Meta Health

ANNUAL
REPORT
2022

LEADING THE WAY IN

HEALTH AND WELLNESS

VISION

To be a World Class Healthcare Solutions Provider

MISSION

Automate Healthcare and provide support healthcare systems to all

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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 ("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 Mr Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

CORPORATE PROFILE

Meta Health Limited ("META" or the "Company", and together with its subsidiaries, the "Group"), formerly known as Metal Component Engineering Limited, was founded in 1987 in Singapore. With a consistent focus on quality and engineering innovation, META has expanded its customer base by serving MNC (Multi-National-Corporation), EMS (Electronic Manufacturing Services), and SME (Small-Medium-Enterprise) globally. META has recently diversified into healthcare technology and services with the acquisition of Gainhealth Pte. Ltd., a direct-to-consumer and high-growth omnichannel health and wellness platform. META is vertically integrated with licenced clinics with pharmacy, online self-branded e-commerce portals, and product placements on regional e-commerce portals.

KEY CAPABILITIES

- Early supplier involvement
- Design For Manufacturability (DFM)
- Program management
- Prototyping
- Tool design and fabrication
- Batch production
- High-volume production
- Secondary processes
- In-house surface treatment
- Supply chain management
- Mechanical assembly & integration
- Sub-module machining

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
198804700N

REGISTERED OFFICE
Braddell House
1 Lorong 2 Toa Payoh
#02-02
Singapore 319637
Tel and Fax: (65) 6759 5565
www.metahealth.sg

BOARD OF DIRECTORS
Bernard Ng Kee Huat (Chairman and Group CEO)
Koh Gim Hoe, Steven
(Lead Independent Non-Executive Director)
Kelvin Lee Ming Hui
(Independent Non-Executive Director)
Law Ren Kai, Kenneth
(Independent Non-Executive Director)

AUDIT COMMITTEE
Law Ren Kai, Kenneth (Chairman)
Koh Gim Hoe, Steven
Kelvin Lee Ming Hui

REMUNERATION COMMITTEE
Koh Gim Hoe, Steven (Chairman)
Kelvin Lee Ming Hui
Law Ren Kai, Kenneth

NOMINATING COMMITTEE
Kelvin Lee Ming Hui (Chairman)
Koh Gim Hoe, Steven
Law Ren Kai, Kenneth

COMPANY SECRETARY
Lee Wei Hsiung

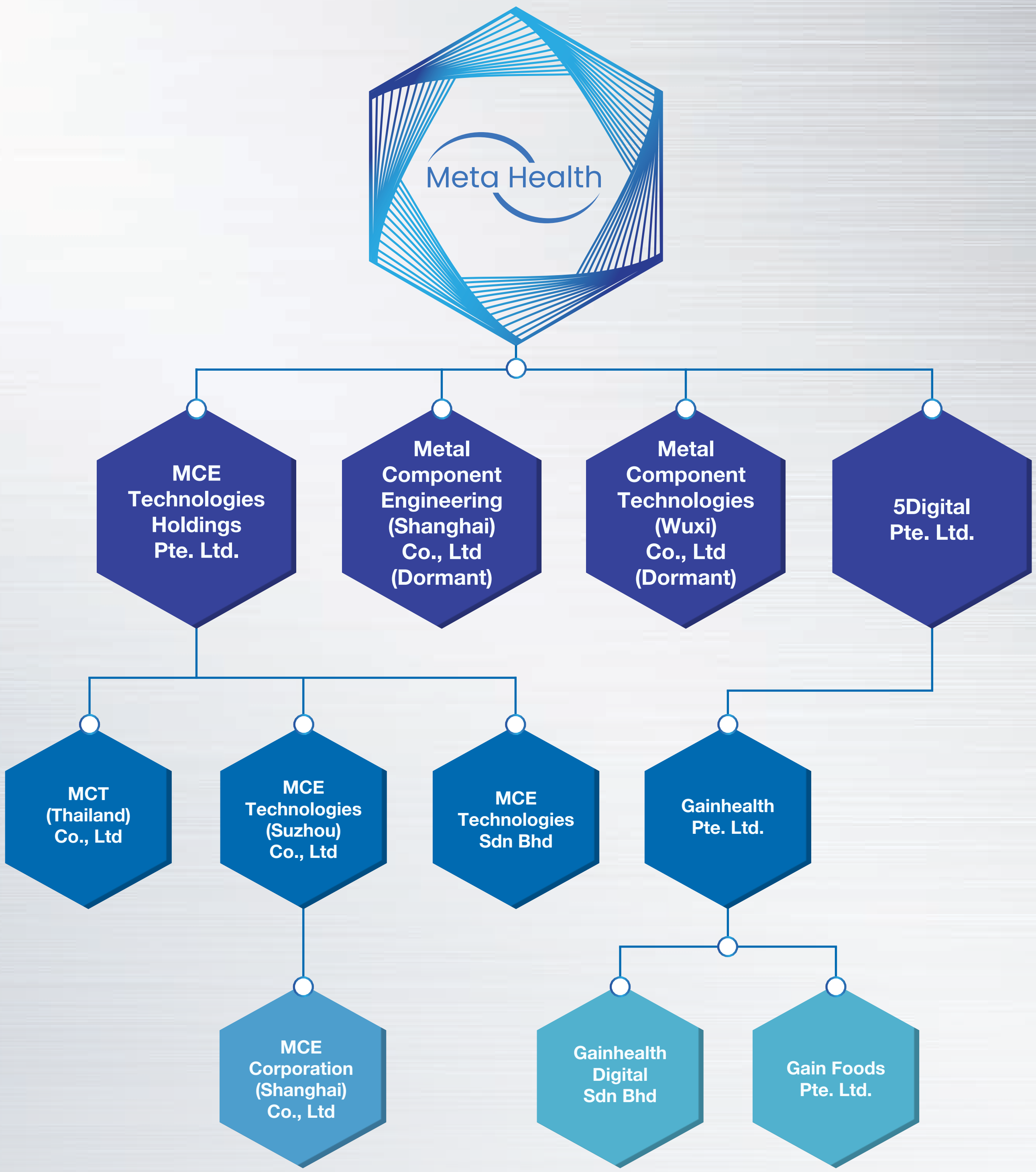
SHARE REGISTRAR AND SHARE TRANSFER OFFICE
M & C Services Private Limited
112 Robinson Road
#05-01 Singapore 068902

PRINCIPAL BANKERS
United Overseas Bank Limited
Malayan Banking Berhad

CONTINUING SPONSOR
ZICO Capital Pte. Ltd.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

INDEPENDENT AUDITOR
Foo Kon Tan LLP
Public Accountants and Chartered Accountants
1 Raffles Place
#04-63 One Raffles Place Tower 2
Singapore 048616
Partner-in-charge: Ho Teik Tiong
Appointed with effect from financial year ended
31 December 2017 (except for 31 December 2019)

CORPORATE STRUCTURE



CORE VALUES

COMMITMENT

We shall always contribute our 100% work effort with passion and enthusiasm. We conduct ourbusiness professionally just likea life long marriage, with the“can-do” attitude.

