FY2023, no new Director was appointed.

On an on-going basis, the Company will provide further information and updates on the Group and its business to the Board members, including any changes in legislation or regulations that may impact the Company's conduct of its business or affect the Directors in discharging their duties to the Company. Additional training will be arranged and funded, as and when necessary, for the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board. As of the date of this report, all Directors have attended the mandatory training on Environmental, Social and Governance ("**ESG**").

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

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

To facilitate direct access to the senior management, Directors are also provided with the names and contact details of the Management. In carrying out their obligations as Directors of the Company, access to Management, the Company Secretary and independent professional advice (if necessary) is available to all Directors, either individually or as a group, at the expense of the Company.

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

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

Attendance at Board and Committee Meetings

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

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

	Board Meeting	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meetings	7	6	1	2
Directors				
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	7	6	1	2
Mr. Steven Shen Hing	7	6	1	2
Mr. Seah Chong Hoe	7	6*	1*	2*
Mr. Chong Man Sui	7	6	1	2

* By Invitation

The Directors are required to declare their board representations. Any Directors with multiple board representations are asked to ensure that sufficient time and attention are given to the affairs of each company.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Company has an effective Board that is able to lead, steer, and control the Company. The Board presently comprises four (4) Directors, three (3) of whom are Independent Directors. The Board is therefore independent whereby more than half of the Board comprises Independent Directors and no individual or group of individuals is able to dominate the Board's decision-making process.

Directors	Board Membership	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Mr. Seah Chong Hoe	Chief Executive Officer & Executive Director	N.A.	N.A.	N.A.
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	Non-Executive Chairman & Independent Director	Chairman	Member	Member
Mr. Steven Shen Hing	Independent Director	Member	Member	Chairman
Mr. Chong Man Sui	Independent Director	Member	Chairman	Member

The NC is also responsible for determining the independence of Directors annually and as and when the circumstances require, based on the definition of "independent directors" set out in the Code and any other salient factors which would render a Director to be deemed not independent. In their review, the NC will also determine if a Director has any relationship(s) with the Group, its related corporations, officers or 5% Shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Group. For the purpose of determining Directors' independence, every Director will provide declaration of his independence which is deliberated upon by the NC and the Board.

Presently, Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi has served as Independent Director of the Company for more than 9 years since his initial appointments in 2007. Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules, a director will not be deemed independent if he has been a director of the issuer for an aggregate period of more than 9 years. Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer, which takes effect for an issuer's annual general meeting for the financial year ending on or after 31 December 2023. Accordingly, the Board has started the process of identifying potential candidates and will seek to refresh the Board to ensure compliance with the Catalist Rules and the Code, and appropriate announcement(s) will be made by the Company in due course.

Collectively, the Directors provide an appropriate balance and diversity of thought, background, skills, experience and knowledge of the Group, as well as core competencies in accounting and finance, business and management expertise, industry knowledge, strategic planning experience and customer-related knowledge to make decisions in the best interests of the Company. The profiles of each of the Directors are set out in the "Board of Directors" section of this Annual Report.

The Board examines the size and composition of the Board and board committees on an annual basis, to maintain or enhance balance and diversity within the Board. In reviewing composition of the Board and board committees and succession planning, the Board diversity policy considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. In addition, the Board, in deciding the composition of the Board and board committees, takes into account various considerations, including skills, knowledge, experience, and other aspects of diversity**.** This enables the Board to maintain or enhance balance and diversity within the Board. It takes great pride in the composition of its Board, who as a group, provide an appropriate balance and diversity of the above factors for the Group, as well as core competencies including that of accounting, finance, business development, management, relevant industry knowledge, strategic planning, and customer-based experience and knowledge. With an appropriate level of diversity of thought and background, the Board is well placed to lead, provide entrepreneurial and strategic leadership, ensure that the necessary financial and human resources are in place for the Group to meet its objectives and make decisions in the best interests of the Company. Accordingly, the Board is of the view that its current practices are consistent with the aim of Principle 2 of the Code.

In February 2021, the Board has approved a diversity policy that codified the principles that the NC, Board and the Company were using annually to assess the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. In summary, the following objective criteria are used to assess the diversity of the board:

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

The NC will continue to assess its board diversity policy periodically or as appropriate, to ensure its effectiveness and will recommend appropriate amendments to the Board for its consideration and approval.

In this connection, the NC continues to ensure that female candidates are included for consideration by the NC whenever it seeks to identify a new Director for the Board. In addition, the Board will strive to appoint at least one female Director to the Board. Having said that, the Group is of the view that gender is, but one aspect of diversity and new Directors will continue to be selected on the basis of their experience, skills, knowledge, insight and relevance to the Board.

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

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

Principle 3: Chairman and Chief Executive Officer ("CEO")

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

Provision 3.1 of the Code sets out that the Chairman and CEO should be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

The Chairman of the Board, Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi and the CEO, Mr. Seah Chong Hoe are two separate persons and are not related to each other, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. The Chairman assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between the Management and the Board; sets agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board and promotes high standards of corporate governance.

Day to day operations of the Group are entrusted to the CEO. The CEO provides input on broad strategic directions for the Company and bears responsibility for the workings of the Board ensuring its effectiveness in all aspects of his role.

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

Principle 4: Board Membership

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

The nature of the Directors' appointments on the Board and details of their membership on the Board Committees as at the date of this report are set out in Principle 2 of this Report above.

Composition of the NC

Pursuant to Provision 4.2, the NC is composed of three directors, the majority of whom, including the NC Chairman, are independent. For FY2023, the NC had been composed of the following Directors:

Directors	Designation	NC Position	Date of Initial Appointment
Mr. Chong Man Sui	Independent Director	NC Chairman	30 August 2021
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	Independent Director	NC Member	31 August 2007
Mr. Steven Shen Hing	Independent Director	NC Member	5 August 2019

Board Appointments

The NC makes recommendations to the Board on all Board appointments and re-appointments.

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

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

Process for Selection and Appointment of New Directors

When required, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate. In the selection and nomination for new Directors, the NC will aim to maintain an optimal Board composition by considering the trends affecting the Company, identifying gaps (which includes considering whether there is an appropriate level of diversity of thought) and identifying these skills and competencies required to enable the Board to fulfil its responsibilities. The NC will assess the suitability of the candidate based on his/her skills, knowledge and experience as well as to ensure he/she is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. Upon review and recommendation of the NC to the Board, new Directors will be appointed by way of passing a Board resolution. The Board and NC will also take into consideration whether a candidate had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the candidate's involvement therein. The Board and NC will also assess whether a candidate's resignation from the board of any such company casts any doubt on the candidate's qualification and ability to act as a Director of the Company. The Company's Constitution provides that a newly appointed Director during the financial year must retire and submit him/herself for re-appointment at the AGM following his/her appointment. Thereafter, he/she is subject to re-appointment at least once every three (3) years. The NC also ensures that new Directors are aware of their duties and obligations.

Retirement and Re-election of Directors

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

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

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. The Company's Constitution provides that at least one-third of the Directors (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation and be subject to re-appointment at the Company's AGM. As part of the process for the selection, appointment and re-appointment of Directors, the NC will consider the composition and progressive renewal of the Board.

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

Directors	Designation	Date of Initial Appointment	Date of Last Re-election
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	Independent Director	31 August 2007	29 June 2022
Mr. Chong Man Sui	Independent Director	30 August 2021	29 June 2022
Mr. Steven Shen Hing	Independent Director	5 August 2019	28 June 2023
Mr. Seah Chong Hoe	Executive Director & Chief Executive Officer	17 August 2020	28 June 2023

Pursuant to the Company's Constitution, the NC nominates and recommends the following Directors to retire by rotation and to stand for re-election at the Company's forthcoming AGM:

Dato' Sri Mohd Sopyan B Mohd Rashdi Independent Director
Mr. Chong Man Sui Independent Director

In recommending the re-election of Dato' Sri Mohd Sopyan B Mohd Rashdi and Mr. Chong Man Sui, the NC has considered the effectiveness and contributions of each of the Director.The Board has accepted the recommendation of the NC. Each member of the NC and the Board shall abstain from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his performance or re-nomination as Director.

Mr. Chong Man Sui will, upon re-election as a Director, remain as Independent Director of the Company, NC Chairman and a member of the RC and AC.

Dato' Sri Mohd Sopiyan B Mohd Rashdi will, upon re-election as a Director, (i) be re-designated as a Non-Independent and Non-Executive Director of the Company; and (ii) step down as the Chairman of the Board and the Chairman of the AC. Dato' Sri Mohd Sopiyan B Mohd Rashdi will remain as a member of the AC, NC and RC.

Confirmation of Independence of Directors

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

In its annual review for FY2023, the NC and the Board, having considered the provisions set out in the Code, have confirmed the independence of the following Directors:

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	Independent
Mr. Chong Man Sui	Independent
Mr. Steven Shen Hing	Independent

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

The Board notes the addition of Rule 406(3)(d)(iv) of the Catalist Rules, effective from 11 January 2023, where a director who has been a director for an aggregate period of more than 9 years may continue to be considered independent until the conclusion of the Company's FY2023 AGM. As Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi has served as a director of the Company for an aggregate period of more than 9 years, the NC and Board will take the necessary steps to ensure compliance with the Catalist Rules and Code.

Saved as disclosed in this Report, none of the Directors has served on the Board for more than 9 years since their first appointments.

Directors' Time Commitment and Multiple Directorships

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

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

- directors must consult the Chairman of the Board and the NC Chairman prior to accepting any new appointments as a director and other principal commitments; and

- in support of their candidature for directorship or re-appointment, directors are to provide the NC with details of the board appointment and other principal commitments and an indication of the time involved.

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Board and the NC also takes into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators, and seek clarity on the Director's involvement therein. The Board and NC will also assess whether a Director's resignation from the board of any such company casts any doubt on the Director's qualification and ability to act as a Director of the Company. For FY2023, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and the Board is of the view that the Directors have discharged their duties adequately.

There are currently no alternate directors on the Board.

Principle 5: Board Performance

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

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

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

During the FY2023, the NC and the NC Chairman have taken into consideration, *inter alia,* each individual Director's attendance at meetings of the Board, Board committees and at general meetings; the level of participation in discussions at meetings; the individual Director's functional expertise and his/her commitment of time to the Company and contribution of each Director towards the Board's effectiveness and competencies when assessing the performance of the individual Directors. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, and the peer assessment of each Director, and is of the view that the performance of the Board as a whole, of each Board Committee separately and the contribution of each Director to the effectiveness of the Board has been satisfactory.

There was no external consultant involved in the Board evaluation process in FY2023. Where relevant, the NC will consider such an engagement.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

Remuneration Committee

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel.

The NC has selected the members of the RC based on the Directors' combination of skills, knowledge, experience. The RC comprises three (3) members, Mr. Steven Shen Hing ("**RC Chairman**"), Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi and Mr. Chong Man Sui, all of which are Non-executive and Independent Directors. There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his own remuneration and each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC's principal responsibilities are to:

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

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

- review and recommend to the Board for endorsement, a general framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, the grant of shares and share options and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- Approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;

- review, on an annual basis, the specific compensation packages of the Company's Directors and Group CEO

- review the level and mix of remuneration and benefits, policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of individual employees would be considered by the RC in undertaking such reviews;

- implement and administer the Company's share option plan (as applicable);

- review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

- review the development of senior staff and assess their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The RC has the authority, if necessary, to seek independent experts' advice on the remuneration of all Directors, while ensuring that the existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The RC did not appoint any remuneration consultants in FY2023.

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

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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

In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the group's relative performance and the performance of individual Directors;

- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes); and

- reviews the terms, conditions and remuneration of the Executive Directors, and ensures that his total remuneration package has a significant portion of performance-related elements.

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

The Executive Director does not have a fixed-term service contract with the Company, and his service contract does not contain onerous removal clauses. Notice periods in service contracts of key management personnel are typically set at a period of three (3) months or less. There are currently no incentive components (such as profit sharing schemes) in the service contracts with the Executive Director and key management personnel.

The remuneration policy for staff, including Executive Director(s) and key management personnel, adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined at the discretion of the Company, taking into consideration the performances of the Group's businesses and respective employees. Performance-related remuneration is also aligned with the interests of shareholders and other stakeholders that promotes the long-term success of the Company.

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

The RC has established a suitable remuneration framework to incentivise, compensate and reward the key management and executives. The remuneration framework ensures that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

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

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors and Chief Executive Officer for FY2023

Directors	Remuneration (S$'000)	Fees (%)	Fixed Salary (%)	Bonus & Management Incentive (%)	Share-Based Compensation (%)	Benefits & Allowance (%)	Total (%)
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	53	100%	N.A.	N.A.	N.A.	N.A.	100%
Mr. Chong Man Sui	37	100%	N.A.	N.A.	N.A.	N.A.	100%
Mr. Steven Shen Hing	37	100%	N.A.	N.A.	N.A.	N.A.	100%
Mr. Seah Chong Hoe	707	N.A.	97%	N.A.	N.A.	3%	100%

Remuneration of key management personnel for FY2023

Provision 8.1 sets out that the Company discloses the names, amounts and breakdown of remuneration of each individual director and the CEO, and for at least the top five key management personnel (who are not directors of CEO), in bands no wider than S$250,000. As at the date of the Report, other than the Directors and CEO, the Company has no key management personnel.

There were no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors and the key management personnel. The Company currently does not have any employee share option scheme in place.

There are no other employees who are immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeds S$100,000 in FY2023.

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

ACCOUNTABILITY AND AUDIT
RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: Risk Management and Internal Controls

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

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

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

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

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

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

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

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

The Board has received assurance from:

- the CEO and the Finance Manager of the Company that the financial records of the Group have been properly maintained and the financial statements for FY2023 give a true and fair view of the Group's operations and finances; and
- the CEO that the Company's risk management and internal control systems are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Internal controls

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

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

For FY2023, the Company's internal auditors, Foo Kon Tan Advisory Services Pte Ltd ("**FKTAS**") had performed a review of the interested persons transactions ("**IPTs**") for FY2023 and did not note any irregularities.

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

Risk Management

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

(a) Reliance on the Semiconductor Industry

Majority of the Group's products and services are employed in the production of semiconductors. A significant portion of the Group's revenues are directly or indirectly related to the capital expenditure of manufacturers in the semiconductor industry. These industries may be subject to significant fluctuations as a consequence of general economic conditions and industry patterns. Capital expenditure for products such as those sold by the Group are directly affected as a result of these fluctuations. The Group operates in a cyclical industry and these fluctuations are likely to have an adverse effect on the Group's business, financial condition and results of operations.

(b) Technological Changes

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

(c) Foreign Exchange Risk

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

Dealings in the Company's Securities

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

The Internal Code provides that the Company, its officers and employees of the Group should not deal in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group.

The Company's Internal Code also provides that the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing one (1) month before the date of announcement of the Company's half-yearly and full year results and ending on the date of announcement of the relevant results.

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

The Board confirms that for FY2023, the Company has complied with Rule 1204(19) of the Catalist Rules.

Interested Person Transactions ("IPTs")

The aggregate value of interested person transactions entered into during FY2023 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules is as follows:

Name of interested Person	Nature of Relationship	Aggregate value of all IPTs entered into for FY2023 (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all IPTs conducted in FY2023 under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
ASTI Holdings Limited ("ASTI") and its subsidiaries ("ASTI Group")	Controlling Shareholder of the Company	- Interest payable on loan extended by ASTI (value of transactions amounting to S$593,000)[(1)]	- Corporate Support Services fee amounting to S$120,000
Dato' Loh Soon Gnee	Controlling Shareholder of the Company	Nil[(2)]	Nil
Yumei Plastic Pte Ltd	A wholly-owned company of Mr. Seah Chong Hoe, Director of the Company	Nil[(3)]	Nil

Notes:

(1) Relates to interest payable on the loan extended by ASTI Group. As at 31 December 2023, ASTI Group had provided an aggregate of S$9.4 million loan (the "**Loan**") to the Group. The Loan which bears effective interest rates ranging from 6.25% to 6.34% is unsecured. The Group had obtained a specific IPT mandate from shareholders for the consolidated loan agreement entered into with ASTI at an extraordinary meeting of the Company held on 19 February 2021. For details, kindly refer to the Company's announcement dated on 4 February 2021.

(2) Relates to interest payable to Dato' Loh Soon Gnee on loans extended by Dato' Loh Soon Gnee to the Company for FY2023, amounted to S$90,000, which was below S$100,000.

(3) Relates to office facility and storage services expenses for FY2023 amounted to S$96,000 payable to Yumei Plastic Pte Ltd, which was below S$100,000.

The Group had obtained Shareholders' approval for the renewal of the interested person transactions general mandate in relation to the Corporate Support Services at an annual general meeting of the Company held on 29 June 2023.

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

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three (3) members, Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi ("**AC Chairman**"), Mr. Steven Shen Hing and Mr. Chong Man Sui, all of whom are Non-executive and Independent Directors.

The members of the AC have adequate accounting, finance, business and managerial experiences. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC's functions. No member of the AC is a former partner or director of the Company's existing auditing firm.

During FY2023, the AC obtained updates from the Company's appointed external auditors, Forvis Mazars LLP (formerly known as Mazars LLP ("**Forvis Mazars**"), on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group's financial statements.