TEAM

We share a common goal, strive to understand each other’s strength and weakness, work together with a balanced approach, to bring the Company towards its winning state.

COMMUNICATION

It is important that listeners understand and accept our views. We always ensure two-way interaction is carried out with clarity, precision and be quantifiable. We alwaysstrive to master this art to ensure a timely and regular communication.

$3CT^2$

TRUST

We will trust others first, followed by check and balance. We shall always respect all individuals the same way we want to be respected. We empower people, but are aware of cross cultural differences and each other’s strength and weakness.

CREATIVITY

We must always think ahead, be bold to make a difference and to accept changes. We are always dynamic, flexible, continuously making improvement and accountable.

CHAIRMAN & GROUP CEO'S STATEMENT

In the past few years, the business environment in which our Company operates has been challenging. As I write this, I am reminded of the unforeseen challenges that we are currently facing. However, despite these hurdles, I feel grateful and optimistic. Under these conditions, we have learned to adapt and have developed new ways of supporting our clients and each other.

Our digital service platform business has faced internal challenges. This has prompted us to take a more cautious and prudent approach to managing this segment of our healthcare business. However, we remain committed to our long-term goal of developing our healthcare business. We view this as an opportunity to identify and address shortcomings early on and are taking steps to strengthen the business moving forward.

Fiscal Year Performance

The past year has been one of the major transitions. While COVID-19's impact continues to be felt across global markets, much of the world has started to look beyond it. We have persevered through all the challenges thrown our way, and despite a drop in sales in FY2022, we ended the year with an adjusted net loss of S$8.8 million, following a 21.5% year-on-year drop in revenue to S$33.8 million. The decline in revenue was mainly due to a lower sales contribution from our metal business, which was severely impacted by China's Zero-COVID policy and prolonged global economic uncertainty.

Nevertheless, we remain optimistic about the future of the Group. Despite the challenging financial climate, our net gearing ratio was 56.0%, and our net asset value per share was S$0.009 as of 31 December 2022. It has been a sheer determination that has brought us this far, but we are aware there is still a long way to go as we navigate some of the toughest operating conditions in recent history.

The management team has been proactive in addressing some of these challenges, including a strategic overhaul of our corporate identity. These sweeping changes have contributed to rising business expenses and pressures on gross margins. However, we believe that we are laying the groundwork for tomorrow's successes with the work we are doing today.

After the pandemic, governments have galvanized the medical community to revisit emergency response systems. Here in Singapore, the Ministry of Health has initiated efforts such as Healthier SG, which place a strong emphasis on early intervention and preventive measures. As there is a growing recognition of the profound impact that high-quality primary care can have on people's lives.

Corporate Development and Outlook

Joining me this year is industry veteran, Tan Sze Leng, who is the CFO and will take the reins of our ambitious expansion plans. Although legal and professional fees associated with these changes meant that our healthcare segment recorded a loss, we see them as an essential stepping stone to achieving our goal of becoming the region's leading healthcare innovator.

The Group expects operational challenges to persist in FY2023, and indications of recovery may only be evident in later part of the fiscal year should customer demand begin to stabilise. In the meantime, we intend to advance our strategic focus in healthcare by tapping into the newfound demand for our primary care services following the introduction of Healthier SG. With regard to our elderly care services, we have made great strides in our capacity to provide quality care both in-home and in nursing homes. We are eager to collaborate with various partners to expand our current offerings and extend the reach of our pharmaceutical brand.

As the Group CEO and Chairman of the Board, I have continued to be inspired by the enthusiasm and ingenuity of our people. My personal highlight was witnessing their resounding team spirit as we put together over 500 first aid kits for the city's Compassvale Walk residents. While we strive to improve our corporate development, we want to be able to lend a helping hand within our means.

Before concluding, I would like to express my sincere gratitude to our talented team. I also want to thank our Board of Directors and shareholders for their patience and support. Although we have some challenges to mitigate, we also have significant opportunities ahead for Meta Health, and I am excited to see what we can achieve together.

Dr Bernard Ng Kee Huat
Chairman and Group CEO

"The management is looking to explore new streams of business development opportunities and conducting a strategic review of existing businesses to create value for shareholders."

FINANCIAL & OPERATIONAL REVIEW

FINANCIAL REVIEW

The Group recorded a revenue of S$33.8 million for FY2022, representing a 21.5% decrease from S$43.0 million in the previous financial year ended on 31 December 2021 ("FY2021"). The decrease was mainly due to:

(i) a decline in revenue from the Metal business, which fell from S$41.7 million in FY2021 to S$31.8 million in FY2022, a decrease of S$9.9 million. This decrease was primarily due to the impact of COVID-19 lockdown in China, which severely affected the Metal business's sales during FY2022; and
(ii) an increase in revenue from the Healthcare business, which rose from S$1.3 million in FY2021 to S$2.0 million in FY2022, an increase of S$0.7 million. This increase partially offset the decline in revenue from the Metal business.

Other income decreased by S$9.9 million, from S$10.1 million in FY2021 to S$0.2 million in FY2022. The decrease was mainly due to the absence of one-off gain from the disposal of MCE Industries (Shanghai) Co. Ltd of S$9.8 million in FY2021.

Together with rising cost from:

(i) impairment losses on trade and other receivables due to long outstanding debtors yet to be collected;
(ii) an increase in other operating charges due to higher import-related expenses and legal and professional fees; and partially offset with
(iii) a decrease in employee benefits expense due to a reduction of headcount, overtime costs and other optimisation measures implemented in FY2022;

The Group reported a loss after tax of S$8.8 million in FY2022, as compared to a profit after tax of S$1.2 million in FY2021.

In FY2022, the Group recorded a net cash outflow of S$6.8 million (FY2021: net cash inflow of S$6.0 million) due to net cash of S$2.2 million used in operating activities, net cash of S$1.9 million used in financing activities, and net cash of S$2.7 million used in investing activities. Correspondingly, the Group's cash and bank balances decreased by S$7.1 million, from S$10.3 million as at 31 December 2021 to S$3.2 million as at 31 December 2022.

As at 31 December 2022, the Group's net working capital decreased from S$9.1 million in 2021 to S$1.2 million. This was largely due to:

(i) cash used in operating, investing and financing activities;
(ii) additional short-term bank borrowings; and
(iii) partially offset by a reduction of trade and other payables.

OPERATIONAL REVIEW

Healthcare Business

The Group witnessed a growth in demand for its primary care services following the launch of Healthier SG by the Ministry of Health in Singapore, an initiative which increases subsidies for preventive health programs. The post-COVID-19 pandemic has resulted in a surge of chronic diseases, which has further compounded the challenges of managing healthcare due to the existing nursing shortage. Furthermore, the Group is making good progress engaging relevant stakeholders to provide care for the elderly at their homes and in nursing homes. This is expected to strengthen the Group's financial performance, barring unforeseen circumstances. Over the next few months, the management will continue to review strategic options to improve shareholder value.

Metal Business

The Group Metal business was greatly affected by China's Zero-COVID policy. As a result, a large majority of the Group's key customers had to cease all operations, which led to a short fall of sales in MCE Suzhou office. The recent micro-chip shortage crisis has put immense strain on the Group's supply lines, resulting in significant delays in the top-line assembly and delivery of finished goods. This, coupled with the surge in major commodities prices, especially steel and aluminum, has led to higher material costs and impacted the Group's business in Thailand and Malaysia during FY2022. The Group expects to face more headwinds in the first and second quarters of 2023 in its Metal business, and only anticipates customer demand to stabilise in the third quarter of 2023 onwards, coinciding with the opening of China's borders. The Group has done a strategic review of its Metal business and is currently in talks with interested parties for the divestment of its Metal business.

BOARD OF DIRECTORS

Dr Bernard Ng Kee Huat | Chairman and Group Chief Executive Officer

Dr Bernard Ng joined the Group as the Executive Director of 5Digital Pte Ltd (a subsidiary of the Company) in January 2022, and was subsequently appointed as an Executive Director of the Company, Chairman of the Board, and Group Chief Executive Officer in June 2022, as part of the Company's strategic restructuring of its management team as it endeavours to diversify and expand into the digital healthcare industry. As the Group Chief Executive Officer, Dr Bernard Ng is responsible for overseeing the overall business strategy of the Group and the conduct of the Group's daily operational directions and decisions.

Prior to joining the Company, Dr Bernard Ng was with Bayer Consumer Healthcare from 2017 till 2021, holding various positions during his tenure such as Chief Medical Officer, and Head of Global Medical and Clinical Affairs. From 2014 to 2017, he was with RB Global team in London, and from 2012 to 2014, he was an associate medical director at Sanofi Consumer Health, business development and generics division. Dr Bernard Ng currently also serves as the Chief Scientific Officer of Milltrust International Group, and a visiting lecturer at Department of Cancer and Pharmaceutical Sciences, Faculty of Life Sciences and Medicine at King's College London.

Dr Bernard Ng obtained his Doctor of Medicine from the National University of Malaysia and his Master of Business Administration from the University of Melbourne.

Mr Koh Gim Hoe Steven | Lead Independent Non-Executive Director

Mr Steven Koh is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Steven Koh was the Deputy Chief Executive Officer and Executive Director in Armstrong Industrial Corporation Limited ("Armstrong") from 2000 to 2015. Prior to Armstrong, Mr Koh held several management positions in major banks.

Mr Koh was appointed by SPRING Singapore (now known as Enterprise Singapore) from 2015 to 2016 as a business advisor to precision engineering companies in Singapore, the Commissioner of Inland Revenues as a member of the Taxpayer Feedback Panel - Mandarin Dialogue from 2010 to 2014, and the Chairman of Singapore Club in South Korea in late 1990s. Mr Koh was an executive director at Singapore Precision Engineering & Technology Association from 2016 to 2022.

He holds various Diplomas in Banking, Accountancy and Management from renowned overseas and local institutions.

Mr Law Ren Kai Kenneth | Independent Non-Executive Director

Mr Law was appointed to the Board on 30 June 2022. He is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Law is currently the Chief Financial Officer of Tembusu Partners Pte Ltd, a boutique private equity firm in Singapore. Mr Law began his career in a professional service firm in London before joining a Big 4 accounting firm where he provided assurance services to public listed companies and multinational clients in various industries including healthcare, manufacturing, property development and banking. He subsequently held various C-suite positions in small and medium-sized enterprises and a listed company in Singapore.

Mr Law holds a Bachelor of Science (Honours) degree in Accounting and Finance from the London School of Economics and Political Science and is an associate of the Institute of Chartered Accountants in England and Wales and associate member of the Institute of Singapore Chartered Accountants.

BOARD OF DIRECTORS

Mr Kelvin Lee Ming Hui | Independent Non-Executive Director

Mr Kelvin Lee is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr. Lee is currently a Director of WNLEX LLC, a full-service law corporation which he co-founded and where he heads the litigation and dispute resolution department since 2013. Prior to his appointment at WNLEX LLC, he was a partner/ director of various law practices in Singapore with over 20 years of experience in litigation work, including work for corporate litigation and shareholder disputes, intellectual property matters and advisory work for listed companies. He has a high number of reported decisions in the Singapore Law Reports as he is very prolific in the Singapore Courts. He has also attended trainings in mediation, negotiations and alternate dispute resolution methods.

Mr Lee holds a Bachelor of Laws (Honours) from the National University of Singapore. He is also a member of the Law Society of Singapore and the Singapore Academy of Law.

KEY MANAGEMENT GROUP

Dr Bernard Ng Kee Huat, Chairman and Group Chief Executive Officer

Dr Bernard Ng joined the Group as the Executive Director of 5Digital Pte Ltd (a subsidiary of the Company) in January 2022, and was subsequently appointed as an Executive Director of the Company, Chairman of the Board, and Group Chief Executive Officer in June 2022, as part of the Company's strategic restructuring of its management team as it endeavours to diversify and expand into the digital healthcare industry. As the Group Chief Executive Officer, Dr Bernard Ng is responsible for overseeing the overall business strategy of the Group and the conduct of the Group's daily operational directions and decisions.

Prior to joining the Company, Dr Bernard Ng was with Bayer Consumer Healthcare from 2017 till 2021, holding various positions during his tenure such as Chief Medical Officer, and Head of Global Medical and Clinical Affairs. From 2014 to 2017, he was with RB Global team in London, and from 2012 to 2014, he was an associate medical director at Sanofi Consumer Health, business development and generics division. Dr Bernard Ng currently also serves as the Chief Scientific Officer of Milltrust International Group, and a visiting lecturer at Department of Cancer and Pharmaceutical Sciences, Faculty of Life Sciences and Medicine at King's College London.