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

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

- reviews with the External Auditors, their scope and results of the external audit work, the audit plan, audit reports and any matters which the external auditors wish to discuss;
- reviews with the internal auditors at least annually, checks on the adequacy and effectiveness of the overall internal control systems, including financial, operational, compliance and information technology controls and risk management;
- reviews the assurance from the CEO and the Finance Manager on the financial records and financial statements;
- making recommendations to the Board on the proposals to the shareholders on the appointment and removal of External Auditors;
- reviews the internal audit function to ensure that it is adequately resourced and has appropriate standing within the Group;
- reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Group and that of any formal announcement made quarterly or annually relating to the Group's financial performance including announcements to shareholders and the SGX-ST prior to the submission to the Board;
- reviews any significant findings of internal investigations;
- makes recommendations to the Board on the appointment of external auditors, the audit fee, terms of engagement and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal audit function and head internal audit function;
- reviews the assistance given by the Company's officers to the external and internal auditors without the presence of Management;
- reviews and monitors interested person transactions, if any, arising and to ensure that the Catalist Rules and the Company's internal control procedures as approved by Shareholders are adhered to in relation to such transaction;
- reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate;
- to review, monitor, assess and evaluate the role, adequacy and effectiveness, independence, scope and results of the external audit and the internal audit function in the overall context of the Company's risk management system;

- conducts an annual review of the independence and objectivity of the Company's external auditors, including the volume of non-audit services supplied by the external auditors, to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors before confirming their re-nomination; and

- reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed upon.

The AC held six (6) meetings during FY2023. The AC communicated with the Company's external auditors Forvis Mazars, three (3) times in relation to FY2023 audit. Reports of the findings and recommendations by external auditors were done independently and presented to the AC.

The principal activities of the AC during FY2023 are summarised below:

Financial reporting

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

The AC reviewed the full year financial statements and also discussed with Management, the Chief Financial Controller and Forvis Mazars the significant issues and adjustments resulting from the audit, and any significant deficiencies in internal controls over financial reporting matters that came to Forvis Mazars' attention during their audit together with their recommendations.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matter impacting the financial statements was discussed with Management and the external auditors and was reviewed by the AC.

Key audit matter	How AC reviewed these matter and what decision was made
Impairment assessment of intangible assets arising from acquisition of Yumei Group	The AC reviewed the key assumptions used by the Management in assessing the recoverable amount of Yumei Group based on the value-in-use calculations using 5-year cash flow projections. The AC concurred with the Management's assessment on goodwill for impairment.

Going Concern

Following the audit of the financial statements of the Group and Company for the FY2023, external auditor Forvis Mazars had without qualifying its audit opinion, included in its independent auditors' report ("**Independent Auditors' Report**"), a material uncertainty related to going concern in the Group's and the Company's audited financial statements for FY2023, due to the following reasons (i) the Group and Company had respectively reported capital deficiency positions of S$7,249,000 and S$6,864,000 as at 31 December 2023, (ii) the Group and Company had respectively reported net current liability positions of S$1,464,000 and S$6,593,000 as at 31 December 2023 and (iii) the Group had reported a net loss of S$4,017,000 for FY2023.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Board is confident that the Group and the Company will be able to generate sufficient cash flows based on a cash flow projection of twenty-four months from the end of the financial year prepared by management.

External audit processes

For the forthcoming AGM of the Company, the AC has reviewed the independence and objectivity of the External Auditors and has considered and is satisfied with the adequacy of the resources and experience of Forvis Mazars and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC has recommended to the Board that the external auditors, Forvis Mazars, be nominated for re-appointment as auditors at the forthcoming AGM of the Company. Forvis Mazars is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore.

The Company has complied with Rules 712 and Rule 715 of the Catalist Rules in relation to the appointments of its external auditors.

The AC reviews the independence of the external auditors annually. As disclosed in Note 7 to the financial statements of the Group for FY2023, the aggregate amount of fees paid/payable to the external auditor of the Company, Forvis Mazars, and its network firms for FY2023 was approximately S$184,000 for audit fees. During the FY2023, approximately S$27,000 non-audit fees were paid/payable to Forvis Mazars and its network firms. The AC has undertaken a review of all non-audit services provided by Forvis Mazars and they would not, in the AC's opinion, affect the independence of Forvis Mazars.

Internal controls

During FY2023, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with the Management, the Internal Auditors and the External Auditors.

The AC considered and reviewed with the Management and the internal auditors on the following:

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

The AC has reviewed the adequacy of the internal audit function and is satisfied that the internal auditors have adequate resources to carry out the internal audit function.

Whistle-blowing policy

The Company has in place a whistle blowing policy that provides well-defined and accessible channels through which any employee may raise any concerns he/she may have about improper conduct or malpractices within the Group. The whistle blowing policy can be found on the Company's intranet, and, together with the procedures for raising such concerns, are clearly communicated to employees. Any concerns may be raised, either anonymously or otherwise, directly to the AC Chairman, and the identity of the person raising the concern is kept strictly confidential to the fullest extent reasonably practicable in law and the Company is committed to ensure protection of the whistle-blower against detrimental or unfair treatment. The AC Chairman has direct oversight in the administration of the policy. The AC has reviewed and is satisfied with the adequacy of the whistle blowing policy. For FY2023, no whistle blowing reports were received.

Internal audit

In FY2023, the internal audit function was outsourced to FKTAS. FKTAS is an associate company under Foo Kon Tan LLP, Chartered Accountants of Singapore, an accountancy practice which was founded in 1968 and is currently a principal member of HLB International, a world-wide network of independent accounting firms and business advisers. FKTAS has experience in providing internal audit and enterprise risk management services to several companies that are listed on the Singapore Exchange. The team, comprising of an Engagement Manager, Senior Associate and Associates, is led by the Engagement Partner who has 20 years of relevant experience.

The primary reporting line of the internal auditors is to the AC, which approves the engagement, termination, evaluation and fees of the Internal Auditor. The Internal Auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The Internal Auditor assists the AC in monitoring and assessing the effectiveness of the Group's material internal controls. The Internal Auditor also assists the Management in identifying operational and business risks as well as provides recommendations to address those risks.

The AC ensures that the internal audit function is effective and adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on an annual basis the effectiveness of the internal audit function by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Group, relevant qualifications and training, relationship with the Internal Auditor, and its independence of the areas reviewed. The AC is of the view that Internal Auditor is independent, effective, adequately resourced and has appropriate standing within the Group.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company

The Shareholders are informed of the Shareholders' meetings through timely and formal notices via SGXNET and published in the newspapers. All relevant reports and/or circulars are sent in advance to all Shareholders so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions, and to communicate their views on issues which affect the Company, at general meetings. Every Shareholder is entitled to appoint two (2) proxies to attend the general meeting and vote in his stead.

Corporations which provide custodial or nominee services are not constrained by the two-proxy rule. These corporations can appoint more than two (2) proxies. Shareholders, who hold shares through these corporations, may attend its general meetings as proxies upon the presentation of proxy forms and/or official letters issued by the said corporations.

Pursuant to the amendments to the Companies Act 1967, a new multiple-proxies regime ("**Regime**") was introduced on 3 January 2016. This Regime allows specified intermediaries, such as banks and capital markets service licence holders which provide custodial services, to appoint more than two (2) proxies. This will enable indirect investors (including investors who purchased shares under the CPF Investment Scheme ("**CPFIS**") and the Supplementary Retirement Scheme ("**SRS**") to attend and vote at Shareholders' meetings. CPFIS investors and SRS investors are required to contact their CPF Approved Nominees if they wish to cast their votes on resolutions at the Shareholders' meetings of the Company but are not able to attend these meetings in person.

The External Auditors are present at AGMs to assist the Board and the Management to address any questions from the Shareholders concerning the conduct of the audit and the Company's conduct of its businesses. All Directors attend general meetings of Shareholders. In FY2023, all Directors attended all general meetings held during the year where applicable, during their tenure.

At general meetings, each substantially separate issue is dealt with in separate resolutions to avoid bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. The Company has not amended its Constitution to provide for absentia voting methods. Notwithstanding that, Provision 11.4 sets out that the Company's Constitution should allow for absentia in voting. However, voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of Shareholders' identities through the web are not compromised.

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

Provision 11.6 states that companies should have a dividend policy and communicate it to shareholders. However, the Company currently does not have a formal policy on payment of dividends. Nonetheless, the Company is of the view that its current practices would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board not to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(23) of the Catalist Rules.

The Company may declare dividends by way of an ordinary resolution of the Shareholders at a general meeting but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of the Shareholders. The Directors may also declare an interim dividend without the approval of the Shareholders. No dividend was declared in respect of FY2023 as the Group still has accumulated losses as at 31 December 2023.

The Company will record the minutes of general meetings that include substantial and pertinent comments from Shareholders relating to the agenda of the meetings and responses from the Board and Management. The Company publish minutes of its general meeting within one month after the general meeting on SGXNET

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

The Company engages in regular, effective and fair communication with the Shareholders. The Company ensures that all Shareholders are treated equitably and the rights of all Shareholders are protected. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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

On a regular and timely basis, the Company disseminates material information simultaneously through news and press releases via SGXNET and electronic mail to securities analysts, the Shareholders and the media. Shareholders can access information on the Company at the Company's website at www.asa.com.sg, to ensure that all Shareholders and the public gain fair and sufficient access to information, changes, updates and the archives of the Company or its businesses which would be likely to materially affect the price or value of the Company's shares.

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

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

MANAGING STAKEHOLDERS' RELATIONSHIP

Principle 13: Engagement with Stakeholders

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

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

The Company's engagement with all stakeholders is set out in detail in its Sustainability Report, which was released by the Company via SGXNet on 30 April 2023. The Company ensures that all material information relating to the Company and its financial performance is disclosed in a timely manner via SGXNet.

The Company also maintains a current corporate website, at www.asa.com.sg, on which financial and other information to be communicated to members of the public are made available.

OTHER CORPORATE GOVERNANCE MATTERS

Material Contracts

Except as disclosed in the financial statements and in this Report, there were no material contracts (including loans) involving the interests of the Directors or controlling shareholders which are either subsisting as at the end of the financial year reported on or if not then subsisting, entered into since the end of the previous financial year.

Catalist Sponsor

The Company changed its continuing sponsor from SAC Capital Private Limited to ZICO Capital Pte. Ltd. with effect from 9 October 2023. For FY2023, there were no non-sponsor fees paid/payable to SAC Capital Private Limited.

Approximately S$150,000 (excluding GST) non-sponsor services fees were paid/payable to the Company's continuing sponsor, ZICO Capital Pte. Ltd., during FY2023 as the Financial Adviser to the Company in respect of the proposed acquisition of LSO Organization Holdings Pte. Ltd.

Use of Proceeds

As at 31 July 2024, the Company has drawdown an aggregate of S$3.5 million from the Proposed RCN Issuance. Utilisation of the net proceeds of S$3.5 million raised from the Proposed RCN Issuance as at 31 July 2024 is as follows:

Use of Net Proceeds	Amount Original Allocated	Drawndown and Utilised as at 31 July 2024	Balance (not drawndown)
Bridging Loan[1]	S$2,000,000	S$2,000,000	-
General working capital[2]	S$2,000,000	S$1,500,000	S$500,000
Future expansion plans and investments	S$1,000,000	-	S$1,000,000
Total	**S$5,000,000**	**S$3,500,000**	**S$1,500,000**

Notes:

(1) The Company has on 31 October 2023 issued and the subscribers have subscribed for first tranche of the notes in an aggregate nominal amount of S$2.5 million. Of the S$2.5 million proceeds received by the Company, S$2.0 million has been lent to the vendors of the Proposed Acquisition pursuant to the bridging loan, whilst the rest has been utilised for general working capital of the Company.

(2) Breakdown of general working capital

Breakdown of general working capital	(S$)
(a) Repayment of 1st instalment to ASTI pursuant to the Second Addendum	1.00 million
(b) Professional expenses related to acquisition of LSO Organization Holdings Pte Ltd	0.31 million
(c) Payroll related costs	0.16 million
(d) Others	0.03 million
Total	1.50 million

The above utilisation of net proceeds raised from the Proposed RCN Issuance is in accordance with the intended use and allocation of the net proceeds for the Proposed RCN Issuance as disclosed in the Company's circular to Shareholders dated 5 July 2024. The Company will make periodic announcements via SGXNET on the utilisation of the net proceeds as and when they are materially disbursed.

Information on Directors nominated for re-election – Appendix 7F of the Catalist Rules

Dato' Sri Mohd Sopyan B Mohd Rashdi and Mr. Chong Man Sui are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 23 August 2024.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Dato' Sri Mohd Sopyan B Mohd Rashdi and Mr. Chong Man Sui in accordance with Appendix 7F of the Catalist Rules are set out below:

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR. CHONG MAN SUI
Date of Initial Appointment	31 August 2007	30 August 2021
Date of last reappointment (if applicable)	29 June 2022	29 June 2022
Age	61	67
Country of principal residence	Malaysia	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr. Dato'Sri Mohd Sopiyan B Mohd Rashdi ("Dato' Sopiyan") as a Non-Executive and Independent Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dato'Sopiyan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Chong Man Sui ("Mr. Chong") as a Non-Executive and Non-Independent Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr. Chong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Chairman Audit Committee Chairman Nominating Committee Member Remuneration Committee Member	Non-Executive and Independent Director Nominating Committee Chairman Audit Committee Member Remuneration Committee Member
Professional Qualifications	Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391) Degree in Accountancy, University iTM, Malaysia	Bachelor of Science in Engineering, National Taiwan University
Working experience and occupation(s) during the past 10 years	2015 – Current • Financial Adviser – PT Renewable Energi Indonesia Tbk • Director – PT Pan Pages • Director & CFO – PT Bintang Makmur Prima • CEO – PT Expose Mandala Putra • Corporate Finance Advisor – LCK Group • Corporate Finance Advisor – PT Cendrawasih Global 2018 – Jan 2024 Director and Audit & Remuneration Committee Chairman - ASTI Holdings Limited 2015 – 2020 CEO – PT Envy Technologies Indonesia, International 2011 – Jan 2024 Dragon Group International Ltd - Independent Director & Audit Committee Chairman 2009 – Current PT Dragon Terra Ventura Shareholder, President Director & CEO	2021 – Jan 2024 Acting Chairman - Dragon Group International Limited 2001 to 2016 Marketing Director of Dragon Technology Distribution (HK) Limited.
Shareholding interest in the listed issuer and its subsidiaries	None	None
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	None	None

CORPORATE GOVERNANCE REPORT (CONT'D)

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR. CHONG MAN SUI
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past Directorship (for the last 5 years)	ASTI Holdings Limited Dragon Group International Limited PT Panpages Indonesia EoCell Limited	Acetech Solutions Limited Asia Phoenix Angels Pte Ltd ASTI (USA) Inc. ASTI HK Limited ASTI Holdings Limited Dragon D'illum Technologies Pte Ltd Dragon Ventures Limited Dragon Equipment & Material Tech Limited Dragon Group International Limited Dragon Rises Limited Dragon Trading (Shanghai) Co., Ltd DTB Limited EoCell Limited EoPlex Inc EoPlex Limited FE Global Shanghai Limited Flexcomm Ltd Flex-In Electronics Macao Commercial Offshore Ltd SCM Solutions Pte Ltd Smart Baylink Limited Sooner Technology Pte Ltd Spire Technologies Pte Ltd Telford Holding HK Limited Telford Industries Pte Ltd
Present Directorship	Advanced Systems Automation Limited PT ENVY Technologies Indonesia Tbk PT Dragon Terra Ventura PT Orient Technology Indonesia	Advanced Systems Automation Limited Fenghuang Holdings Ltd Jiangsu Longjiang Ship Building Co.,Ltd KSMC Limited Nanjing Dragon Tourism and Mgmt Co., Ltd. Nanjing Dragon Treasure Boat Development Co., Ltd Pixiu Holdings Ltd Telford Technologies (Shanghai) Pte Ltd
(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

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR. CHONG MAN SUI
(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
(g) Whether he has ever been convicted in Singapore or else-where 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	No	No
(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

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR. CHONG MAN SUI
(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
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) 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.	This relates to re-election of director. Not Applicable	This relates to re-election of director. Not Applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.

APPENDIX 2

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2023

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' STATEMENT
FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their statement to the members together with the audited consolidated financial statements of Advanced Systems Automation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and 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,

(i) the consolidated financial statements of the Group and the statements of financial position and 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 financial year ended 31 December 2023; and

(ii) at the date of this statement there are reasonable grounds to believe that the Group and Company will be able to pay its debts as and when they fall due for at least 12 months from the date the financial statements are authorised for issuance.

2. Directors

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

Dato' Sri Mohd Sopiyan Bin Mohd Rashdi
Steven Shen Hing
Seah Chong Hoe
Mandie Chong Man Sui

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the share, warrants and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

	At the beginning of financial year	At the end of financial year	At 21 January 2024
Ordinary shares of the Company:			
Advanced Systems Automation Limited			
Seah Chong Hoe			
- Direct interest	3,500,000,000	1,166,667,000	1,166,667,000
- Deemed interest	3,000,000,000	-	-

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

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. Audit Committee

The Audit Committee of the Company comprises three non-executive directors and at the date of this report, they are:

Dato' Sri Mohd Sopiyan Bin Mohd Rashdi (Chairman)
Mandie Chong Man Sui
Steven Shen Hing

The Audit Committee ("AC") carried out its functions in accordance with section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

(i) 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;
(ii) Reviewed the annual financial statements and the independent auditors' report on the annual financial statements of the Group and the Company before their submission to the board of directors;
(iii) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(iv) Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
(v) Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
(vi) 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;
(vii) Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
(viii) Reviewed the nature and extent of non-audit services provided by the external auditor, if any;
(ix) Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
(x) Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
(xi) Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

6. Audit Committee (Continued)

The AC has also conducted a review of interested person transactions.

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

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

7. Auditors

The auditors, Forvis Mazars LLP (formerly known as Mazars LLP), have expressed their willingness to accept re-appointment.