Dr Bernard Ng obtained his Doctor of Medicine from the National University of Malaysia and his Master of Business Administration from the University of Melbourne.

Mr Tan Sze Leng, Steve, Chief Financial Officer

Mr Tan joined the Group in September 2022. He oversees the Group's functions in accounting, finance, tax and investor relations. Prior to joining the Group, he was the chief financial officer ("CFO") cum chief operating officer (finance and business development) of Lunch Actually Group from 2018 to 2022, group CFO of Lifebrandz Limited (2018), head of finance and investor relations of MyDoc Pte Ltd from 2016 to 2018, and CFO of Darco Water Technologies Limited from 2013 to 2016. Mr Tan has over 20 years of professional experience in auditing, financial reporting, treasury, corporate fundraising and participating in various mergers and acquisitions activities.

Mr Tan obtained his Master of Business Administration from the Warwick Business School and is a member of the Institute of Singapore Chartered Accountants.

Mr Ahillan Pupalasingam, Chief Investment Officer

Mr Ahillan joined the Group in 2021. He is responsible for leading the Group's mergers and acquisitions, corporate fundraising and corporate development function of the Group. He has been in investment banking for 20 years in various firms with the most recent being Bank of America. During his tenure with the bank, he served in various leadership positions and was also the former Head of Southeast Asia Markets. Following his departure from Bank of America, he founded his fund management company in Singapore. Over the years, he has developed a deep understanding of public markets and of various asset classes, and invested in an array of digital platforms, including an e-commerce platform for automobile spare parts.

Mr Ahillan holds a Bachelor's degree in Electrical and Electronics Engineering, as well as a Master's degree in Mathematical Finance.

KEY MANAGEMENT GROUP

Mr Chua Kheng Choon, Senior Vice President

Mr Chua was the Chaiman and Chief Executive Officer ("**CEO**") of the Group till his resignation in June 2022. Following his resignation, he was appointed as the Senior Vice President of MCE Technologies Sdn Bhd, MCE Thailand Co., Ltd and MCE Technologies (Suzhou) Co., Ltd, subsidiaries of the Group in Malaysia, Thailand and China, respectively. As Senior Vice President, he heads the operations of the metal business of the Group.

Mr Chua is one of our founders and was responsible for overseeing the overall business strategy of our Group prior to his resignation. He has been in the precision metal stamping industry for more than 30 years. Under Mr Chua's leadership, our Company has grown steadily from its inception as a stamping subcontractor to its position as a one-stop provider for mechanical manufacturing products and services. He holds a Diploma in Material Handling Technology and a Certificate in Industrial Management from the Singapore Institute of Management.

Mr Boon Che Kwang, General Manager

Mr Boon is the General Manager of both MCE Thailand and Malaysia, and has been with MCE since 2004. He is responsible for the overall operations of MCE Thailand and Malaysia. Prior to his current appointment, Mr Boon held various management positions in production, engineering and operations in both MCE Thailand and Malaysia. Mr Boon holds a Bachelor of Science Degree (Major in Statistic and Computer Science) from Campbell University, North Carolina, America.

Mr Ding Hong Yu Rain, General Manager

Mr Ding is the General Manager of MCE Suzhou. He is responsible for the operations of MCE Suzhou. Prior to his current appointment, Mr Ding held various management positions in program, production and operations in MCE Suzhou. Mr Ding graduated from Hubei Three Gorges Polytechnic with a degree in Electronic Information Engineering Technology.

Mr Ng Chee Hong Darren, Vice President

Mr Ng was the Group Quality Assurance Manager and has been with the Group since 2011. In 2022, he was promoted to Vice President. He is responsible for the maintenance and continuous improvement of the Quality Management System of the Group, across its manufacturing sites. Mr Ng holds a Bachelor of Science Degree (Honours) from the National University of Malaysia. He is also a certified Lean Six Sigma Black Belt and IATF Lead Auditor.

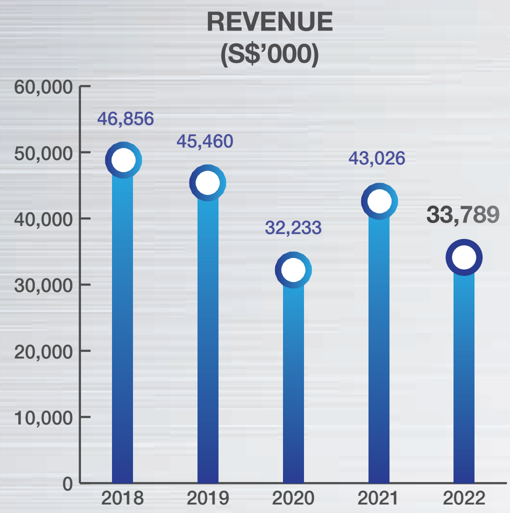
FIVE -YEAR FINANCIAL HIGHLIGHTS

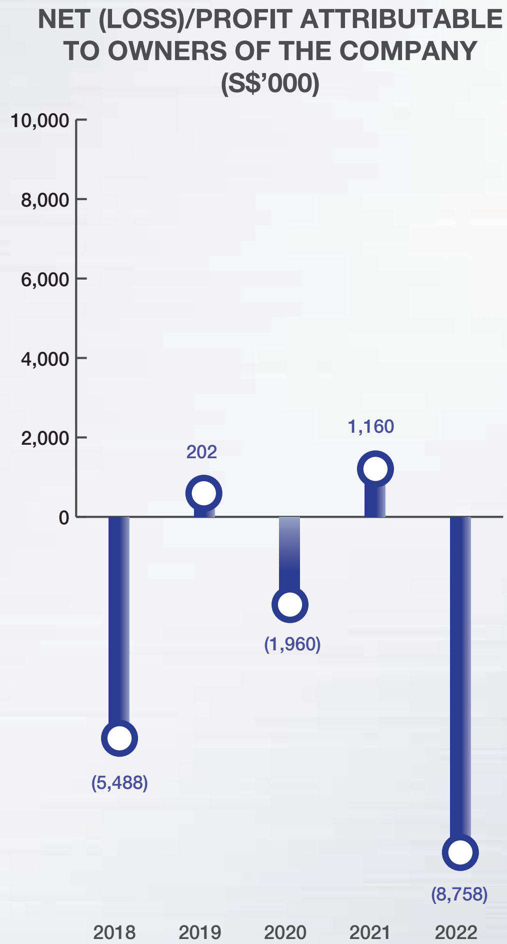
S$'000	2018	2019	2020	2021 (Restated)	2022
GROUP FINANCIAL PERFORMANCE					
Revenue	46,856	45,460	32,233	43,026	33,789
(Loss)/Profit before taxation	(5,532)	117	(1,935)	1,214	(8,712)
Net (loss)/profit attributable to owners of the Company	(5,488)	202	(1,960)	1,160	(8,758)
(Loss)/Earnings per share (diluted) (cents)	(1.47)	0.05	(0.52)	0.28	(1.64)
GROUP FINANCIAL POSITION					
Property, plant and equipment	20,211	18,314	5,566	4,190	2,483
Cash and cash equivalents	2,421	2,436	4,265	10,270	3,218
Current assets	21,412	18,938	32,324	27,854	15,096
Total assets	41,709	43,685	43,093	40,014	22,169
Current liabilities	23,233	22,319	22,473	18,708	13,920
Non-current liabilities	3,253	4,556	5,289	5,436	3,534
Total liabilities	26,486	26,875	27,762	24,144	17,454
Total equity	15,223	16,810	15,331	15,871	4,715
KEY FINANCIAL INDICATORS					
Debt-equity ratio (times)	1.74	1.60	1.81	1.52	3.70
Net (debt)/cash ($'000)[1]	(7,756)	(4,929)	(1,545)	4,669	(2,642)
Net gearing	51%	29%	10%	(29%)	56%

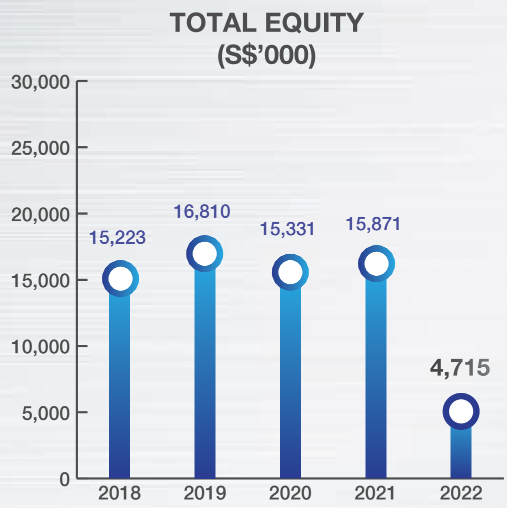
Note:

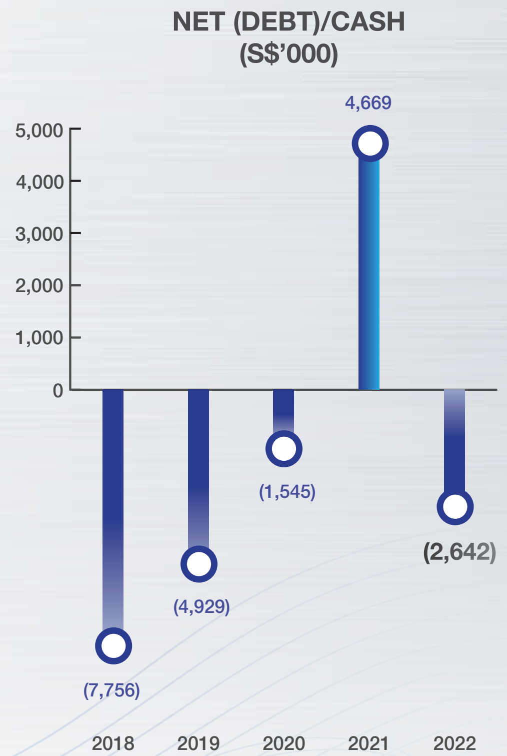
[1] Being borrowings less cash and cash equivalents of the Group.

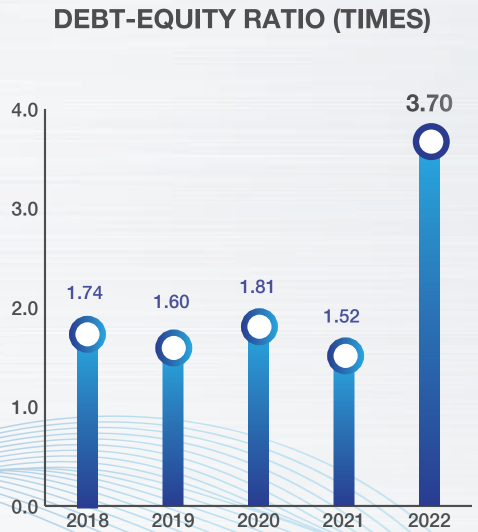
FIVE-YEAR FINANCIAL HIGHLIGHTS











CORPORATE GOVERNANCE REPORT

The board of directors ("**Board**" or "**Directors**") of Meta Health Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to comply with the principles of the Code of Corporate Governance 2018 ("**Code**"). The Company believes that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders of the Company ("**Shareholders**").

This report sets out the Company's corporate governance practices. The Board confirms that, for the financial year ended 31 December 2022 ("**FY2022**"), the Company has generally adhered to the Principles and Provisions set out in the Code. In areas where the Company's practices vary from any Provisions of the Code, the Company has stated herein the Provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time, to ensure compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1

The Board provides entrepreneurial leadership and oversees the management of the businesses of the Group, including that of setting the overall strategy and business direction of the Group.

The principal functions of the Board include:

- formulating, reviewing and approving of broad policies, key strategic and financial objectives and monitoring the performance of the management of the Company ("**Management**");
- overseeing the processes for evaluating the adequacy of internal controls, risk management and regulatory compliance, as well as safeguarding Shareholders' interests and the Company's assets;
- reviewing and approving interim and annual results announcements, and other SGXNET announcements;
- reviewing and approving business plans, annual budgets, major funding proposals, investment and divestment proposals;
- approving of nominations for appointment or re-appointment to the Board of Directors and the appointment of key management personnel; and
- assuming responsibility for corporate governance and governance of risk.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary, and in the event his or her participation is necessary, he or she will recuse himself or herself from the decision-making.

Provision 1.2

The Company does not have a formal training program for the Directors but all new Directors will receive appropriate training and orientation when they are first appointed to the Board including an orientation program to familiarise themselves with the Company's business and governance practices. Upon appointment of new Directors, such Directors are formally notified of their appointment and provided with a brief summary of their roles, duties and responsibilities as members of the Board.

CORPORATE GOVERNANCE REPORT

The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company, organised by the Singapore Institute of Directors ("**SID**") as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to areas such as accounting, legal and industry specific knowledge as appropriate, organised by other training institutions. The training of Directors will be arranged and funded by the Company. Dr Bernard Ng Kee Huat and Mr Law Ren Kai Kenneth were appointed onto the Board during the financial year under review and they have undergone the relevant mandatory trainings on their roles and responsibilities as directors of a listed company on the SGX-ST.