On behalf of the board of directors,

Seah Chong Hoe	**Dato' Sri Mohd Sopiyan Bin Mohd Rashdi**
Director	Director

Singapore
31 July 2024

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Advanced Systems Automation Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, the statements of changes in equity of the Group and of the Company and the consolidated statements of profit or loss and other comprehensive income and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' 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 sufficient and appropriate to provide a basis of our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the accompanying financial statements, which indicates that as at 31 December 2023, the Group and Company were in capital deficiency positions of S$7,249,000 and S$6,864,000 respectively. The Group and Company's current liabilities exceeded its current assets by S$1,464,000 and S$6,593,000 respectively. In addition, the Group incurred a net loss of S$4,017,000 for the financial year ended 31 December 2023. As stated in Note 2.1, these conditions along with other matters as set forth in Note 2.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Report on the Audit of Financial Statements (Continued)

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 3 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 3 significant components, 2 were audited by other Forvis Mazars offices as component auditor under our instructions and the remaining 1 was directly audited by us. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters

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

Impairment assessment of intangible assets arising from the acquisition of Yumei Group (Note 12 to the financial statements)	
Key audit matter	**Our audit response**
During the financial year, an impairment loss of S$1,901,000 (2022: S$Nil) had been recognised. The Group had performed an impairment assessment in accordance with SFRS(I) 1-36 *Impairment of Assets* ("SFRS(I) 1-36") to determine the recoverable amount of the intangible assets. This involved an estimate of the value-in-use of the cash-generating unit(s) ("CGU") to which intangible assets had been allocated. The value-in-use calculation required the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The recoverable amount was determined based on estimates of forecasted revenue, growth rate and discount rate. These estimates required significant judgement, and the determination of the recoverable amount is a key audit matter in our audit.	Our audit procedures included, and are not limited to, the following: a) Obtained an understanding of the Group's process in assessing the goodwill for impairment; b) Reviewed the management's assessment of whether there is any indication of impairment for the intangible assets and, if any, the impairment required in accordance with SFRS(I) 1-36 as at 31 December 2023; c) Reviewed the recoverable amount determined by the management in the discounted cash flow projection, where found necessary, critically challenged the management's assessment and the assumptions used in their planned strategies around business expansion, revenue stream growth strategies, cost initiatives and discount rate by Forvis Mazars' in-house valuer; and d) Reviewed the appropriateness of the disclosures in respect of value-in-use calculations presented in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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 identified above 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 that we obtained prior to the date of this 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.

Report on the Audit of Financial Statements (Continued)

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

Auditors' 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 auditors' 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' 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 the subsidiary incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lai Keng Wei.

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants

Singapore
31 July 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S$'000	2022 S$'000
Revenue	4	12,928	15,042
Cost of sales		(8,913)	(10,251)
Gross profit		4,015	4,791
Other income	6	137	314
Other expenses:			
- Selling and marketing costs		(730)	(848)
- General and administrative costs		(4,307)	(3,496)
- Finance costs, net	5	(804)	(477)
- Other expenses, net		(1,988)	-
(Loss)/Profit before income tax	8	(3,677)	284
Income tax expense	9	(340)	(261)
(Loss)/Profit for the year		(4,017)	23
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(506)	(516)
Total comprehensive loss for the year, attributable to owners of the Company		(4,523)	(493)
(Loss)/Earning per share (cents per share)			
- Basic and diluted	10	(0.0180)	0.0001

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	6,354	6,936	-	-
Intangible assets	12	-	2,131	-	-
Right-of-use assets	21	495	484	-	-
Investments in subsidiaries	13	-	-	10,494	13,422
		6,849	9,551	10,494	13,422
Current assets					
Inventories	14	809	1,010	-	-
Trade and other receivables	15	4,386	2,292	2,332	178
Prepayments and advances	16	260	172	8	13
Cash and bank balances	17	4,251	4,426	34	375
Tax recoverable		138	229	-	-
		9,844	8,129	2,374	566
LIABILITIES					
Current liabilities					
Other liabilities	18	1,801	1,518	659	532
Trade and other payables	19	5,174	6,147	5,721	6,530
Convertible notes	20	2,587	-	2,587	-
Contract liabilities	4	149	122	-	-
Income tax payable		66	110	-	-
Lease liabilities	21	187	159	-	-
Bank overdraft	22	682	748	-	-
Loans and borrowings	22	662	839	-	-
		11,308	9,643	8,967	7,062
Net current liabilities		(1,464)	(1,514)	(6,593)	(6,496)
Non-current liabilities					
Trade and other payables	19	10,765	8,838	10,765	8,838
Lease liabilities	21	52	159	-	-
Loans and borrowings	22	1,339	1,354	-	-
Deferred tax liabilities	9	478	412	-	-
		12,634	10,763	10,765	8,838
Net liabilities		(7,249)	(2,726)	(6,864)	(1,912)
EQUITY					
Share capital	23	148,841	148,841	148,841	148,841
Foreign currency translation reserve	24	(1,050)	(544)	-	-
Merger reserve	24	(2,136)	(2,136)	-	-
Accumulated losses		(152,904)	(148,887)	(155,705)	(150,753)
Capital deficiencies		(7,249)	(2,726)	(6,864)	(1,912)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company				
Group	**Share capital S$'000**	**Accumulated losses S$'000**	**Merger reserve S$'000**	**Foreign currency translation reserve S$'000**	**Total equity S$'000**
At 1 January 2022	148,841	(148,910)	(2,136)	(28)	(2,233)
Profit for the financial year	-	23	-	-	23
Exchange differences on translating foreign operations	-	-	-	(516)	(516)
Total comprehensive loss for the year	-	23	-	(516)	(493)
At 31 December 2022	148,841	(148,887)	(2,136)	(544)	(2,726)
Loss for the financial year	-	(4,017)	-	-	(4,017)
Exchange differences on translating foreign operations	-	-	-	(506)	(506)
Total comprehensive loss for the year	-	(4,017)	-	(506)	(4,523)
At 31 December 2023	148,841	(152,904)	(2,136)	(1,050)	(7,249)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Share capital S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2022	148,841	(150,661)	(1,820)
Loss for the year	-	(92)	(92)
At 31 December 2022	148,841	(150,753)	(1,912)
Loss for the year	-	(4,952)	(4,952)
At 31 December 2023	148,841	(155,705)	(6,864)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S$'000	2022 S$'000
Operating activities			
(Loss)/profit before income tax		(3,677)	284
Adjustments for:			
Depreciation of property, plant and equipment	11	810	934
Depreciation of right-of-use assets	21	138	145
Gain on disposal of property, plant and equipment		(28)	(82)
Gain on disposal of intangible assets	6	-	(10)
Amortisation of intangible assets	12	230	230
Impairment of intangible assets	12	1,901	-
Fair value loss on convertible notes	20	87	-
Allowance for/(Write-back of) trade receivables, net	28	12	(39)
Write-back of stock obsolescence	14	(2)	(12)
Interest income	5	(47)	(6)
Interest expense	5	838	464
Effect of unrealised exchange gain		(365)	(285)
Operating cash flows before changes in working capital		(103)	1,623
Changes in working capital:			
- Trade and other receivables and prepayment and advances		(277)	2,217
- Inventories		152	(79)
- Trade and other payables, contract liabilities and other liabilities		661	(1,154)
Cash flows generated from operations		433	2,607
Interest received		31	6
Income tax paid		(218)	(495)
Net cash flows generated from operating activities		246	2,118
Investing activities			
Purchase of property, plant and equipment	11	(660)	(521)
Issuance of bridging loan		(2,000)	-
Proceeds from disposal of property, plant and equipment		71	89
Proceeds from disposal of intangible asset		-	130
Net cash flows used in investing activities		(2,589)	(302)
Financing activities			
Payment of principal portion of lease liabilities		(212)	(239)
Proceed from convertible loan note		2,500	-
Repayments of bank borrowings		(1,084)	(1,097)
Proceeds from bank borrowings		908	758
Interest paid		(144)	(130)
Net cash flows generated from/(used in) financing activities		1,968	(708)
Net (decrease)/increase in cash and cash equivalents		(375)	1,108
Cash and cash equivalents at beginning of the year		3,678	2,352
Effects of exchange rate changes on cash and cash equivalents		266	218
Cash and cash equivalents at end of the year	17	3,569	3,678

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Reconciliation of liabilities arising from financing activities:

			Non-cash item					
	At beginning of financial year S$'000	Financing cash flows S$'000	Acquisition S$'000	Corporate support services and others S$'000	Reclassification S$'000	Interest expenses S$'000	Foreign exchange movement S$'000	At end of financial year S$'000
2023								
Liabilities								
Loans and borrowings (Excluding bank overdraft)	2,193	(176)	-	-	-	94	(110)	2,001
Lease liabilities	318	(212)	171	-	-	11	(49)	239
Loans due to a shareholder	1,960	-	-	-	-	89	-	2,049
Convertible notes	-	2,500	-	87[1]	-	-	-	2,587
Amount due to a related party	637	-	-	-	(299)[2]	-	(20)	318
Amount due to a corporate shareholder	9,958	-	-	158[3]	299[2]	594	-	11,009
2022								
Liabilities								
Loans and borrowings (Excluding bank overdraft)	2,508	(339)	-	-	-	73	(49)	2,193
Lease liabilities	141	(239)	415	-	-	10	(9)	318
Loans due to a shareholder	901	-	-	-	998[4]	61	-	1,960
Amount due to a related party	660	-	-	-	-	-	(23)	637
Amount due to a corporate shareholder	9,497	-	-	188[3]	-	273	-	9,958

[1] This amount represents the fair value loss recognised as at year end.

[2] This amount represents novation from amount due to a related party to the amount due to a corporate shareholder.

[3] This amount includes corporate support services of S$120,000 (2022: S$170,000) as disclosed in Note 27 to the financial statements. Others relate to other recharged expenses.

[4] This amount represents reclassification from amount due to directors of S$998,000.

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

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

1. General

Advanced Systems Automation Limited (the "Company") (Registration Number: 198600740M) was incorporated and domiciled in Singapore on 10 April 1986. The Company was admitted to the Official List of Stock Exchange of Singapore Dealing and Automated Quotation System on 22 July 1996 and was transited to a listing on Catalist with effect from on 4 January 2010.

The registered office of the Company and principal place of the business is located at 3014 Ubi Road 1 #02-282, Kampong Ubi Industrial Estate, Singapore 408702.

The principal activities of the subsidiaries are disclosed in Note 13.

The consolidated financial statements of the Group for the financial year ended 31 December 2023 and the statement of financial position and changes in equity of the Company as at 31 December 2023 were authorised for issue by the Board of Directors at the date of Directors' Statement.

2. Summary of material accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I)s ("SFRS(I)s INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position and changes in equity of the Company are presented in Singapore dollar ("S$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("S$'000"), unless otherwise indicated.

Going concern basis

The Group and Company were in capital deficiency positions of S$7,249,000 (2022: S$2,726,000) and S$6,864,000 (2022: S$1,912,000) respectively. The Group and Company's current liabilities exceeded its current assets by S$1,464,000 (2022: S$1,514,000) and S$6,593,000 (2022: S$6,496,000) respectively. In addition, the Group incurred a net loss of S$4,017,000 (2022: net profit S$23,000) for the financial year ended 31 December 2023. These conditions cast doubt on the appropriateness of the going concern assumption used by the Group and the Company.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the board of directors are confident that the Group will generate positive cash flow based on a cash flow projection of twenty-four months from the end of the financial year prepared by management.

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

Going concern basis (continued)

In preparing the cash flow projection, the Group has taken the following into consideration:

(i) In relation to the convertible loan as disclosed in Note 20, Tranche 2 totalling of S$2,500,000 will be drawn down by 31 October 2024 and converted into ordinary shares of the Company, of which an aggregate amount of S$1,000,000 had been received on 30 July 2024;

(ii) The letter of undertaking obtained from an investor to undertake, subject to the approval of shareholders, an additional funding of S$10,000,000 within the next 12 months from the date of financial statements into the Company;

(iii) The letter of undertaking obtained from a director, who is also a shareholder of the Company, to not demand repayment for the amount owed to him of S$1,927,000 (2022: S$1,793,000) as recorded under amount due to a director in Note 18 and deferred cash settlement in Note 19 for the next 12 months from the date of financial statements, if the Group's and the Company's financial situation does not allow for repayment; and

(iv) Positive cash flow generated from its operating activities.

The board of directors has assessed and confirmed there is no breach of any loan covenants that may trigger the banks to demand full repayment of all bank facilities (bank overdraft and loans and borrowings of S$2,683,000 (2022: S$2,941,000) respectively within the next 12 months from the date of financial statements.

Based on the above, the board of directors has assessed and are of the view that it is appropriate that the financial statements of the Group and Company be prepared on a going concern basis.

If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INTs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2023. The adoption of these new or revised SFRS(I)s and SFRS(I) INTs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

The Group adopted the amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of "material" instead of "significant" accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users' understanding of the financial statements. Accordingly, management had reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I)s INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I)s INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1*: Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
SFRS(I) 10, SFRS(I) 1-28	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
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

2. Summary of material accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cash flow relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

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

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

(a) Fabrication assembly of parts

The Group provides precision engineering and fabrication assembly of parts for semi-conductor, consumer products and business equipment industries, which are reportable under Equipment Contract Manufacturing Services ("ECMS") segment (Note 31).

Revenue is recognised when the goods are delivered to the customer. Certain revenue recognition is based on criteria for customer acceptance.

(b) Interest income

Interest income is recognised using the effective interest method.

2. Summary of material accounting policies (Continued)

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 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 Malaysia companies in the Group make contributions to the Central Provident Fund scheme in Singapore, or Employees Provident Fund in Malaysia respectively. These are defined contribution pension schemes. Contributions to these schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either an entity’s decision to terminate an employee’s employment before the normal retirement date or an employee’s decision to accept an offer of benefits in exchange for the termination of employment. A liability and expense for a termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group’s liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

2. Summary of material accounting policies (Continued)

2.7 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.8 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Summary of material accounting policies (Continued)

2.8 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

Freehold land has infinite useful life and therefore is not depreciated.

Depreciation is charged so as to write off the cost, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Factory buildings	-	50 years
Leasehold land	-	50 to 70 years or shorter of remaining leases terms and economic life
Machinery	-	5 to 10 years
Air conditioners	-	5 to 10 years
Computers	-	3 to 10 years
Other assets	-	3 to 10 years

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.

2. Summary of material accounting policies (Continued)

2.9 Property, plant and equipment (Continued)

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.10 Intangible assets

Acquired intangible assets

Acquired intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is initially measured at their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The indefinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

(a) Club membership

Club membership is stated at cost less impairment loss. Allowance is made for any impairment loss on the basis outlined in paragraph Note 2.11.

(b) Customer relationships

Customer relationships were acquired in business combinations and are carried at cost less accumulated amortisation and any accumulated impairment losses. The customer relationships has a finite useful life and are amortised over the period of 7 years based on expected pattern of consumption of future economic benefits embodied in the asset.

2. Summary of material accounting policies (Continued)

2.11 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

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

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.12 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15") in Note 2.4.

Financial assets are classified as subsequently measured at amortised cost. The classification at initial recognition depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flow which determines whether cash flow will result from collecting contractual cash flow, selling financial assets or both.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The Group determines whether the asset's contractual cash flow are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost include trade and other receivables, cash and cash equivalents.

Subsequent to initial recognition, the financial asset at amortised cost is measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognised in interests income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group applies the simplified approach to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 28.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flow from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

Convertible loan notes

At the date of issue, both the debt component and derivative components are recognised at fair value and the convertible notes are designated as at FVTPL. In subsequent period, changes in fair value are recognised in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognised in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to accumulated losses upon derecognition. Transaction costs relating to the issue of the convertible notes are charged to profit or loss immediately.

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis in finance costs. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Loans and Borrowings

Interest-bearing bank loans and overdraft are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

2. Summary of material accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.13 Inventories

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

1) Fabrication of tooling, dies and related moulding of spare parts and other related businesses

   - Raw materials – purchase cost is stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method. Costs to be incurred in cost of sales according to the nature of the subsidiaries' operations;

   - Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

2) Manufacturing of die-casting products and plastic products

   - Raw materials, spare parts and consumables – cost is stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method; which approximates actual cost and include cost of purchase and other directly attributable costs of acquisition;

   - Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdraft and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.15 Leases

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

2. Summary of material accounting policies (Continued)

2.15 Leases (Continued)

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 *Leases*. For these leases, the Group recognises the lease payment as an expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

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:

Machinery	10 years
Leasehold properties	over lease term of 1 to 3 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. Refer to the accounting policies in Note 2.11.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate.

2. Summary of material accounting policies (Continued)

2.15 Leases (Continued)

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flow, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

A provision is recognised for onerous contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and is measured at the lower of the cost of fulfilling it and any expected cost of terminating it. In determining the cost of fulfilling the contract, the Group includes both the incremental costs and an allocation of others costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2. Summary of material accounting policies (Continued)

2.17 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 an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

2.18 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.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the Chief Executive Officer who make strategic decisions.

3. Critical accounting judgement and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's and the Company's accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill and customer relationships

As disclosed in Note 12 to the financial statements, the recoverable amount of the cash generating unit which goodwill and customer relationships have been allocated to are determined based on value-in-use calculations that were computed based on discounted cash flow model. The recoverable amount was most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value-in-use including a sensitivity analysis, were disclosed and further explained in Note 12 to the financial statements.

The carrying amount of the Group's goodwill and customer relationships as at 31 December 2023 are S$Nil and S$Nil (2022: S$1,462,000 and S$669,000) (Note 12) respectively.

(b) Measurement of ECL of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are determined based on the Group's historical observed default rated analysed in accordance to the days past due by grouping of customers based on geographical region. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults. 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 carrying amount of the Group's trade receivables as at 31 December 2023 were approximately S$2,171,000 (2022: S$2,069,000) (Note 15).

3. Critical accounting judgement and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(c) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired or that an impairment loss recognised in prior periods may no longer exist or may have decreased. Where applicable, the Company's determination of the recoverable value is based on the estimation of the value-in-use of the applicable assets as defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flow for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flow. In determining the value-in-use, the Company has considered the expected and estimated impact on the key inputs, including the discount rate and growth rate, as well as key assumptions applied. The Company's carrying amount of investments in subsidiaries as at 31 December 2023 was S$10,494,000 (2022: S$13,422,000) (Note 13).