The Company encourages existing Directors to attend training courses organised by the SID or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public-listed company in Singapore, and such training will be funded by the Company. In FY2022, all Directors of the Company attended the sustainability training course conducted by SID as required under the enhanced sustainability reporting rules announced by the SGX-ST in December 2021.

The Board is updated on an ongoing basis on relevant new laws and regulations applicable to the Group by the Management. The Directors are updated regularly on changes to the Catalist Rules, risk management, corporate governance, insider trading and key changes in the relevant regulatory requirements, financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or members of the Board Committees.

Provision 1.3

The Company has adopted internal guidelines setting forth matters that require the Board's approval. These matters include, amongst others, the following:

(a) approval of announcements released via SGXNet, including financial results announcements;
(b) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual report;
(c) dividend matters;
(d) authorisation of banking facilities and corporate guarantees;
(e) approval of change in corporate business strategy and direction;
(f) appointment and cessation of Directors and key management;
(g) any matters relating to general meetings, Board and Board committees; and
(h) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

Provision 1.4

The Board conducts regular meetings, and additional meetings for particular matters will be convened as and when they are deemed necessary. Physical meetings are held and the Company's Constitution ("**Constitution**") allows for telephonic and video conference meetings.

The Board is supported by the Audit Committee, the Nominating Committee and the Remuneration Committee (collectively, the "**Board Committees**"). The members of the Board Committees are drawn from the members of the Board, and each of the Board Committees functions within clearly defined terms and operates under the delegated authority from the Board. The composition and description of each Board Committee are set out in this report. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

CORPORATE GOVERNANCE REPORT

In addition, the Board is also supported by the Executive Committee. For FY2022, the Executive Committee comprises the Chairman of the Board ("**Chairman**") and Group Chief Executive Officer ("**CEO**"), Dr Bernard Ng Kee Huat, and Tan Sze Leng (Chief Financial Officer ("**CFO**")). The Executive Committee is entrusted with the conduct of the Group's business and affairs. The Executive Committee will monitor the effectiveness of the policies set out by the Board and where necessary, make further recommendations or changes to the policies in line with the Group's financial objectives. The Executive Committee meets regularly, on an average of once a month.

Provision 1.5

The attendance of each Director at the Board and the Board Committees meetings held in FY2022 is set out below:

	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held	3	3	1	1
Attendance:				
Dr Bernard Ng Kee Huat(1)	2	2*	–	–
Koh Gim Hoe, Steven	3	3	1	1
Kelvin Lee Ming Hui	3	3	1	1
Law Ren Kai, Kenneth(2)	2	2	–	–
Chua Kheng Choon(3)	1	1*	1*	1*
Leow Siew Yon, Cynthia(4)	1	1	1	1

**By invitation*

Notes:–

(1) Dr Bernard Ng Kee Huat was appointed as the Chairman and Group CEO with effect from 7 June 2022.

(2) Law Ren Kai, Kenneth was appointed as an Independent Non-Executive Director, Chairman of the Audit Committee, and a member of Nominating and Remuneration Committees with effect from 30 June 2022.

(3) Chua Kheng Choon ceased to be the Chairman and Group CEO with effect from 7 June 2022.

(4) Leow Siew Yon, Cynthia ceased to be an Independent Non-Executive Director with effect from 30 June 2022.

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the Nominating Committee will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Other than their principal commitment, none of the Directors has multiple board representations in FY2022.

Provision 1.6

To enable the Board to discharge its responsibilities, the Management provides all Directors with management accounts, and all necessary information and relevant reports, relating to the Company and the Group, on a regular and timely basis. The Management regularly updates and reports to the Board on the Company's operations and plans. Board papers are prepared for each Board and Board Committee meeting and are usually circulated in advance of such meetings. This is to give the Directors sufficient time to review and consider the matters to be discussed. In certain cases, where appropriate, the relevant papers are circulated at the meeting itself or matters are discussed without Board papers.

Minutes of all Board and Board Committees meetings will be circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during the respective meetings.

CORPORATE GOVERNANCE REPORT

Provision 1.7

The Directors have separate and independent access to Management and the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied, at all times through email, telephone and face-to-face meetings.

The Directors may also liaise with Management as and when required to seek additional information. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or their representatives attend all the Board and Board Committees meetings and prepares minutes of meetings. The appointment and removal of the Company Secretary is decided by the Board as a whole.

Should the Directors, whether as a group or individually, need independent professional advice in furtherance of their duties and responsibilities, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such professional advice will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: 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 interest of the Company.

Provision 2.1

The criteria for independence are determined based on the definition as provided in the Code, and takes into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in carrying out the functions as an independent director with a view to the best interests of the Group. A "substantial Shareholder" means any person who has an interest or interests in one of more voting shares (excluding treasury shares) in the Company and the total votes attached to that share or those shares is not less than 5% of the total votes attached to all the voting shares (excluding treasury shares) in the Company, in line with the definition set out in section 2 of the Securities and Futures Act 2001 of Singapore.

The independence of each Director is assessed and reviewed annually by the Nominating Committee. Each Independent Director is required to complete a declaration in respect of his independence based on the guidelines set out in the Code, and to update the Nominating Committee if there any changes to the contents of such declaration.

The Nominating Committee reviews annually the independence declarations made by the Independent Directors based on the criterion of independence under the guidelines provided in the Code. The Nominating Committee has determined and is satisfied that Mr Koh Gim Hoe, Mr Kelvin Lee Ming Hui and Mr Law Ren Kai Kenneth have remained independent in their judgement and can continue to discharge their duties objectively, and none of them has served on the Board beyond nine (9) years since the date of his first appointment.

The interests in shares, share options and warrants held by each Director in the Company are set out in the "Directors' Statement" section of this Annual Report. Save for their individual and deemed interests in the shares of the Company, none of the Directors or any of their immediate family members is related to any other Director or a substantial Shareholder.

The Nominating Committee is satisfied that the Independent Directors are independent and are able to exercise objective judgment on corporate affairs independently from the Management, and there is presently a strong and independent element on the Board. The contribution of the Independent Directors to the Board deliberations ensures that no individual or small group of individuals dominates the Board's decision making. As such, together with the Chairman and CEO, the Board is able to exercise independent judgment on corporate affairs and provide the Management with diverse and objective views on business issues.

Provisions 2.2, 2.3 and 2.4

As at the date of this annual report, the composition of the Board and Board Committees are as follows:

		Board Committee Membership		
Name of Director	**Designation**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Bernard Ng Kee Huat	Chairman and Group CEO	–	–	–
Koh Gim Hoe, Steven	Lead Independent and Non-Executive Director	Member	Member	Chairman
Law Ren Kai, Kenneth	Independent Non-Executive Director	Chairman	Member	Member
Kelvin Lee Ming Hui	Independent Non-Executive Director	Member	Chairman	Member

In FY2022 and as at the date of this report, the Board has satisfied the requirements for (i) independent directors to make up a majority of the Board where the Chairman of the Board is not independent; and (ii) non-executive directors to make up a majority of the Board.

BOARD DIVERSITY

The Company recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("**Board Diversity**") and views Board Diversity as an essential element to support the attainment of its strategic objectives and sustainable development. The Company has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate groupthink and foster constructive debate. Each year, the Nominating Committee reviews the composition and size of the Board and each Board Committee and takes into careful consideration a combination of factors when reviewing appointments to the Board and the continuation of those appointments. These factors include skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service. Core competencies, which are taken into account in the selection and appointment of Directors, include banking, finance, accounting, business acumen, management experience, technology expertise, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. The Nominating Committee also in its deliberations, takes into account gender and age diversity in relation to the composition of the Board.

Although the Board currently has no female director, the Nominating Committee and the Board recognise gender as one of the important aspects of diversity and will ensure that female candidate(s) are included for consideration when identifying suitable candidates for the Board renewal process. The Company currently does not have a timeline as to the appointment of a female director, and such an appointment will be dependent on when a vacancy arises and also the needs and the relevant expertise required by the Company. The Nominating Committee and the Board have reviewed the size of the current Board and Board Committees and are satisfied that the current Board and Board Committees facilitate effective decision-making and that no individual or small group of individuals dominates the Board decision-making process, based on the Company's present circumstances and taking into account the scope and nature of the Group's businesses and operations. The Nominating Committee and the Board are of the view that the present Board and Board Committees have the necessary mix of expertise, experience and competencies such as accounting or finance, business or management experience and industry knowledge for the effective functioning of the Board and is appropriate for the current scope and nature of the operations of the Group.

CORPORATE GOVERNANCE REPORT

Provision 2.5

The Independent and Non-Executive Directors communicate regularly, without the presence of the Management, to discuss matters such as the Group's performance, corporate governance and remuneration of the Executive Director (being the Chairman and CEO), to facilitate a more effective oversight on the Management. They also assist the Executive Director to review the performance of the Management and provide constructive suggestions to the Management to improve the Group's performance. The Independent and Non-Executive Directors provide constructive suggestions to Management and constructively challenge and provide inputs to the Management on business strategy.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual should has unfettered powers of decision-making.

Provisions 3.1 and 3.2

Dr Bernard Ng Kee Huat holds both the positions of Chairman of the Board and the CEO of the Group. While the roles of the Chairman and the CEO are held by Dr Bernard Ng Kee Huat, the responsibilities of Chairman and CEO are separate and distinct. In accordance with the requirements of the Code where the Chairman is not independent, the Independent Non-Executive Directors form the majority of the Board, and the Company has a Lead Independent Director. The Board is of the view that the discharge of responsibilities in the two roles by Dr Bernard Ng Kee Huat will not be compromised as there is strong independence within the Board to ensure an appropriate balance of power, increased accountability and capacity of the Board for independent decision making. The Nominating Committee also assesses the performance and effectiveness of Dr Bernard Ng Kee Huat on his performance as Chairman separately from that of CEO.

There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the Management responsible for managing the Company's business.

As CEO, Dr Bernard Ng Kee Huat is responsible for the conduct of the Group's daily operational directions and decisions.

As Chairman of the Board, Dr Bernard Ng Kee Huat is responsible for:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate in the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- ensuring effective communication with Shareholders;
- encouraging constructive relations within the Board and between the Board and the Management;
- facilitating the effective contribution of Independent and Non-Executive Directors; and
- promoting high standards of corporate governance.

Members of the Board, having direct access to the Company Secretary, are also able to add matters of concern for discussion during Board meetings. The Board is of the view that given the size and business model of the Group, it is in the best interests of the Group to adopt a single leadership structure, whereby the CEO and the Chairman is the same person. This is to facilitate the decision making and implementation processes within the Group. The Chairman and CEO is a member of the Executive Committee, which in turn is subject to the overall supervision of the Board.

Provision 3.3

As the Chairman and CEO is the same person, Mr Koh Gim Hoe is appointed as the Lead Independent Director. He acts as the focal point for Independent Directors to provide their inputs to the Chairman and CEO as well as the Management, and in their interactions with the Executive Director. As the Lead Independent Director, he will be available to Shareholders where they have concerns for which contact through the normal channels of the Chairman and CEO, or the CFO have failed to resolve or for which such contact is inappropriate. As and when they deem necessary, the Independent Directors meet without the presence of the other Directors, and the Lead Independent Director provides feedback to the Chairman and CEO after such meeting, if necessary. Similarly, the Lead Independent Director acts as the focal point for contact between the Executive Director and the Management with the Independent Directors.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

The Board established the Nominating Committee with written terms of reference which clearly set out its authority and duties, and report to the Board directly.

The terms of reference of the Nominating Committee sets out its duties and responsibilities. Amongst them, the Nominating Committee is responsible for:–

1. regularly and strategically reviewing the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;

2. identifying and nominating candidates to fill Board vacancies as they occur;

3. requesting nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;

4. sending the newly-appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;

5. recommending the membership of the Board Committees to the Board;

6. reviewing the independent status of Non-Executive Directors (in accordance with Catalist Rule 406(3)(d) and Provision 2.1 of the Code) and that of the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;

7. developing the performance evaluation framework for the Board, the Board Committees and individual Directors and propose objective performance criteria for the Board, the Board Committees and individual Directors;

8. recommending that the Board removes or re-appoints a Non-Executive Director at the end of his or her term, and recommend the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the Nominating Committee should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;

9. reviewing other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;

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10. reviewing the Board with its succession plans for the Board Chairman, Directors, CEO and key management personnel of the Company;

11. keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and

12. undertaking such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules (where applicable).

Provision 4.2

As at the date of this report, the Nominating Committee comprises three members, all of whom (including the Chairman) are Independent and Non-Executive Directors, namely Mr Kelvin Lee Ming Hui (Chairman), Mr Koh Gim Hoe and Mr Law Ren Kai Kenneth. The Lead Independent Director, Mr Koh Gim Hoe, is a member of the Nominating Committee.