(d) Inventories written down

The Group assesses at the end of each reporting period whether there is any objective evidence that its inventories are impaired. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the net realisable value of the asset. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of the Group's inventories as at 31 December 2023 was S$809,000 (2022: S$1,010,000) (Note 14).

(e) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of property, plant and equipment to be within 1 to 10 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment as at 31 December 2023 were S$6,354,000 (2022: S$6,936,000) (Note 11).

(f) Provision for income taxes

The Group has exposure to income taxes in two jurisdictions of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes 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 amounts of the Group's income tax payable, deferred tax liabilities and tax recoverable as at 31 December 2023 were S$66,000 (2022: S$110,000), S$478,000 (2022: S$412,000) and S$138,000 (2022: S$229,000) respectively.

4. Revenue

(a) Disaggregation of revenue

	Group Equipment contract manufacturing services ("ECMS")	
	2023	**2022**
	S$'000	**S$'000**
Primary geographical markets		
Asia	12,846	14,627
America	62	62
Others	20	353
	12,928	15,042
Timing of transfer of goods or services		
At a point in time	12,928	15,042

(b) Contract balances

	Group		
	2023	**2022**	**2021**
	S$'000	**S$'000**	**S$'000**
Current			
Contract liabilities	149	122	164

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for ECMS Segment. Contract liabilities are recognised as revenue when the Group completes their obligation for the sale.

Significant changes in contract liabilities balances during the period are as follow.

	Group	
	2023	**2022**
	S$'000	**S$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	122	164
Due to cash received excluding amount recognised as revenue during the year	149	122

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less (i.e. mainly from manufacturing of die-casting and plastic products and fabrication assembly of parts due to the nature of the transactions). In addition, variable consideration that is constrained has not been included in the above financial information.

5. Finance costs, net

	Group	
	2023 S$'000	2022 S$'000
Interest income in respect of:		
- deposits with banks and financial institutions	31	6
- bridging loan	16	-
	47	6
Interest expenses in respect of:		
- bank borrowings	(94)	(73)
- bank overdraft	(50)	(47)
- leases liabilities	(11)	(10)
- amount due to a corporate shareholder	(594)	(273)
- loans due to a shareholder	(89)	(61)
	(838)	(464)
Bank charges	(13)	(19)
Total finance cost, net	(804)	(477)

6. Other income

		Group	
	Note	2023 S$'000	2022 S$'000
Gain on disposal of property, plant and equipment		49	82
Gain on disposal of club membership	12	-	10
Government grant		17	57
(Impairment loss on)/Write-back of trade receivables, net	28	(12)	39
Net foreign exchange gain		66	103
Others		17	23
		137	314

7. Employee benefits expense

	Group	
	2023 S$'000	2022 S$'000
Salaries and bonuses	4,334	4,292
Employer's contribution to defined contribution plans	418	398
Other benefits	113	133
	4,865	4,823

8. (Loss)/Profit before income tax

In addition to the (charges)/credits disclosed elsewhere in the notes to the financial statements, the above includes the following (charges)/credits:

	Note	Group 2023 S$'000	Group 2022 S$'000
Depreciation of property, plant and equipment	11	(810)	(934)
Depreciation of right-of-use assets	21	(138)	(145)
Amortisation of intangible assets	12	(230)	(230)
Impairment of intangible assets	12	(1,901)	-
Fair value loss on convertible notes	20	(87)	-
Write-back of stock obsolescence	14	2	12
Audit fees:			
- Auditors of the Group		(161)	(181)
- Other auditors		(50)	(40)
Consultancy fees		(770)	(314)

9. Income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group 2023 S$'000	Group 2022 S$'000
Current tax expense		
- current income tax	244	373
- under/(over) provision in respect of prior years	14	(97)
	258	276
Deferred tax expense/(income)		
- origination and reversal of temporary difference	82	(15)
Income tax expense	340	261

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2022: 17%). There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

9. Income tax expense (Continued)

Reconciliation of effective tax rate is as follows:

	Group	
	2023 S$'000	2022 S$'000
(Loss)/Profit before income tax	(3,677)	284
Tax calculated at a tax rate of 17% (2022: 17%)	(625)	48
Adjustments:		
- Expenses not deductible for tax purposes	467	277
- Income not subject to tax	(15)	(162)
- Differential tax rate of Malaysia subsidiaries	56	92
- Deferred tax asset not recognised	443	112
- Tax exemption	-	(17)
- Tax losses not available for future utilisation	-	8
- Under/(Over) provision in respect of prior years	14	(97)
Income tax expense	340	261

Deferred tax liabilities

	Statement of financial position	
	2023 S$'000	2022 S$'000
- Acquisition of subsidiaries	75	114
- Differences in depreciation	473	368
- Inventories written down	(5)	(5)
- Provision of staff related costs	(64)	(64)
- Others	(1)	(1)
Net deferred tax liabilities	478	412

	Income statement	
	2023 S$'000	2022 S$'000
- Acquisition of subsidiaries	39	39
- Differences in depreciation	(121)	(16)
- Others	-	(8)
Deferred tax (expense)/benefit	(82)	15

At 31 December 2023, deferred tax liability for taxable temporary differences of S$8,140,000 (2022: S$6,477,000) related to investments in subsidiaries was not recognised because the Group controls whether the liability will be incurred, and it is satisfied that it will not be incurred in the foreseeable future.

9. Income tax expense (Continued)

As at 31 December 2023, the Group has unutilised tax losses and unabsorbed capital allowances S$32,797,000 (2022: S$30,190,000) available for set-off against future assessable income subject to agreement with the tax authorities on the relevant tax regulations. The deferred tax asset arising from these unutilised tax losses has not been recognised in the financial statements in accordance with the accounting policy in Note 2.7 to the financial statements.

At the end of the reporting period, there are no deferred tax liabilities on net investment in subsidiaries.

10. (Loss)/Earnings per share

Basic and diluted (loss)/earnings per share is calculated by dividing the loss or profit for the year by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the income and share data used in the computation of basic and diluted (loss)/earnings per share for the year ended 31 December 2023 and 2022.

	Group	
	2023	**2022**
	S$'000	**S$'000**
(Loss)/Profit after income tax for basic and diluted earning/(loss)per share	(4,017)	23
Weighted average number of ordinary shares in issue applicable to basic and diluted (loss)/earning per share ('000)	22,324,126	22,324,126

The convertible notes are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 31 December 2023.

11. Property, plant and equipment

Group	Freehold land* and buildings S$'000	Leasehold land and buildings S$'000	Machinery S$'000	Air conditioners S$'000	Computers S$'000	Other assets S$'000	Total S$'000
Cost							
At 1 January 2022	1,219	4,021	10,773	117	353	606	17,089
Currency realignment	(75)	(202)	(625)	(8)	(20)	(33)	(963)
Additions	-	29	432	7	50	3	521
Disposals	-	-	(320)	-	(1)	-	(321)
At 31 December 2022	1,144	3,848	10,260	116	382	576	16,326
Currency realignment	(72)	(227)	(554)	(7)	(23)	(35)	(918)
Additions	-	9	620	8	22	1	660
Disposals	-	-	(350)	-	-	-	(350)
At 31 December 2023	1,072	3,630	9,976	117	381	542	15,718
Accumulated depreciation and impairment loss							
At 1 January 2022	261	359	7,702	114	310	579	9,325
Currency realignment	(16)	21	(499)	(8)	(17)	(36)	(555)
Charge for the year	16	38	839	3	22	16	934
Disposals	-	-	(313)	-	(1)	-	(314)
At 31 December 2022	261	418	7,729	109	314	559	9,390
Currency realignment	(17)	(13)	(426)	(6)	(18)	(49)	(529)
Charge for the year	15	47	698	4	34	12	810
Disposals	-	-	(307)	-	-	-	(307)
At 31 December 2023	259	452	7,694	107	330	522	9,364
Carrying amount							
At 31 December 2023	813	3,178	2,282	10	51	20	6,354
At 31 December 2022	883	3,430	2,531	7	68	17	6,936

* Includes the freehold land of a subsidiary located in Malaysia at cost of S$339,000 (2022: S$362,000), the movement pertaining to currency realignment.

11. Property, plant and equipment (Continued)

Other assets comprise renovation, furniture and fittings, motor vehicles and office equipment.

Assets pledged as security

The leasehold and freehold land and buildings with carrying value of S$3,991,000 (2022: S$4,313,000) are pledged for bank borrowings as at the end of the reporting period as disclosed in Note 21.

12. Intangible assets

Group	Goodwill S$'000	Club membership S$'000	Customer relationships S$'000	Total S$'000
Cost				
At 1 January 2022	1,462	197	1,607	3,266
Disposal	-	(197)	-	(197)
At 31 December 2022 and 31 December 2023	1,462	-	1,607	3,069
Accumulated amortisation				
At 1 January 2022	-	77	708	785
Disposal	-	(77)	-	(77)
Charge for the year	-	-	230	230
At 31 December 2022	-	-	938	938
Charge for the year	-	-	230	230
At 31 December 2023	-	-	1,168	1,168
Accumulated impairment loss				
At 1 January 2022 and 31 December 2022	-	-	-	-
Impairment loss recognised	1,462	-	439	1,901
At 31 December 2023	1,462	-	439	1,901
Net carrying amount				
At 31 December 2023	-	-	-	-
At 31 December 2022	1,462	-	669	2,131

12. Intangible assets (Continued)

Company	Club membership S$'000
Cost	
At 1 January 2022	197
Disposal	(197)
At 31 December 2022, 31 December 2023	-
Accumulated impairment loss	
At 1 January 2022	77
Disposal	(77)
At 31 December 2022, 31 December 2023	-
Net carrying amount	
At 31 December 2023	-
At 31 December 2022	-

During the year ended 31 December 2023, the Group made a full impairment of goodwill of S$1,462,000 and customer relationships of S439,000 of Yumei Group CGU.

Impairment testing of goodwill

The recoverable amount of Yumei Group CGU had been determined based on the value-in-use calculation using a cash flow projection from financial budget approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows.

	2023 %	2022 %
Revenue growth rate	5.2 - 60.0	5.2 - 26.8
Gross profit margin	8.2 - 24.2	15.9 - 34.4
Pre-tax discount rate	12.05 - 13.71	10.5 - 13.0
Terminal growth rates	1.5 - 2.5	1.5 - 2.5

Key assumptions used in the value-in-use calculations

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

a) Budgeted gross margins is based on past performance and management's expectation of market developments.

b) Budgeted sales growth and terminal growth rate is based on industry growth forecasts and not exceeding the average long-term growth rate of the business segment which the CGU operates in.

c) Pre-tax discount rate is based on the discounted rates were pre-tax and reflected specific risks relating to the business segments which the CGU operates in.

13. Investments in subsidiaries

	Company 2023 S$'000	Company 2022 S$'000
Unquoted shares, at cost	13,422	13,746
Impairment losses	(2,928)	(324)
	10,494	13,422

Movement in allowance for impairment of investments

	Company 2023 S$'000	Company 2022 S$'000
At 1 January	324	324
Impairment losses	2,928	-
Written off	(324)	-
At 31 December	2,928	324

During the year, management had performed impairment assessment on certain subsidiaries which had been loss-making. The recoverable amount of Yumei Group CGU had been determined based on the value-in-use calculations using a cash flow projection from financial budget approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period is as stated in Note 12. Based on the assessment of the subsidiaries' historical and current performances, the estimated values and probability of future cash flows, management had made an impairment charge of S$2,928,000 (2022: S$Nil) in the current financial year.

The management had written off the investment in Advanced Systems Automation, Inc. which had been previously fully impaired as it has been struck off on 24 April 2023.

The Group has the following significant investments in subsidiaries:

Name of subsidiaries (Principal place of business)	Principal activities	Proportion of ownership interest held by the Company 2023 %	Proportion of ownership interest held by the Company 2022 %
Emerald Precision Engineering Sdn Bhd (Malaysia) [2]	Fabrication of tooling, dies and related moulding of spare parts and other related businesses	100	100
Pioneer Venture Pte Ltd (Singapore) [1]	Contract manufacturing solutions of fabricated metal products	100	100

13. Investments in subsidiaries (Continued)

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

Name of subsidiaries (Principal place of business)	Principal activities	Proportion of ownership interest held by the Company 2023 %	2022 %
Yumei Technologies Sdn Bhd (Malaysia) [2]	Manufacturing of die-casting products and plastic products	100	100
Yumei REIT Sdn Bhd (Malaysia) [2]	Investment holdings	100	100

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

1. Audited by Forvis Mazars LLP, Singapore.
2. Audited by Forvis Mazars PLT, an overseas member firm of Forvis Mazars LLP.

14. Inventories

	Group 2023 S$'000	2022 S$'000
Statement of financial position		
Raw materials	64	80
Work-in-progress	410	527
Finished goods (at lower of cost and net recognised value)	335	403
	809	1,010

	Group 2023 S$'000	2022 S$'000
Consolidated statement of profit or loss		
Inventories recognised as an expense in cost of sales	4,679	5,595
Inclusive of the following credit:		
- Reversal of write-down of inventories	(2)	(12)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in the following financial year.

15. Trade and other receivables

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Trade receivables				
- Third parties	2,193	2,079	-	-
Less: loss allowance	(22)	(10)	-	-
	2,171	2,069	-	-
Other receivables				
- Amounts due from subsidiaries	-	-	303	171
- Deposits	50	53	-	-
- Bridging loan	2,016	-	2,016	-
- Other receivables	149	265	13	102
Less: loss allowance	-	(95)	-	(95)
	2,215	223	2,332	178
Trade and other receivables	4,386	2,292	2,332	178

Trade receivables are non-interest bearing and are generally settled within 30 to 90 days (2022: 30 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

A bridging loan which bears a fixed interest of 5% per annum is provided to Lim Shrimp Organization ("LSO"). The Group and the Company are currently in the progress to acquire LSO, which is an aquaculture business. If the acquisition were not successful, the loan will be repayable upon the termination between the Group and LSO. While upon the completion of acquisition, the bridging loan will be recorded to cost of investment.

The details of the impairment of trade and other receivables and credit exposures are disclosed in Note 28.

Trade and other receivables denominated in foreign currencies as at 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
United Stated Dollar	928	803	-	-
Ringgit Malaysia	875	785	-	-

16. Prepayments and advances

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Prepayments	92	84	8	13
Advances	168	88	-	-
	260	172	8	13

Advances relate mainly to advance payments made to suppliers of goods and professional services.

17. Cash and cash equivalents

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Cash and bank balances	4,251	4,426	34	375
Bank overdraft (Note 22)	(682)	(748)	-	-
	3,569	3,678	34	375

Cash and cash equivalents denominated in foreign currencies as at 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
United Stated Dollar	921	487	2	2
Ringgit Malaysia	165	571	-	-

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

18. Other liabilities

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Amount due to a director	330	196	330	196
Accrued operating expenses	1,344	1,195	202	209
Accrued directors' fee	127	127	127	127
	1,801	1,518	659	532

Amount due to a director

The amount due to a director is unsecured, interest-free, repayable on demand and is to be settled in cash.

Other liabilities denominated in foreign currencies as at 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Ringgit Malaysia	983	821	-	-

19. Trade and other payables

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Current				
Trade payables	665	776	11	50
Other creditors	301	57	274	-
Deferred cash settlement	1,597	1,597	1,597	1,597
Loans due to a shareholder	400	400	400	400
Amounts due to subsidiaries	-	-	1,235	1,166
Amount due to a related party	318	298	318	298
Amount due to a corporate shareholder	1,893	3,019	1,886	3,019
	5,174	6,147	5,721	6,530
Non-current				
Loans due to a shareholder	1,649	1,560	1,649	1,560
Amount due to a related party	-	339	-	339
Amount due to a corporate shareholder	9,116	6,939	9,116	6,939
	10,765	8,838	10,765	8,838
Total trade and other payables	15,939	14,985	16,486	15,368

Trade payables

Trade payables are non-interest bearing. Trade payables are normally settled on 30 – 120 days (2022: 30 – 120 days) credit terms.

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash except for outstanding balance of S$400,000 (2022: S$400,000) which bears floating interest rate ranging from 6.25% to 6.34% (2022: 1.99% to 4.63%) per annum, is repriced on a quarterly basis.

Loans due to a shareholder

Loans due to a shareholder of the Company, is unsecured and interest-free, except for the amount of S$800,000 (2022: S$800,000), which bears a fixed interest rate of 5% (2022: 5%) per annum and S$997,000 (2022: S$997,000), which bears a fixed interest rate of 5% (2022: floating interest rate ranging from 1.99% to 4.63%) per annum. The loans are repayable on yearly instalment and mature in 2028.

Amount due to a related party

Amount due to a related party is unsecured, interest-free, repayable on demand and is to be settled in cash.

Amount due to a corporate shareholder

Amount due to a corporate shareholder included an amount S$1,614,000 (2022: S$1,019,000) which is interest free and unsecured and S$9,395,000 (2022: S$8,939,000), which bears floating interest rates ranging from 6.25% to 6.34% (2022: 1.99% to 4.63%) per annum, repriced on a quarterly basis. The amount due to a corporate shareholder is repayable on yearly instalment and mature in 2029.

19. Trade and other payables (Continued)

Deferred cash settlement

This relates to an amount owing to Mr. Seah Chong Hoe (shareholder, director and Chief Executive Officer of the Company) upon the acquisition of subsidiaries during the financial year ended 31 December 2018. This amount is interest free, unsecured and repayable on demand.

Trade and other payables denominated in foreign currencies as at 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
United Stated Dollars	5	8	-	-
Ringgit Malaysia	666	2,317	-	-

20. Convertible notes

On 24 October 2023, the Company entered into a subscription agreement of the 5% redeemable convertible notes with an aggregate nominal value of up to S$20,000,000 comprising three tranches, wherein the first tranche ("T1") and second tranche ("T2") comprise of a principal amount of S$2,500,000 respectively and third tranche ("T3") comprise of a principal amount of S$15,000,000, subjected to the approval by shareholders.

On 18 June 2024, the Company and the investor had mutually agreed to cancel T3 due to the conditions precedent for issuance of T3 had not been met.

On 31 October 2023, the Company drew down the T1 of the 5% redeemable convertible note amounting to S$2.5 million. The T1 were unsecured, interest bearing at 5% per annum on the outstanding nominal value of the T1 and shall cease to bear interest on (a) conversion into shares; (b) the date of redemption of such notes; or (c) on maturity date, and are payable quarterly in arrears.

The T1 entitle the notes holder to convert them into ordinary shares of the Company at any time between the date of issue of the T1 and up to the close of business on the day falling seven days prior to the maturity date. The conversion price shall be 90% of the average volume-weighted average price per share for the preceding 5 Business Days to the relevant Conversion Date of T1 on which shares were traded on the Stock Exchange of Singapore.

The Company may at any time and from time to time, redeem the issued T1 at 115% of the principal amount of the outstanding Notes, together with all accrued interest, or such other amount as may be agreed between the Company and the noteholder.

T1 must be converted by the noteholder on the date falling 12 months from the closing date of T1 with the maximum number of shares that T1 can be converted are 5,581,031,514 shares on a pre-consolidated basis prior to completion of the Proposed Share Consolidation pursuant to the General Mandate.

The T1 contain two components, debt component and embedded derivative (including conversion and early redemption options) component. The Group designated the T1 as financial liabilities as FVTPL as a whole.

20. Convertible notes (Continued)

The movement of the redeemable convertible loan notes for the year is set out as below:

Group and Company	S$'000
As at 1 January2023	-
Issue of redeemable convertible notes	2,500
Fair value loss	87
As at 31 December 2023	2,587

21. Leases

Group as a lessee

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

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

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

Group	Machinery S$'000	Leasehold properties S$'000	Total S$'000
Cost			
At 1 January 2022	207	103	310
Currency realignment	(15)	(5)	(20)
Additions	84	331	415
Expired	-	(47)	(47)
At 31 December 2022	276	382	658
Currency realignment	(21)	(6)	(27)
Additions	127	44	171
Expired	-	(38)	(38)
At 31 December 2023	382	382	764
Accumulated depreciation			
At 1 January 2022	18	61	79
Currency realignment	(1)	(2)	(3)
Charge for the year	21	124	145
Expired	-	(47)	(47)
At 31 December 2022	38	136	174
Currency realignment	(2)	(3)	(5)
Charge for the year	20	118	138
Expired	-	(38)	(38)
At 31 December 2023	56	213	269
Net carrying amount			
At 31 December 2023	326	169	495
At 31 December 2022	238	246	484

21. Leases (Continued)

Group as a lessee (Continued)

Lease liabilities

	Group 2023 S$'000	Group 2022 S$'000
Lease liabilities - current	187	159
Lease liabilities - non-current	52	159
	239	318

The maturity analysis of lease liabilities is disclosed in Note 28.

The following are the amounts recognised in profit or loss.

	Group 2023 S$'000	Group 2022 S$'000
Depreciation of right-of-use assets	138	145
Interest expense on lease liabilities	11	10

The total cash outflow for leases during the financial year ended 31 December 2023 is S$212,000 (2022: S$239,000).

22. Loans and borrowings

	Interest rate (Per annum)	Maturity	Group 2023 S$'000	Group 2022 S$'000
Current				
Bank overdraft	BLR + 0.75%	On demand	682	748
Trust receipts	BLR + 1.75%	On demand	87	94
Secured loan(1)	BLR - 1.30%	2024	36	36
Secured loan(2)	3%	2024	205	199
Secured loan(3)	ECOF(#)+2%	2023	-	210
Secured loan(4)	BLR + 2.10%	2024	21	-
Unsecured loan(1)	2.50%	2024	205	200
Unsecured loan(2)	8%	2024	92	85
Unsecured loan(3)	9.88%	2024	16	15
			1,344	1,587
Non-current				
Secured loan(1)	BLR - 1.30%	2027	114	161
Secured loan(2)	3%	2025	140	345
Secured loan(4)	BLR + 2.10%	2043	550	-
Unsecured loan(1)	2.50%	2025	193	398
Unsecured loan(2)	8%	2027	311	415
Unsecured loan(3)	9.88%	2027	31	35
			1,339	1,354
Total loans and borrowings			2,683	2,941

(#) ECOF is Effective Cost of Funds

22. Loans and borrowings (Continued)

Bank overdraft

Bank overdraft is denominated in Ringgit Malaysia, bear floating interest rate at 0.50% (2022: 0.75%) above the bank's base lending rate ("BLR") from time to time and are secured over certain properties of the Group as disclosed in Note 11.

Trust receipts

Trust receipts are drawn for a period of up to 120 days which are renewable upon maturity and bear interest at 8.01% (2022: 7.76%) per annum. The loan is secured by a fixed charge over certain properties of the Group as disclosed in Note 11.

Secured loans

(1) The term loan is repayable in monthly instalment, bears interest at 4.76% (2022: 4.51%) and matures in 2027. The loan is secured by the following:

(i) by way of fixed charge over the leasehold land and building of a related company;

(ii) by joint and several guarantee of certain directors of a related company; and

(iii) by corporate guarantee from a related company.

(2) The term loan is repayable in monthly instalment, bears fixed interest at 3% (2022: 3%) and mature in 2025. The loan is secured by corporate guarantee by the Company.

(3) The term loan is repayable in monthly instalment, bears interest at 2% (2022: 2%) over banks prevailing 1,3,6,9 or 12 months' Effective Cost of Funds on monthly rests and it had been fully settled during the financial year. The loan is secured by corporate guarantee by the Company and charge over freehold land and building of a subsidiary as disclosed in Note 11.

(4) The term loan is repayable in monthly instalment, bears interest at 4.55% (2022: Nil) and matures in 2043. The loan is secured by corporate guarantee by the Company.

Unsecured loans

(1) The term loan is repayable in monthly instalment, bears fixed interest at 2.5% (2022: 2.50%) and matures in 2025. This term loan is guaranteed by Mr Seah Chong Hoe (shareholder and Chief Executive Officer of the Company).

(2) The term loan is repayable in monthly instalment, bears fixed interest at 8.00% (2022: 8.00%) and matures in 2027. This term loan is guaranteed by Mr Seah Chong Hoe (shareholder and Chief Executive Officer of the Company).

(3) The term loan is repayable in monthly instalment, bears fixed interest at 9.88% (2022: 9.88%) and matures in 2027. This term loan is guaranteed by Mr Seah Chong Hoe (shareholder and Chief Executive Officer of the Company).

The loans and borrowings denominated in foreign currency as at 31 December 2023 and 2022 is as follows:

	Group	
	2023 S$'000	2022 S$'000
Ringgit Malaysia	1,490	2,317

23. Share capital

Group and Company	No. of ordinary shares 2023 ('000)	2022 ('000)	2023 S$'000	2022 S$'000
Issued and paid up				
At beginning and end of the year	22,324,126	22,324,126	148,841	148,841

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.

24. Other reserves

(a) Merger reserve

Merger reserve represents the difference between the consideration paid and the net assets of a subsidiary restructured under common control in prior years.

(b) Foreign currency translation reserve

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

25. Commitments

Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group 2023 S$'000	2022 S$'000
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment	-	207
Capital expenditure authorised but not contracted for		
- Commitments for the acquisition of property, plant and equipment	123	28

26. Contingent liabilities, secured

As at 31 December 2023, the Company provided guarantees amounting to S$1,371,000 (2022: S$1,271,000) to banks in respect of banking facilities granted to certain subsidiaries.

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the certain subsidiaries as the Company's directors have assessed that the likelihood of the subsidiaries defaulting on repayment of the loans are remote.

As at the end of the financial year, the total amount of loans outstanding covered by the guarantees was approximately S$795,000 (2022: S$753,000). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended, fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facilities.

27. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

27. Significant related party transactions (Continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and the Company with their related parties during the financial year at rates and terms agreed between the parties:

Transactions with ASTI Group (corporate shareholder of the Company)

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Recharged expenses	(38)	(6)	(37)	(6)
Corporate support services, net of tax	(120)	(170)	(120)	(170)
Interest expense on loan	(594)	(273)	(594)	(273)

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and the Company with their related parties during the financial year at rates and terms agreed between the parties (Continued):

Interest expense on loan from a shareholder of the Company

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Interest expense on loan	(89)	(61)	(89)	(61)

Transactions with a director also a shareholder and of the Company

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Rental expense paid	(96)	(96)	-	-

	Group	
	2023 S$'000	2022 S$'000
Compensation to directors of the Company		
- Directors' fee proposed	127	127
- Directors' remuneration	707	707
	834	834
Comprise amounts paid/payable to:		
- Directors of the Company	834	834

28. Financial instruments and financial risks

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk), and liquidity risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

The board of directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the board of directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables and other debt instruments carried at amortised cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, and/or where contractual payments are 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group has established credit limits for each customer under which these customers are analysed for credit worthiness before the Group's standard payment, and delivery terms are offered. The Group's reviews include external ratings, where available and in some cases bank references. Customers that fail to meet the Group's benchmark are only allowed to transact with the Group on a prepayment or cash basis. Most of the customers have been with the Group for many years and losses have occurred infrequently. The Group does not require collateral in respect of trade and other receivables.

28. Financial instruments and financial risks (Continued)

***Credit risk* (Continued)**

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risk [Note 1]	12-months ECL
2	Non-significant increase in credit risk since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition [Note 2] or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired [Note 3]	Difference between financial asset's gross carrying amount and present value of estimated future cash flow discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount [Note 4]	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information.

Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

28. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cash flow of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flow to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group does not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics other than the geographical location of their operations.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

<u>Trade receivables (Note 15)</u>

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

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

28. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables (Note 15) (Continued)

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

31 December 2023	Current S$'000	More than 30 days past due S$'000	More than 60 days past due S$'000	More than 90 days past due S$'000	Total S$'000
Expected credit loss rates	0.00%	0.00%	0.00%	4.93%	
Trade receivables (Gross amount)	1,484	63	200	446	2,193
Loss allowance provision	-	-	-	22	22

31 December 2022	Current S$'000	More than 30 days past due S$'000	More than 60 days past due S$'000	More than 90 days past due S$'000	Total S$'000
Expected credit loss rates	0.00%	0.00%	0.00%	4.13%	
Trade receivables (Gross amount)	1,475	273	89	242	2,079
Loss allowance provision	-	-	-	10	10

Other receivables (excluding bridging loan) (Note 15)

As of 31 December 2023, the Group and the Company recorded other receivables of S$199,000 and S$13,000 (2022: S$223,000 and S$7,000) respectively. The Group and the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of these third parties, the Group considered amongst other factors, the financial position of the third parties as of 31 December 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the third parties operate in. Using 12-month ECL, the Group and the Company assessed the ECL is insignificant. As of 31 December 2023, an impairment loss of S$Nil (2022: S$95,000) has been recognised as the Group was not expecting to be able to collect the outstanding balance from a third party customer.

Amounts due from subsidiaries (Note 15)

As of 31 December 2023, the Company recorded amounts due from subsidiaries of S$303,000 (2022: S$171,000). The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to its assessment and conclusion that these amounts are of low credit risk. In its assessment of the credit risk of these subsidiaries, the Company considered the financial position of the subsidiaries as of 31 December 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using a 12-month ECL, the Company determined that the ECL is insignificant.

28. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade and other receivables are as follows:

Group	Trade receivables			Other receivables (excluding bridging loan)		
Internal credit risk grading	Note (i) S$'000	Category 4 S$'000	Total S$'000	Category 1 S$'000	Category 4 S$'000	Total S$'000
Loss allowance						
At 1 January 2022	49	-	49	-	95	95
Write-back of receivables	(39)	-	(39)	-	-	-
At 31 December 2022	10	-	10	-	95	95
Impairment loss recognised	12	-	12	-	-	-
Write-off of receivables	-	-	-	-	(95)	(95)
At 31 December 2023	22	-	22	-	-	-
Gross carrying amount						
At 31 December 2022	2,069	10	2,079	223	95	318
At 31 December 2023	2,171	22	2,193	199	-	199
Net carrying amount						
At 31 December 2022	2,069	-	2,069	223	-	223
At 31 December 2023	2,171	-	2,171	199	-	199

Note (i): For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

28. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Company Internal credit risk grading	Other receivables (excluding bridging loan) Category 1 S$'000	 Category 4 S$'000	 Total S$'000
Loss allowance			
At 1 January 2022 and 31 December 2022	-	95	95
Write-off of receivables	-	(95)	(95)
At 31 December 2023	-	-	-
Gross carrying amount			
At 31 December 2022	178	95	273
At 31 December 2023	316	-	316
Net carrying amount			
At 31 December 2022	178	178	178
At 31 December 2023	316	-	316

Credit risk concentration profile

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

	Group 2023 S$'000	 %	 2022 S$'000	 %
Malaysia	1,403	64.6	1,228	59.4
Singapore	715	33.0	723	34.9
Other South East Asia	27	1.2	23	1.1
America	11	0.5	24	1.2
China	10	0.5	48	2.3
Europe	5	0.2	23	1.1
	2,171	100.0	2,069	100.0

Exposure to credit risk

At the date of statement of financial position, the Group's and the Company's exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

There is no significant credit risk exposure faced by the Group and the Company in 2023 and 2022.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

28. Financial instruments and financial risks (Continued)

Market risk (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow 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 the amount due to a corporate shareholder, loans due to a shareholder and loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts in a cost-efficient manner.

The Group's interest rate risk arises from the floating rate borrowings with financial institutions, amount due to a corporate shareholder and loans due to shareholder.

The interest rates and terms of repayment of the Group's and the Company's floating rate instruments are disclosed as follows:

	Principal S$'000	Interest rate range %
Group		
2023		
Amount due to a corporate shareholder (Note 19)	9,394	6.25 – 6.34
Loans and borrowings (Note 22)	3,234	1.30 – 9.88
2022		
Amount due to a corporate shareholder (Note 19)	8,939	1.99 - 4.63
Loans due to a shareholder (Note 19)	997	1.99 - 5.00
Loans and borrowings (Note 22)	2,393	2.00 - 9.88
Company		
2023		
Amount due to a corporate shareholder (Note 19)	9,394	6.25 – 6.34
2022		
Amount due to a corporate shareholder (Note 19)	8,939	1.99 - 4.63
Loans due to a shareholder (Note 19)	997	1.99 - 5.00

Interest on financial instruments, amount due to a corporate shareholder and loans due to a shareholder subject to floating interest rates is repriced as and when there is a change in the prevailing market interest rate. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risk.

Interest rate benchmark reform and associated risks

In view of the reform of major interest rate benchmarks that is being undertaken globally, the Group and the Company monitors and manages its potential transition to alternative rates, as applicable. The Group and the Company evaluates the contracts that could be affected, and takes a proactive approach in approaching the relevant counterparties to discuss about and assess the potential impact on the Group and the Company.

28. Financial instruments and financial risks (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Interest rate benchmark reform and associated risks (Continued)

The Group and the Company applied the practical expedient under the Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39 *Financial Instruments: Recognition and Measurement* and SFRS(I) 7 *Financial Instruments: Disclosures*, which assist entities in applying the Standards when changes are made to contractual cash flow or hedging relationships because of the ongoing reform of inter-bank offered rates (“IBOR”) and other interest rate benchmarks (the “Reform”), to not consider whether the changes required by the Reform to contractual cash flow of financial instrument measured at amortised cost would result in the derecognition of the financial asset or financial liability. Instead, the Group and the Company changes the basis for determining the contractual cash flow prospectively by revising the effective interest rate used. The exception applies only to the extent that the change is required by interest rate benchmark reform when both these conditions are met:

a) the change is necessary as a direct consequence of the reform; and
b) the new basis for determining the contractual cash flow as a result of the reform is economically equivalent to the previous basis.

As at 31 December 2023, the Group has amended the terms and conditions of certain financial instruments that are indexed to SIBOR to the new benchmark rate (i.e. SORA).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 250 (2022: 250) basis points higher/lower with all other variables held constant, the Group and the Company’s net profit or loss before tax relating to continuing operations would have been S$185,000 higher/lower (2022: S$325,000 higher/lower) and S$141,000 higher/lower (2022: S$195,000 higher/lower) respectively.

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, primarily SGD and Malaysian Ringgit (“MYR”). The Group’s and the Company’s trade receivable and trade payable balances at the end of the reporting period have similar exposures.

28. Financial instruments and financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's and Company's major foreign currency denominated monetary assets and liabilities as at the end of the financial year are as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Monetary assets				
United Stated Dollar	1,849	1,290	2	2
Singapore Dollar	2,748	2,609	-	-
	4,597	3,899	2	2
Monetary liabilities				
United Stated Dollar	(154)	(8)	-	-
Singapore Dollar	(9)	(36)	-	-
Net monetary assets	4,434	3,855	2	2

Sensitivity analysis for foreign currency risk

The following table details the sensitivity to a 5% (2022: 5%) increase or decrease in the relevant foreign currencies against SGD 5% (2022: 5%) is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% (2022: 5%) change in the foreign currency rates.

If the relevant foreign currency strengthens by 5% (2022: 5%) against the SGD, profit or loss will increase or (decrease) by:

	Profit or loss	
Group	2023 S$'000	2022 S$'000
United Stated Dollar	85	64
Singapore Dollar	137	127

At the reporting date, the Company's exposure to foreign currency risk is not significant.

Liquidity risk

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

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group monitors its liquidity risk and is currently dependent on its cash flow generated from operations and if necessary, advances from its holding company and shareholders to support its working capital. The Group also ensures availability of bank credit lines to address any short-term funding requirement.

28. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

At the end of the reporting period, approximately 50% (2022: 54%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Contractual maturity analysis

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

	Effective interest rate %	Less than 1 year S$'000	Between 1 and 5 years S$'000	More than 5 year S$'000	Total S$'000
Group					
2023					
Undiscounted financial assets					
Trade and other receivables (excluding bridging loan)	-	2,370	-	-	2,370
Bridging loan	5.00	2,000	-	-	2,000
Cash and cash equivalents	-	4,251	-	-	4,251
		8,621	-	-	8,621
Undiscounted financial liabilities					
Trade and other payables	5.00 – 6.34	5,174	10,953	-	16,127
Convertible notes	5.00	2,587	-	-	2,587
Other liabilities	-	1,801	-	-	1,801
Lease liabilities	1.87 – 5.71	192	54	-	246
Loans and borrowings	0.75 – 9.88	1,419	1,052	615	3,086
		11,173	12,059	615	23,847
Total net undiscounted financial liabilities		(2,552)	(12,059)	(615)	(15,226)
2022					
Undiscounted financial assets					
Trade and other receivables	-	2,292	-	-	2,292
Cash and cash equivalents	-	4,426	-	-	4,426
		6,718	-	-	6,718
Undiscounted financial liabilities					
Trade and other payables	1.99 - 5.00	5,131	9,421	-	14,552
Other liabilities	-	1,518	-	-	1,518
Lease liabilities	1.87 - 4.30	115	142	-	257
Loans and borrowings	0.75 - 9.88	1,666	1,458	-	3,124
		8,430	11,021	-	19,451
Total net undiscounted financial liabilities		(1,712)	(11,021)	-	(12,733)

28. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Contractual maturity analysis (Continued)

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

	Effective interest rate %	Less than 1 year S$'000	More than 1 year S$'000	Total S$'000
Company				
2023				
Undiscounted financial assets				
Trade and other receivables (excluding bridging loan)	-	316	-	316
Bridging loan	5.00	2,000	-	2,000
Cash and cash equivalents	-	34	-	34
		2,350	-	2,350
Undiscounted financial liabilities				
Trade and other payables	6.25 - 6.34	5,721	10,953	16,674
Convertible notes	5.00	2,587	-	2,587
Maximum amount of financial guarantee	-	205	140	345
Other liabilities	-	659	-	659
		9,172	11,093	20,265
Total net undiscounted financial liabilities		(6,822)	(11,093)	(17,915)
2022				
Undiscounted financial assets				
Trade and other receivables	-	178	-	178
Cash and cash equivalents	-	375	-	375
		553	-	553
Undiscounted financial liabilities				
Trade and other payables	1.99 - 4.63	5,511	9,421	14,932
Maximum amount of financial guarantee	-	408	345	753
Other liabilities	-	532	-	532
		6,451	9,766	16,217
Total net undiscounted financial liabilities		(5,898)	(9,766)	(15,664)

28. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Financial assets at amortised cost				
Trade and other receivables	4,386	2,292	2,332	178
Cash and bank balances	4,251	4,426	34	375
	8,637	6,718	2,366	553
Financial liabilities at fair value through profit or loss				
Convertible notes	2,587	-	2,587	-
Financial liabilities at amortised cost				
Lease liabilities	239	318	-	-
Loans and borrowings	2,683	2,941	-	-
Other liabilities	1,801	1,518	659	532
Trade and other payables	15,939	14,985	16,486	15,368
	20,662	19,762	17,145	15,900

29. Fair values of financial assets and financial liabilities

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

(a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group and the Company can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs or 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.

(a) Except as disclosed in Note 29 (b) below, the carrying amounts of the other financial instruments in the statement of financial positions approximate their respective fair values as they are short term in nature and/or subjected to frequent repricing (floating rates).

29. Fair values of financial assets and financial liabilities (Continued)

Fair value measurements that use inputs or 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. (Continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value as the interest rates are fixed.

	Group	
	Carrying amount S$'000	Fair value S$'000
2023		
Financial liabilities:		
Loans due to a shareholder (Note 19)	2,049	2,165
Loans and borrowings (Note 22)	1,193	1,326
2022		
Financial liabilities:		
Loans due to a shareholder (Note 19)	941	942
Loans and borrowings (Note 22)	1,493	1,612

Level 3

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable input under level 3 of fair value hierarchy, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the directors at the end of each reporting period to explain the cause of fluctuations in the fair value.

The following are the summary of the quantitative information above the significant unobservable inputs used in level 3 measurement:

Description	Fair value at 31 December 2023	Valuation technique	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial liability at fair value through profit or loss:					
Convertible notes	S$2,578,000 (2022: Nil)	Discounted Cash Flow Analysis	Incremental borrowing rate	15.30% (2022: Nil)	An increase will result in a decrease in fair value
			Risk free interest rate	3.67% (2022: Nil)	An increase will result in a decrease in fair value

The reconciliation of fair value measurement of convertible notes is set out in Note 20 to the consolidated financial statements.

30. Capital management policies and objectives

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value. The Group and the Company monitors its monthly cash flow and also 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 and the Company may issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2023 and 31 December 2022.

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company includes within net debt, loans and borrowings, lease liabilities, loans due to a shareholder, amount due to a related party, amount due to a corporate shareholder, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

	Group		Company	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Loans and borrowings (including bank overdraft)	2,683	2,941	-	-
Lease liabilities	239	318	-	-
Trade and other payables	15,939	14,985	16,486	15,368
Convertible notes	2,587	-	2,587	-
Other liabilities	1,801	1,518	659	532
Less: Cash and cash equivalents	(4,251)	(4,426)	(34)	(375)
	18,998	15,336	19,698	15,525
Equity	(7,249)	(2,726)	(6,864)	(1,912)
Capital and net debt	11,749	12,610	12,834	13,613
Gearing ratio	162%	122%	153%	114%

The Group and the Company is in compliance with externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

31. Segment information

For management purposes, the Group is organised into business units based on their products and services. The only reportable segment is the Equipment Contract Manufacturing Services ("ECMS") segment, which is engaged in precision engineering and fabrication assembly of parts for both semiconductor and non-semiconductor industries.

No operating segments have been aggregated to form the above reportable operating segment.

Management monitors the operating results of its business as a whole for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating and other segments are on an arm's length basis in a manner similar to transactions with third parties.

31. Segment information (Continued)

	ECMS		Corporate expenses		Adjustment and elimination		Total	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Revenue								
Segmental revenue								
- External sales	12,928	15,042	-	-	-	-	12,928	15,042
- Inter-segment sales (Note A)	19	69	-	-	(19)	(69)	-	-
	12,947	15,111	-	-	(19)	(69)	12,928	15,042
Results:								
EBITA (Note B)	(574)	2,505	537	(684)	-	-	(37)	1,821
Impairment loss on intangible assets	-	-	(1,901)	-	-	-	(1,901)	-
Interest income	113	77	16	-	(82)	(71)	47	6
Interest expense	(212)	(189)	(708)	(346)	82	71	(838)	(464)
Depreciation on property, plant and equipment	(810)	(934)	-	-	-	-	(810)	(934)
Depreciation on right-of-use assets	(138)	(145)	-	-	-	-	(138)	(145)
(Loss)/Profit before income tax	(1,621)	1,314	(2,056)	(1,030)	-	-	(3,677)	284
Income tax expense	(340)	(261)	-	-	-	-	(340)	(261)
Segment results	(1,961)	1,053	(2,056)	(1,030)	-	-	(4,017)	23
Additions to non-current assets	651	521	-	-	-	-	651	521
Segment assets	15,553	18,281	2,562	565	(1,422)	(1,166)	16,693	17,680
Segment liabilities	5,443	5,673	19,921	15,899	(1,422)	(1,166)	23,942	20,406

A. Inter-segment revenues are eliminated on consolidation.

B. Elimination of unrealised gains and losses arising from inter-segment transactions.

31. Segment information (Continued)

Geographical information

The Group operated in three principal geographical areas – Asia, America and others.

The Group's revenue from external customers and information about its segment assets (non-current assets) are based on geographical location are detailed below:

	Revenue		Non-current assets	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Based on location of customers				
Asia	12,846	14,627	6,849	9,551
America	62	62	-	-
Others	20	353	-	-
Total	12,928	15,042	6,849	9,551

32. Events subsequent to the reporting date

(i) On 14 June 2024, the Company and the investor had mutually agreed to cancel T3 due to the conditions precedent for issuance of T3 has not been met. Also, the Company had cancelled and withdrawn the bonus warrants issue, having taken into consideration that the Proposed Acquisition of LSO was not approved by shareholders at the extraordinary general meeting held on 31 May 2024.

(ii) On 18 June 2024, the Company had received a letter of demand from its related party, Telford Service Sdn. Bhd., demanding full repayment of the outstanding amount of S$318,000. The Company made full payment on 26 July 2024.

(iii) On 2 July 2024, the Company received a letter of demand from the corporate shareholder, ASTI Holdings Limited demanding full repayment of the outstanding debt amount of S$886,000. The Company intends to repay this full amount by 2 August 2024.

(iv) On 20 July 2024, the shareholders of the Company had approved the conversion of T1 amounting to S$2,587,000 into ordinary shares of the Company. A total of 73,275,861 shares had been issued at a price of S$0.0232 per share, amounting to an aggregate principal value of S$1,000,000 and S$700,000 on 25 July 2024 and 26 July 2024 respectively.

(v) On 24 July 2024, the Company had received the listing and quotation notice from the SGX-ST on application for the allotment and issuance of ordinary shares including (i) 213,846,154 of shares relating to the consideration shares, introducer shares and success shares which will be issued as consideration for the acquisition of LSO and (ii) up to 171,722,656 of conversion shares to the subscribers of T1 and T2.

APPENDIX 3

IPT GENERAL MANDATE

APPENDIX DATED 8 AUGUST 2024

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise stated, capitalised terms on this cover are defined in this Appendix under the section entitled "DEFINITIONS".

This Appendix is circulated to Shareholders of Advanced Systems Automation Limited (the "**Company**") together with the Company's Annual Report 2023. Its purpose is to explain to Shareholders the rationale and provide information relating to the Proposed Renewal of the IPT General Mandate to be tabled at the AGM to be held at SBF Center, 160 Robinson Road #06-01, Singapore 068914, Seminar Room 2 on Friday, 23 August 2024 at 3.00 p.m..

The ordinary resolution proposed to be passed in relation to the abovementioned matter is set out as Ordinary Resolution 7 in the Notice of AGM, enclosed in the Annual Report 2023.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or the transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or the transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should forward this Appendix together with the Notice of AGM and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Catalist Rules.

This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

ASA

ADVANCED SYSTEMS AUTOMATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198600740M)

APPENDIX TO THE ANNUAL REPORT

IN RELATION TO

PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS GENERAL MANDATE

TABLE OF CONTENTS

DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:

"AGM"	:	The annual general meeting of the Shareholders
"Appendix"	:	This appendix dated 8 August 2024 in relation to the Proposed Renewal of the IPT General Mandate
"Annual Report 2023"	:	Refers to the annual report of the Company for the financial year ended 31 December 2023
"Associate"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: i. his immediate family; ii. the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and iii. any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"ASTI"	:	Means ASTI Holdings Limited
"ASTI Group"	:	Means ASTI and its subsidiaries
"ASTI Corporate Support Services"	:	Has the meaning as ascribed under Section 2.5 of this Appendix
"ASTI Corporate Support Services Payments"	:	Payments to ASTI for the ASTI Corporate Support Services as agreed upon in the ASTI Corporate Support Services Agreement subject to a maximum amount of S$600,000.00 per annum
"ASTI Corporate Support Services Agreement"	:	Refers to the agreement entered into between ASTI and the Company which stipulated that ASTI is entitled to charge the Company the ASTI Corporate Support Services Payments
"Audit Committee"	:	The audit committee of the Company for the time being
"Board" or "Board of Directors"	:	The board of Directors of the Company
"Catalist"	:	The Catalist Board of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Chief Executive Officer"	:	Means the chief executive officer of the Company
"Companies Act"	:	The Companies Act 1967 of Singapore as amended, modified or supplemented from time to time
"Company"	:	Advanced Systems Automation Limited
"Constitution"	:	The constitution of the Company as amended, modified or supplemented from time to time
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares (excluding treasury shares) in the Company, unless otherwise determined by SGX-ST; or (b) in fact exercises control over the Company

"Director"	:	A director of the Company for the time being
"Entity at Risk"	:	Has the meaning as ascribed under Section 2.2 of this Appendix
"Executive Chairman"	:	The executive chairman of the Board
"Estimated ASTI Costs"	:	Has the meaning as ascribed under Section 2.7(ii) of this Appendix
"FY"	:	Financial year ended or ending 31 December
"FY2023"	:	Financial year ended 31 December 2023
"Group"	:	The Company, its subsidiaries and (where applicable) its associated companies
"Independent Director"	:	An independent director of the Company
"Interested Person"	:	A Director, Chief Executive Officer or Controlling Shareholder of the Company, or an Associate of any such Director, Chief Executive Officer or Controlling Shareholder
"Interested Person Transactions" or "IPTs"	:	All interested person transactions (within the meaning of Chapter 9 of the Catalist Rules) entered into or to be entered into between the Group with Interested Persons, including the Mandated Transactions, and "**Interested Person Transaction**" shall be construed accordingly
"IPT General Mandate"	:	General mandate to be given by Shareholders pursuant to Chapter 9 of the Catalist Rules to authorise the Entity at Risk to enter into the Mandated Transactions with the Mandated Interested Person
"Latest Practicable Date"	:	12 July 2024, being the latest practicable date prior to the issue of this Appendix
"Mainboard"	:	The Mainboard of the SGX-ST
"Mandated Interested Person"	:	ASTI Group
"Mandated Transactions"	:	Interested Person Transactions conducted under the Proposed Renewal of the IPT General Mandate as set out in Section 2.5 of this Appendix
"Notice of AGM"	:	The notice of the AGM which is set out on Appendix 5 of the Annual Report 2023
"NTA"	:	Net tangible assets
"Proposed Renewal of the IPT General Mandate"	:	A renewal of the general mandate to be given by Shareholders pursuant to Chapter 9 of the Catalist Rules to authorise the Entity at Risk to enter into the Mandated Transactions with the Mandated Interested Person
"Proxy Form"	:	The proxy form attached to the Notice of AGM, enclosed in the Annual Report 2023

“Relevant ASTI Staff”	:	Has the meaning as ascribed under Section 2.7(i) of this Appendix
"Relevant Directors"	:	The Directors who are considered to be independent for the purpose of making the recommendations to Shareholders in respect of the Proposed Renewal of the IPT General Mandate, being Dato’ Sri Mohd. Sopiyan B. Mohd. Rashdi, Mr. Steven Shen Hing, Mr. Chong Man Sui and Mr. Seah Chong Hoe
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX RegCo”	:	Refers to Singapore Exchange Regulation
"Shares"	:	Ordinary shares in the capital of the Company
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“subsidiary(ies)”	:	Has the meaning ascribed to it in Section 5 of the Companies Act
"Substantial Shareholder"	:	A Shareholder whose interests in the Company’s issued share capital are equal to or more than 5 per cent. (5%)

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**treasury shares**” shall have the same meaning ascribed to it in the Companies Act.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be.

Words importing the singular shall include the plural where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine and neuter genders where the context admits and *vice versa*. Reference to persons shall, where applicable, include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored for construing this Appendix.

Any reference to a time of a day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Appendix may not be an arithmetic aggregation of the figures that precede them.

ADVANCED SYSTEMS AUTOMATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198600740M)

Directors :

Mr. Seah Chong Hoe
(Executive Director and Chief Executive Officer)
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
(Independent Director and Non-Executive Chairman)
Mr. Chong Man Sui
(Independent Director)
Mr. Steven Shen Hing
(Independent Director)

Registered Office :

3014 Ubi Road 1 #02-282,
Kampong Ubi Industrial Estate
Singapore 408702

8 August 2024

To the Shareholders of Advanced Systems Automation Limited

Dear Sir / Madam,

PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS GENERAL MANDATE

1. INTRODUCTION

We refer to the Notice of AGM of Advanced Systems Automation Limited, convening the AGM of the Company to be held on Friday, 23 August 2024 at 3.00 p.m..

The purpose of this Appendix, circulated together with the Annual Report 2023, is to explain the rationale for, and provide Shareholders with information relating to, and to seek the approval of Shareholders for the Proposed Renewal of the IPT General Mandate to be tabled as an ordinary resolution under special business at the upcoming AGM of the Company, as set out in Ordinary Resolution 7 of the Notice of AGM.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Appendix, including the accuracy of any of the statements made, opinions expressed or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE IPT GENERAL MANDATE

2.1 Introduction

At the last AGM held on 28 June 2023, Shareholders approved the renewal of the IPT General Mandate. The IPT General Mandate was expressed to be in force until the conclusion of the next AGM of the Company which is scheduled to be held on 23 August 2024. Accordingly, the Directors propose that the IPT General Mandate be renewed at the forthcoming AGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next and each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with the Mandated Interested Persons (as defined herein).

2.2 Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

Under Chapter 9 of the Catalist Rules, where there is a transaction between an interested person and an entity at risk, and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the same financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited NTA, unless the transaction is excluded as described below, the listed company is required under Rule 905 of the Catalist Rules to make an immediate announcement for an interested person transaction of a value equal to, or exceeding:

(a) 3% of the listed company's latest audited consolidated NTA; or

(b) 3% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

The listed company is also required under Rule 906 of the Catalist Rules to make an immediate announcement and seek its shareholders' approval for an interested person transaction of a value equal to, or exceeding:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

These requirements do not apply to transactions that are below S$100,000 in value or certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Catalist Rules pursuant to Rules 905(3) and 906(2) of the Catalist Rules.

For the purposes of Chapter 9 of the Catalist Rules:

(a) an "**entity at risk**" means:

   (i) the listed company;

   (ii) a subsidiary of the listed company that is not listed on the SGX-ST or on an approved exchange; or

   (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;

(c) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/ his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interest of shareholders against IPTs according to similar principles as Chapter 9 of the Catalist Rules;

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

(f) a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of goods or services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether or not entered into directly or indirectly.

Rule 920 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is also subject to annual renewal.

Based on the latest audited consolidated financial statements of the Group for FY2023, the audited NTA of the Group was negative S$7.2 million. As the Group's audited NTA as at 31 December 2023 is negative, it is not meaningful to adopt the NTA as the basis to compute the materiality thresholds in relation to Rules 905 and 906 of the Catalist Rules. The Company had on 19 February 2021 sought a IPT General Mandate from Shareholders for the Company to enter into the Mandated Transactions with the Mandated Interested Person set out in Sections 2.4 and 2.5 below, provided that such transactions will be carried out on normal commercial terms, and will not be prejudicial to the respective interests of the Company and its minority Shareholders. The IPT General Mandate was renewed at the last AGM held on 28 June 2023 and is expressed to be in force until the conclusion of the next AGM of the Company. As the Company intends to continue transacting with the Mandated Interested Person in respect of the Mandated Transactions, the Company is seeking the Proposed Renewal of the IPT General Mandate to ensure that it remains in compliance with the requirements of Chapter 9 of the Catalist Rules.

2.3 Rationale for and benefit of the IPT General Mandate

It is envisaged that the Group will in its ordinary course of business, continue to transact with the Mandated Interested Person in respect of the Mandated Transactions. These transactions, i.e. ASTI Corporate Support Services are necessary for the Group's day-to-day operations and it allows the Group to outsource non-core business activities and to leverage and benefit from the economies of scale already enjoyed by ASTI through the centralization of all ASTI Corporate Support Services for ASTI's other subsidiaries and associates. This not only enables the Group to enjoy operational and financial leverage in its dealings with third parties, to operate smoothly and to comply with the relevant requirements of the Catalist Rules and applicable laws.

The Proposed Renewal of the IPT General Mandate, if approved by the Shareholders at the upcoming AGM, will give the Group flexibility to enter into transactions with the Mandated Interested Person set out in Section 2.4 of this Appendix in the ordinary course of the Group's business without the need to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Group into such interested person transactions that exceeds the thresholds pursuant to Rules 905 and 906 of the Catalist Rules. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad-hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other business objectives available to the Group.

2.4 Classes of interested persons under the IPT General Mandate

The IPT General Mandate will apply to the Mandated Transactions (as described in Section 2.5 of this Appendix) which are carried out between any entity in the Group with ASTI and its subsidiaries ("**Mandated Interested Person**").

ASTI is a public company incorporated in Singapore on 27 March 1999 and is listed on the Mainboard of the SGX-ST. On 6 June 2022, ASTI received notification of delisting from SGX-ST that the securities of ASTI will be delisted and trading of the securities will be suspended from 5 July 2022 until completion of the exit offer. The principal activities of ASTI are investment holdings and acting as corporate manager and advisor in connection with the administration and organization of the businesses of its subsidiary companies. ASTI Group provides tape and reel packaging services and integrated circuit programming services to renowned original equipment manufacturers, contract manufacturers and component distributors globally. ASTI has been a Controlling Shareholder of the Company since 2006. As at the Latest Practicable Date, ASTI owns 89,242,952 Shares, representing approximately 25.98% of the total issued and paid-up share capital of the Company.

As ASTI is considered to be a Controlling Shareholder of the Company, all transactions entered into between the Group and ASTI Group will each constitute an Interested Person Transaction.

2.5 Nature and scope of the Mandated Transactions with ASTI

The Mandated Transactions conducted under the Proposed Renewal of the IPT General Mandate mainly comprise back-room and administrative support, which includes the following ("**ASTI Corporate Support Services**"):

(i) book-keeping, accounting and finance services including managing existing and fresh bank financing and credit facilities as well as consultation on external audit and tax matters;

(ii) IT accounting software, emails and data servers, IT support and website maintenance;

(iii) routine legal matters for operational, compliance and administrative functions;

(iv) consultation on and assistance in business development areas including in relation to the acquisition of new product agencies and technologies, seeking out technology and potential joint venture partners and in carrying out feasibility studies in connection with proposed new investments and joint ventures;

(v) corporate planning work for the advancement of the Group;

(vi) provision of human resource, including training and recruitment, administrative and management of information systems support;

(vii) provision of corporate affairs and communication support;

(viii) provision of patent administration and maintenance;

(ix) secretarial and registration and other related services; and

(x) obtaining information and liaising with the relevant authorities on any relevant government grants, or awards which shall include assisting in the applications.

For the avoidance of doubt, there will be no sale or purchase of assets, undertakings or businesses covered under the scope of the IPT General Mandate. All transactions that do not fall within the ambit of the IPT General Mandate (including any renewal thereof) will be subject to the requirements of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

2.6 Expiry and Renewal of the IPT General Mandate

The renewed IPT General Mandate will take effect from the passing of the Ordinary Resolution relating to the Proposed Renewal of IPT General Mandate at the AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier. Approval from the Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and at each subsequent AGM or the date by which the next AGM of the Company is required by law to be held, subject to satisfactory review by the Audit Committee of the Company of its continued relevance and application to the transactions with the Mandated Interested Person.

2.7 Guidelines and Review Procedures

Having regard to the nature of the IPTs and the criteria in establishing the review procedures which are to ensure that such review procedures are adequate and/or commercially practicable in ensuring that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders, the guiding principle is that all IPTs with Interested Persons shall be conducted in accordance with the Group's usual business practices and pricing policies, consistent with the usual profit margins, prices, fees or rates extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms of the IPTs are (a) not more favourable to the Interested Persons compared to those extended to unrelated third parties, or (b) not less favourable to the Group than the terms offered by unrelated third parties.

The Group will establish the following review procedures for the ASTI Corporate Support Services:

(i) the Group will obtain from ASTI, on a quarterly basis, the details of all the staff in the relevant departments of ASTI (the "**Relevant ASTI Staff**") who had provided services to the Group during the quarter pursuant to the Corporate Support Services Agreement. Such details will include the following:

  a. the name of the Relevant ASTI Staff; and

  b. the monthly remuneration (including but not limited to salary, bonus and employer CPF contribution) of the Relevant ASTI Staff;

(ii) the resultant estimated costs incurred by the ASTI Group for the provision of the ASTI Corporate Support Services to the Group (the "**Estimated ASTI Costs**") which shall be determined on a pro-rated basis taking into consideration, *inter alia*, the remuneration and estimated percentage of time spent by the Relevant ASTI Staff assigned to perform the services to the Group for that quarter;

(iii) an Executive Director or Chief Executive Officer of the Company (or an officer of equivalent rank as designated by the Audit Committee), who shall not have any direct or indirect interest in the ASTI Corporate Support Services, will review and endorse the Estimated ASTI Costs at the end of each quarter. In the event that the Group is of the view that the Estimated ASTI Costs for a particular quarter may not be accurate or are estimated to be lower than the ASTI Corporate Support Services Payments of S$150,000 for that particular quarter (on the basis that the ASTI Corporate Support Services Payments are capped at S$600,000 per annum), the Group will inform the ASTI Group and record the ASTI Corporate Support Services Payments based on a mutually-agreed Estimated ASTI Costs for that quarter based on, *inter alia,* the estimated time spent by the Relevant ASTI Staff; and

(iv) the finance department of the Company will, on an annual basis, tabulate the aggregate quarterly Estimated ASTI Costs (collectively, the "**Aggregate Costs**"). In the event that the Aggregate Costs are lower than S$600,000, the Group will seek a refund of the shortfall from the ASTI Group and/or re-negotiate with the ASTI Group on the ASTI Corporate Support Services Payments stipulated in the ASTI Corporate Support Services Agreement, taking into consideration relevant factors including, but not limited to, the on-going requirements of the Group for the Relevant ASTI Staff, the estimated percentage of time spent by the Relevant ASTI Staff, the efficiency, expertise and familiarity of the work processes of the Relevant ASTI Staff, and additional staff costs to be incurred by the Group if it were to hire its own permanent staff and any other related costs. Should the Aggregate Costs fall below S$600,000 per annum, the ASTI Corporate Support Service Payments will be rounded down to the nearest multiple of S$50,000.

In addition to the above, the Company will implement additional guidelines and review procedures as set out in Sections 2.8 to 2.10 of this Appendix to ensure that the ASTI Corporate Support Services are undertaken on an arm's length basis and on normal commercial terms.

2.8 Approval and Review Threshold Limit

In addition to and as part of the guidelines and review procedures set out in Section 2.7 of this Appendix, all future IPTs (of transactions with a value, whether considered individually or upon aggregation in accordance with Rules 905(5) and 906(4) of the Catalist Rules, equal to or exceeding S$100,000) where the value is equal to or exceeds three per cent (3%) of the Group's audited NTA (based on the latest audited consolidated accounts) or the Company's market capitalisation as at the most recently completed financial year end (as the case may be) shall require the prior review and approval of the Board. Furthermore, if the NTA continues to be negative, the Company will consult the SGX-ST on the appropriate benchmark to use to calculate the threshold pursuant to Rules 905(4) and 906(3) of the Catalist Rules.

The approval threshold set out above is adopted by the Company after taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limit is arrived at with the view to strike a balance between (a) maximising the operational efficiency for the day-to-day business operations of the Group; and (b) maintaining adequate internal controls and governance in relation to the IPTs with the Interested Persons. The approval threshold acts as an additional safeguard to supplement the review procedures which will be implemented by the Company for IPTs with the Interested Persons.

2.9 Additional review procedures for Interested Person Transactions

2.9.1 Maintenance of list of Interested Persons

The finance department of the Company will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes that the Company is aware of) to enable identification of the Interested Persons. The list of Interested Persons will be reviewed at least on a quarterly basis by the Audit Committee or for such period as determined by them. The list of Interested Persons will be disseminated to the relevant management and finance staff of the Group, along with the relevant instructions and/or memorandum to inform the relevant management and staff of the Group to update the finance department of the Company of any IPTs, for the purposes of entering into the IPTs.

2.9.2 Register of IPTs

The finance department of the Company will monitor the IPTs of the Group on an on-going basis or at least on a quarterly basis and match the counterparty name against the list of Interested Persons to identify IPTs. The finance department will then prepare and maintain an interested person transaction register to record all IPTs (including the ASTI Corporate Support Services and any IPTs which are below S$100,000 in value) (the "**IPT Register**"). The IPT Register will include details on the identity of the Interested Persons, the quantum of the IPTs, the nature and scope of the IPTs, the basis and rationale for entry into the IPTs (including the ASTI Corporate Support Services), other supporting evidence obtained to support the transactions and the approving authority.

2.9.3 Periodic reviews by Audit Committee

The Audit Committee will, at least on a quarterly basis, review the IPT Register to ensure that the IPTs (including the ASTI Corporate Support Services) have been conducted in accordance with the established review procedures. Such review includes the examination of the IPTs (including the ASTI Corporate Support Services), the review procedures (including the review procedures under the IPT General Mandate) and the supporting documents of the IPTs (including the ASTI Corporate Support Services) or such other information deemed necessary by the Audit Committee.

If, during the periodic review by the Audit Committee, the Audit Committee is of the view that the established review procedures are not adequate and/or commercially practicable to ensure that the IPTs (including the ASTI Corporate Support Services) will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will (in consultation with the Directors) modify and/or adopt such new review procedures as may be appropriate and the Company will seek a fresh mandate from its minority Shareholders based on the new review procedures to ensure that future transactions of a similar nature will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. All new IPTs will be reviewed and approved by the Audit Committee prior to entry while a fresh mandate is being sought from the Shareholders. The Audit Committee has the right, when it deems fit, to require the appointment of independent sources or advisers from external or professional sources to provide additional information or review of the internal controls pertaining to the IPTs (including the ASTI Corporate Support Services).

For the purposes of the review process, if a member of the Audit Committee has an interest in the IPTs to be reviewed by the Audit Committee, he shall disclose his interest and will abstain from reviewing and approving that transaction. For example, where two members of the Audit Committee have an interest each in an IPT to be reviewed by the Audit Committee, the review of that IPT will be undertaken by the remaining member(s) of the Audit Committee.

2.10 Annual reviews by internal auditor and the Group

The internal auditor of the Group will, on an annual basis, conduct a review of the IPTs (including the ASTI Corporate Support Services), which will include, amongst others, the adherence with the review procedures for the monitoring of the IPTs (including the ASTI Corporate Support Services and the adequacy of the review procedures under the IPT General Mandate). The Audit Committee shall review the findings in the internal audit report to ensure that, *inter alia*, the IPTs (including the ASTI Corporate Support Services) have been conducted in accordance with the review procedures and that the relevant approvals have been obtained.

In addition, the Group will undertake, on an annual basis, a review of the internal procedures to ensure that all relevant management and finance staff of the Group are fully informed of and familiar with the nature and classification of interested person transactions, as well as the compliance and disclosure obligations under the Catalist Rules and relevant laws and regulations.

The Company currently has an IPT policy in place, which contains all the procedures and protocols the management and staff of the Company should follow in relation to IPTs. This IPT policy has been circulated the management and staff of the Company.

2.11 Periodic disclosures

The finance department of the Company will monitor, on an on-going basis or at least on a quarterly basis, the aggregate quantum of the "amount at risk" to the Group pursuant to Chapter 9 of the Catalist Rules which arise from entering into the IPTs (including the ASTI Corporate Support Services) to ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing Catalist Rules, legislation and accounting standards, will be complied with.

Pursuant to Chapter 9 of the Catalist Rules, the Company will disclose the aggregate value of the IPTs (including the ASTI Corporate Support Services) in its financial statements and/or annual reports in accordance with the format as set out in Rule 907 of the Catalist Rules.

2.12 Abstention

For the purposes of the above review process, a Director who is not considered independent in respect of the IPTs (including the ASTI Corporate Support Services) shall abstain from voting on any relevant board resolution and/or abstain from participating in the decision by the Audit Committee and/or the Board (as the case may be) during their review of the review procedures or during their review or approval of any interested person transactions.

2.13 Disclosure to Shareholders of the IPTs

In accordance with Rule 920(1)(a) of the Catalist Rules, the Company will disclose in its annual report the aggregate value of the IPTs conducted pursuant to the IPT General Mandate during the FY under review (as well as in the Company's annual reports for subsequent FYs that the IPT General Mandate continues to be in force). In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT General Mandate for the financial periods which the Company is required to report on (pursuant to Rule 705 of the Catalist Rules) within the time required for the announcement of such report. These disclosures will be in the format set out in Rule 907 of the Catalist Rules, as shown below, which includes the disclosure of all other IPTs carried out during the relevant financial periods and FY under review as well.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Interests in Shares

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% (1)	No. of Shares	% (1)	No. of Shares	% (1)
Directors						
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi	-	-	-	-	-	-
Mr. Chong Man Sui	-	-	-	-	-	-
Mr. Steven Shen Hing	-	-	-	-	-	-
Mr. Seah Chong Hoe	17,948,723	5.23	-	-	17,948,723	5.23
Substantial Shareholders (other than Directors)						
Dato' Michael Loh Soon Gnee	68,376,068	19.91	-	-	68,376,068	19.91
ASTI Holdings Limited	89,242,952	25.98	-	-	89,242,952	25.98
Ms. Lee Su Hui Lena (2)	-	-	76,923,076	22.40	76,923,076	22.40

Notes:

(1) Percentage of shareholding is calculated based on 343,445,316 Shares as at the Latest Practicable Date. The Company does not have any treasury shares or subsidiary holdings.

(2) Ms. Lee Su Hui Lena holds 76,923,076 Shares in her nominee account with CGS International Securities Singapore Pte. Ltd..

(3) As announced by the Company on 26 July 2024, the Company had on 25 July 2024 allotted and issued 43,103,448 new shares in the Company at S$0.0232 per new share following the conversion of the first tranche of redeemable convertible notes by Advance Opportunities Fund I with an aggregate principal value of S$1,000,000.

(4) As announced by the Company on 26 July 2024, the Company had on 26 July 2024 allotted and issued 30,172,413 new shares in the Company at S$0.0232 per new share following the conversion of the first tranche of redeemable convertible notes by Advance Opportunities Fund VCC (acting for and on behalf of and for the account of AOF Singapore Opportunities Fund) with an aggregate principal value of S$700,000.

Save as disclosed above and:

(a) the fact that Dato' Michael Loh Soon Gnee ("**Dato' Loh**"), who is the former Executive Chairman and former Chief Executive Officer of the Company up until 7 April 2020 and a Controlling Shareholder, Dato' Loh is also a controlling shareholder of ASTI and had resigned as a Non-Executive Director of ASTI on 23 February 2023. On 8 February 2023, Dato' Loh has entered into a share purchase agreement with Capital Engineering Network Public Company (the "**Purchaser**") for the disposal of his entire shareholding in ASTI, subject to (i) the approval from the Purchaser's shareholders which had been obtained at its extraordinary general meeting on 15 March 2023; and (ii) approval from SGX-ST pursuant to SGX Mainboard Rule 729; and

(b) the shareholdings of the Directors, Controlling Shareholders and Substantial Shareholders in the Company (if any),

none of the Directors, Controlling Shareholders or Substantial Shareholders, or their respective Associates, has any interest, direct or indirect, in the Proposed Renewal of the IPT General Mandate.

4. ABSTENTION FROM VOTING

ASTI, Dato' Loh and their respective Associates will abstain from voting on Ordinary Resolution 7 in respect of their shareholdings in the Company, and will not accept nominations as proxy or otherwise for voting at the AGM in relation to the said resolution for other Shareholders, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the AGM.

5. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:

(i) the methods or procedures for determining the ASTI Corporate Support Services Payments as described in Section 2.7 of this Appendix have not changed since the last Shareholders' approval was obtained at the AGM held on 28 June 2023; and

(ii) the methods or procedures for determining the ASTI Corporate Support Services Payments as described in Section 2.7 of this Appendix are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders.

If during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated in Section 2.7 of this Appendix have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will proceed to seek Shareholders' approval for a fresh mandate based on new guidelines and review procedures to ensure that such IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6. RECOMMENDATION BY THE RELEVANT DIRECTORS

Having fully considered, *inter alia*, the scope, guidelines and review procedures, the rationale for and benefits of the IPT General Mandate, the Relevant Directors are of the opinion that the Proposed Renewal of the IPT General Mandate is in the best interests of the Company.

Accordingly, the Relevant Directors recommend that the minority Shareholders vote in favour of the Ordinary Resolution 7 relating to the Proposed Renewal of the IPT General Mandate set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the upcoming AGM and who wish to appoint a proxy or proxies to attend, speak and vote on their behalf at the upcoming AGM are requested to complete, sign and return the Proxy Form attached to the Notice of AGM, enclosed in the Annual Report 2023, in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive by (i) if sent by post, be mailed to ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282 Kampong Ubi Industrial Estate, Singapore 408702; or (ii) if submitted electronically, be sent via email to the Company at agm@asa.sg, in either case, not less than seventy-two (72) hours before the time appointed for holding the upcoming AGM. The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending, speaking and voting at the upcoming AGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the upcoming AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least seventy-two (72) hours before the time appointed for holding the upcoming AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from, published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3014 Ubi Road 1, #02-282 Kampong Ubi Industrial Estate, Singapore 408702, during normal business hours from the date of this Appendix up to the date of the AGM:

(a) the Constitution of the Company; and

(b) the Annual Report 2023.

Yours faithfully
For and behalf of the Board of Directors of
ADVANCED SYSTEMS AUTOMATION LIMITED

Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Chairman

APPENDIX 4

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2023

STATISTICS OF SHAREHOLDINGS

STATISTICS OF SHAREHOLDINGS
As at 12 July 2024

Number of Equity Securities : 343,445,316
Class of Equity Securities : Ordinary shares
Voting Rights : One vote per ordinary share
The Company does not have any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	4,037	58.05	71,526	0.02
100 - 1000	1,377	19.80	393,092	0.11
1,001 - 10,000	845	12.15	3,120,542	0.91
10,001 - 1,000,000	679	9.76	50,130,403	14.60
1,000,001 and above	17	0.24	289,729,753	84.36
Total	**6,955**	**100.00**	**343,445,316**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/No	Name of Shareholders	No. of Shares	%
1.	ASTI HOLDINGS LIMITED	89,242,952	25.98
2.	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	82,575,700	24.04
3.	LOH SOON GNEE	68,376,068	19.91
4.	SEAH CHONG HOE	17,948,723	5.23
5.	NG YEW NAM	7,501,600	2.18
6.	PHILLIP SECURITIES PTE LTD	5,957,000	1.73
7.	OCBC SECURITIES PRIVATE LIMITED	2,779,089	0.81
8.	OH KIAN ANN	2,199,000	0.64
9.	TOH CHENG HAI	1,900,000	0.55
10.	RAFFLES NOMINEES (PTE.) LIMITED	1,669,448	0.49
11.	ONG HEAN KOOI	1,617,201	0.47
12.	UOB KAY HIAN PRIVATE LIMITED	1,595,280	0.46
13.	TAN ENG CHUA EDWIN	1,438,486	0.42
14.	DBS NOMINEES (PRIVATE) LIMITED	1,394,491	0.41
15.	KOH YEW CHOO	1,288,563	0.38
16.	NG HAN KEOW	1,123,076	0.33
17.	LIM SOK PECK OR NG HAN KEOW	1,123,076	0.33
18.	LIM AND TAN SECURITIES PTE LTD	989,666	0.29
19.	MAYBANK SECURITIES PTE. LTD.	969,967	0.28
20.	TAN NGOK PENG	934,638	0.27
	Total	**292,624,024**	**85.20**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company as at 12 July 2024, approximately 26.48% of the total number of issued ordinary shares of the Company is held by the public. Therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%	Total Interest	Total %
ASTI Holdings Limited	89,242,952	25.98	-	-	89,242,952	25.98
Lee Su Hui Lena[(1)]	-	-	76,923,076	22.40	76,923,076	22.40
Dato' Michael Loh Soon Gnee	68,376,068	19.91	-	-	68,376,068	19.91
Seah Chong Hoe	17,948,723	5.23	-	-	17,948,723	5.23

Notes:

(1) *Ms Lee Su Hui Lena holds 76,923,076 shares in the Company in her nominee account with CGS International Securities Singapore Pte. Ltd..*

(2) *As announced by the Company on 26 July 2024, the Company had on 25 July 2024 allotted and issued 43,103,448 new shares in the Company at S$0.0232 per new share following the conversion of the first tranche of redeemable convertible notes by Advance Opportunities Fund I with an aggregate principal value of S$1,000,000.*

(3) *As announced by the Company on 26 July 2024, the Company had on 26 July 2024 allotted and issued 30,172,413 new shares in the Company at S$0.0232 per new share following the conversion of the first tranche of redeemable convertible notes by Advance Opportunities Fund VCC (acting for and on behalf of and for the account of AOF Singapore Opportunities Fund) with an aggregate principal value of S$700,000.*

APPENDIX 5

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

ADVANCED SYSTEMS AUTOMATION LIMITED
(Company Registration No. 198600740M)
(Incorporated in the Republic of Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of Advanced Systems Automation Limited (the "**Company**") will be held at SBF Center, 160 Robinson Road #06-01, Singapore 068914, Seminar Room 2 on **Friday, 23 August 2024 at 3.00 p.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023, together with the Auditors' Report thereon.

(Resolution 1)

2. To re-elect Mr Chong Man Sui, who is retiring pursuant to Regulation 89 of the Constitution of the Company and who, being eligible, offer himself for re-election as a Director of the Company.
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Dato' Sri Mohd Sopiyan B Mohd Rashdi who is retiring pursuant to Regulation 89 of the Constitution of the Company and who, being eligible, offer himself for re-election as a Director of the Company.
[See Explanatory Note (ii)] **(Resolution 3)**

4. To approve the payment of Directors' fees of S$127,000 for the financial year ended 31 December 2023 (2022: S$127,000).

(Resolution 4)

5. To re-appoint Messrs Forvis Mazars LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 5)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. AUTHORITY TO ALLOT AND ISSUE SHARES

That pursuant to Section 161 of the Companies Act 1967 of Singapore and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force.

PROVIDED ALWAYS THAT:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument), does not exceed 100 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the date of the passing of this Resolution, after adjusting for:

   (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

   (b) 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 Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; or (ii) in the case of Shares to be issued in pursuance of the Instruments, or made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.
[See Explanatory Note (iii)] **(Resolution 6)**

8. PROPOSED RENEWAL OF IPT GENERAL MANDATE WITH ASTI GROUP

(a) That approval be and is hereby given for the purpose of Chapter 9 of the Catalist Rules, for the Company and its subsidiaries and associated companies, or any of them, to enter into the Mandated Transactions (as defined in Appendix 3 to the Annual Report 2023) with ASTI Holdings Limited, its subsidiaries and associated companies ("**ASTI Group**"), provided that such transactions are entered into in accordance with the Review Procedures for ASTI Corporate Support Services as set out in the aforesaid Appendix 3, and that such approval (the "**IPT General Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company;

(b) That the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution; and

(c) The Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the review procedures and/or modify or implement such review procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules, which may be prescribed by the SGX-ST from time to time.
[See Explanatory Note (iv)] **(Resolution 7)**

By Order of the Board

Theng Searn Por
Company Secretary
Singapore, 8 August 2024

EXPLANATORY NOTES

(i) Mr Chong Man Sui will, upon re-election as a Director of the Company, remain as an Independent and Non-Executive Director of the Company, the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He will be considered independent by the Board of Directors of the Company ("**Board**") for the purpose of Rule 704(7) of the Catalist Rules.

(ii) Dato' Sri Mohd Sopiyan B Mohd Rashdi has served as an Independent and Non-Executive Director of the Company for more than nine (9) years from the date of his first appointment. Pursuant to Rule 406(3)(d)(iv) of the Catalist Rules, a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine (9) years. Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. Accordingly, Dato' Sri Mohd Sopiyan B Mohd Rashdi will not be considered independent upon the conclusion of the Company's upcoming Annual General Meeting to be held on 23 August 2024.

Dato' Sri Mohd Sopiyan B Mohd Rashdi will, upon re-election as a Director of the Company, (i) be re-designated as a Non-Independent and Non-Executive Director of the Company; and (ii) step down as the Chairman of the Board and the Chairman of the Audit Committee. Dato' Sri Mohd Sopiyan B Mohd Rashdi will remain as a member of the Audit, Nominating and Remuneration Committees. He will be considered non-independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.

The Board is in the midst of identifying potential candidate(s) to refresh the Board and reconstitute its Board committees to ensure compliance with the Catalist Rules and the Singapore Code of Corporate Governance 2018, and appropriate announcement(s) will be made by the Company in due course.

(iii) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, and will be 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 to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, as follows:

(a) in any *pro-rata* issue of Shares, up to a number not exceeding, in total, 100 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings); and

(b) in any issue of Shares other than on a *pro-rata* basis, up to a number not exceeding 50 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the date this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iv) The Ordinary Resolution 7 in item 8 above, if passed, will renew the IPT General Mandate first approved by the shareholders of the Company on 19 February 2021 to facilitate the Company, its subsidiaries and associated companies to enter into the Mandated Transactions with ASTI Group, the details of which are set out in Appendix 3 to the Annual Report 2023. The IPT General Mandate will 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 is required by law to be held or when varied or revoked by the Company at a general meeting.

Notes:

1. **The Thirty-Eighth Annual General Meeting of the Company ("AGM") will be held in a wholly physical format. There will be no option for members to participate in the AGM by electronic means**. Printed copies of this Notice of AGM, the accompanying instrument appointing a proxy or proxies ("**Proxy Form**") and the Notification and Request Form will be sent by post to members. **<u>No printed copies of the Company's Annual Report 2023 will be sent to members</u>**. Members who wish to receive a printed copy of the Annual Report 2023 to be sent to an address in Singapore by ordinary post, will need to complete and submit the Request Form to the Company no later than 15 August 2024. Soft copies of this Notice of AGM, the Proxy Form, the Notification and Request Form and the Annual Report 2023 have also been made available for download from the Company's corporate website at the URL http://www.asa.com.sg and on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. A member entitled to attend, speak and vote at the AGM is entitled to appoint no more than two (2) proxies to attend, speak and vote in his/her stead.

3. A member can appoint the Chairman of the AGM as his/her proxy but this is not mandatory. A proxy need not be a member of the Company.

4. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the Proxy Form. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. If the member is a corporation, the Proxy Form must be under its common seal or the hand of its attorney or a duly authorised officer.

6. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM. Relevant intermediary is either:

(a) a banking corporation licensed under the Banking Act 1970 of Singapore or its wholly-owned subsidiary, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953 of Singapore ("**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under that CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

7. The Proxy Form must be submitted to the Company in the following manner:

(a) if sent by post, be mailed to **ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282 Kampong Ubi Industrial Estate, Singapore 408702**; or

(b) if submitted electronically, be sent via email to the Company at agm@asa.sg,

in either case by 3.00 p.m. on 20 August 2024 (not less than seventy-two (72) hours before the time appointed for holding the AGM).

8. Completion and submission of the Proxy Form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of a proxy(ies) for the AGM shall be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant Proxy Form, to the AGM.

9. A Depositor shall not be regarded as a member entitled to attend the AGM and to speak and vote thereat unless his/her name appears on the Depository Register seventy-two (72) hours before the time appointed for holding the AGM.

10. Members may raise questions at the AGM or submit questions related to the ordinary resolutions to be tabled for approval at the AGM, in advance of the AGM. Members who would like to submit questions in advance of the AGM may do so in the following manner:

(a) if sent by post, be mailed to ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282 Kampong Ubi Industrial Estate, Singapore 408702; or

(b) if submitted electronically, be sent via email to the Company at agm@asa.sg,

in either case by 5.00 p.m. on 15 August 2024 (the "**Questions Submission Cut-Off Date**").

Members submitting questions are requested to state (i) their full name; (ii) their identification/registration number; (iii) contact telephone number; (iv) email address; and (v) the manner in which they hold shares (if you hold shares directly, please provide your CDP account number, otherwise, please state if you hold your shares through the CPFIS or the SRS, or a relevant intermediary shareholder), failing which, the Company shall be entitled to regard the submission as invalid.

The Company will endeavour to address all substantial and relevant questions submitted by members prior to or during the AGM. The responses to substantial and relevant questions raised by members on or before the Questions Submission Cut-Off Date will be published on the SGXNet and the Company's corporate website at the URL http://www.asa.com.sg by 3.00 p.m. on 18 August 2024, being at least forty-eight (48) hours prior to the closing date and time for the lodgement of the Proxy Form. The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (relating to the ordinary resolutions to be tabled for approval at the AGM) received after the Questions Submission Cut-Off Date which have not already been addressed prior to the AGM, as well as those substantial and relevant questions received during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

11. Relevant intermediaries who wish to attend the AGM, or to appoint proxy(ies) to vote at the AGM should not use the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible for the proxy(ies) appointment.

CPF/SRS investors who wish to vote at the AGM may attend the AGM in person physically, or may appoint the Chairman of the AGM or such other person as their proxy to vote. The CPF/SRS investors who wish to appoint the Chairman of the AGM or such other person as their proxy should not use the Proxy Form. Instead, they should approach their respective CPF agent banks and/or SRS operators to submit their votes at least seven (7) working days before the AGM (by 14 August 2024), in order to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form for voting on their behalf. CPF/SRS investors are requested to contact their respective CPF agent banks and/or SRS operators for any queries they may have with regard to the appointment of proxies for the AGM.

Personal data privacy:

"**Personal data**" in this Notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012 of Singapore, which includes his/her name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd., at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

APPENDIX 6

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2023

PROXY FORM

ADVANCED SYSTEMS AUTOMATION LIMITED
(Company Registration No. 198600740M)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. The Thirty-Eighth Annual General Meeting of the Company ("**AGM**") will be held physically at SBF Center, 160 Robinson Road #06-01, Singapore 068914, Seminar Room 2 on Friday, 23 August 2024 at 3.00 p.m.. There will be no option for shareholders to participate in the AGM by electronic means. Printed copies of the Notice of AGM dated 8 August 2024 and this Proxy Form will be sent by post to shareholders.
2. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the AGM.
3. Investors who hold the Company's shares through relevant intermediaries (including CPF/SRS investors) and who wish to vote should approach their relevant intermediaries (including their respective CPF agent banks/SRS approved banks) to submit their voting instructions at least seven (7) working days before the date of the AGM).
4. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes to this Proxy Form.

PERSONAL DATA PRIVACY

By submitting this Proxy Form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 August 2024.

PROXY FORM
THE THIRTY-EIGHTH ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)
This proxy form has been made available on SGXNET on 8 August 2024.

I/We*, ______________________ (Name) ______________________ (NRIC/Passport No./ Co.Regn No)

of ____ (Address)

being a member/members* of Advanced Systems Automation Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/them* or if no proxy is named, the Chairman of the AGM as my/our* proxy/proxies* to attend, speak and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at SBF Center, 160 Robinson Road #06-01, Singapore 068914, Seminar Room 2 on **Friday, 23 August 2024 at 3.00 p.m**. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, against and/or to abstain from voting on the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" for each resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, not to vote on that resolution.

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2023, together with the Auditors' Report thereon			
2	Re-election of Mr Chong Man Sui as a Director of the Company			
3	Re-election of Dato' Sri Mohd Sopiyan B Mohd Rashdi as a Director of the Company			
4	Approval of payment of Directors' fees amounting to S$127,000 for the financial year ended 31 December 2023			
5	Re-appointment of Messrs Forvis Mazars LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
6	Authority for Directors to allot and issue shares in the capital of the Company			
7	Renewal of IPT General Mandate for the Mandated Transactions with the ASTI Group as Interested Person Transactions			

Note: Voting will be conducted by poll.

Dated this ____________ day of August 2024.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)/ Common Seal of Corporate Shareholder
**Delete where inapplicable*

Important: Please read notes overleaf

Notes:

1. A member of the Company should insert the total number of shares of the Company ("**Shares**") held. If the member has Shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of Shares. If the member has Shares registered in his/her/its name in the Register of Members of the Company (maintained by or on behalf of the Company), he/she/it should insert the number of Shares. If the member has Shares entered against his/her/its name in the Depository Register and Shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of Shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy shall be deemed to relate to all the Shares held by the member of the Company.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two (2) proxy(ies), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the CPF Board established by the Central Provident Fund Act 1953 of Singapore in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory. A proxy need not be a member of the Company.

5. This form of proxy, duly executed, must be submitted to the Company in the following manner:

   (a) if sent by post, be mailed to **ADVANCED SYSTEMS AUTOMATION LIMITED, 3014 Ubi Road 1, #02-282 Kampong Ubi Industrial Estate, Singapore 408702**; or

   (b) if submitted electronically, be sent via email to the Company at agm@asa.sg,

   in either case, not less than seventy-two (72) hours before the time appointed for holding the AGM.

6. This form of proxy must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where this form of proxy is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. Where this form of proxy is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this form of proxy, failing which this form of proxy may be treated as invalid.

GENERAL:

The Company shall be entitled to reject this form of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this form of proxy. In addition, in the case of members whose Shares entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing a proxy(ies) lodged if such members, being the appointor, are not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 August 2024.

ADVANCED SYSTEMS AUTOMATION LIMITED

3014 Ubi Road 1
#02-282
Kampong Ubi Industrial Estate
Singapore (408702)
(Co. Reg. No. 198600740M)