Provision 4.3

The Nominating Committee's primary function is to recommend the appointments and re-appointments of Directors. Each member of the Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of the Nominating Committee in which he or she has a conflict of interest in the subject matter under consideration.

As prescribed in the Company's Constitution and recommended by the Code, one-third of the Directors are required to retire from office and be subject to re-election by Shareholders at the Company's Annual General Meeting. In addition, the Constitution of the Company provides that a Director appointed by the Board to fill a vacancy or as an additional Director must retire at the next annual general meeting of the Company after such appointment, and subject himself or herself for re-election.

At the forthcoming annual general meeting of the Company, Mr Kelvin Lee Ming Hui will be retiring by rotation pursuant to Article 92 of the Company's Constitution, and Dr Bernard Ng Kee Huat and Mr Law Ren Kai Kenneth will be retiring by rotation pursuant to Article 97 of the Company's Constitution (collectively, the "**Retiring Directors**"). Being eligible for re-election, the Retiring Directors have offered themselves for re-election at the forthcoming annual general meeting of the Company. The Nominating Committee has recommended, and the Board has agreed that the Retiring Directors be nominated for re-election at the forthcoming annual general meeting of the Company. In making the recommendations, the Nominating Committee has considered the overall contributions and performances of the Retiring Directors, as well as the diversity of the Board with regards to the objectives of the board diversity policy of the Company. Please refer to the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr Kelvin Lee Ming Hui, Dr Bernard Ng Kee Huat and Mr Law Ren Kai Kenneth. Mr Law Ren Kai Kenneth and Mr Kelvin Lee Ming Hui, being the member and Chairman of the Nominating Committee, respectively, have each abstained from making any recommendation and/or participating in any deliberation of the Nominating Committee in respect of the assessment of their own performance or re-election as a Director.

When a new Director is to be selected or appointed by the Board, the Nominating Committee, in consultation with the Board, decides on the criteria (including qualifications and experience) for selecting any candidate. The Nominating Committee meets with the shortlisted candidates to assess their suitability, with a view to nominating them for the Board's consideration and approval. In their assessment of each candidate, the Nominating Committee will take into account the candidate's track record, age, experience, capabilities and other relevant factors.

Provision 4.4

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The Nominating Committee reviews the independence of each Director annually in accordance with the definition of independence set out in the Code, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. None of the Independent Directors has been appointed as a Director of the Company for an aggregate of more than nine (9) years as at the date of this report. In respect of the Independent Directors, namely Mr Koh Gim Hoe, Mr Law Ren Kai Kenneth and Mr Kelvin Lee Ming Hui, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2022, the Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

Provision 4.5

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the "Directors' Statement" section of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report. The dates of initial appointment and last re-election of each Director, together with his current directorships in listed companies and other principal commitments are set out below:

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships/ Chairmanships in other listed companies (present and in the preceding three years)	Other principal commitments
Bernard Ng Kee Huat	Executive	7.6.2022	– (To be re-elected at the forthcoming Annual General Meeting)	–	1. Chief Scientific Officer of Milltrust International Group 2. Visiting lecturer at Department of Cancer and Pharmaceutical Sciences, Faculty of Life Sciences and Medicine at King's College London
Koh Gim Hoe, Steven	Non-Executive and Lead Independent	11.5.2016	28.4.2022	–	–

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Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships/ Chairmanships in other listed companies (present and in the preceding three years)	Other principal commitments
Law Ren Kai, Kenneth	Non-Executive and Independent	30.6.2022	– (To be re-elected at the forthcoming Annual General Meeting)	–	Chief Financial Officer of Tembusu Partners Pte Ltd
Kelvin Lee Ming Hui	Non-Executive and Independent	10.4.2021	28.4.2021 (To be re-elected at the forthcoming Annual General Meeting)	–	Director of Litigation and Dispute Resolution of WNLEX LLC

The Board is of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contribution and his or her ability to devote sufficient time and attention to the Company's affairs. The Board has not determined the maximum number of listed company board representations which a Director may hold as it does not wish to omit from consideration, outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The Board does not have any alternate Directors.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

<u>Provision 5.1</u>

While the Code recommends that the Nominating Committee be responsible for assessing the effectiveness of the Board as a whole and each Board Committee separately, and also assessing the contribution of the Chairman and each individual Director, the Nominating Committee is of the view that, given the relatively small size of the Board, it is more appropriate and effective to assess the Board as a whole in FY2022, bearing in mind that each member of the Board contributes in different way to the success of the Company and Board decisions are made collectively.

<u>Provision 5.2</u>

The Nominating Committee, in considering the appointment or re-appointment of any Director, evaluates the competencies, commitment, contribution and performance of that Director, and also the requirements for Board renewal. The assessment parameters include attendance, preparedness, participation and candour at meetings of the Board and Board Committees, as well as effectiveness and commitment of such Director.

Each member of the Nominating Committee shall abstain from voting on any resolutions or participating in respect of the assessment of his or her performance or re-nomination as Director.

The Nominating Committee, 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, is of the view that the performance of the Board as a whole has been satisfactory. The Nominating Committee is satisfied that sufficient time and attention has been given to the Group by each Director. The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the Nominating Committee will consider such engagement.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: 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.

Provision 6.1

The Remuneration Committee's primary responsibility is overseeing the general compensation of the Group's employees with a goal to motivate, recruit and retain the Group's employees and Directors through competitive compensation and progressive policies.

The principal responsibilities of the Remuneration Committee include, amongst others, the following:

- reviews and recommends to the Board, a framework of remuneration for the Directors and key management personnel;

- reviews and recommends to the Board the specific remuneration packages for each Director; and

- reviews the Company's obligations arising in the event of termination of an executive Director's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Provision 6.2

As at the date of this report, the Remuneration Committee comprises three members, all of whom (including the Chairman) are Independent and Non-Executive Directors, namely Mr Koh Gim Hoe (Chairman), Mr Law Ren Kai Kenneth and Mr Kelvin Lee Ming Hui.

Provision 6.3

In carrying out its duties, the Remuneration Committee aims to be fair and to avoid rewarding poor performance.

The Remuneration Committee at present does not review and recommend to the Board the specific remuneration packages for key management personnel. This task is carried out by the Executive Committee. The Board will consider how to involve the Remuneration Committee in this process in due course.

The remuneration framework under the purview of the Remuneration Committee covers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits in kind. No Director is involved in deciding his or her own remuneration.

At present, the remuneration of key management personnel (excluding CEO) is reviewed and approved by the CEO, while the remuneration of the CEO and Executive Director is reviewed and approved by the Remuneration Committee.

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Provision 6.4

No remuneration consultants were engaged by the Company in FY2022. The Remuneration Committee will engage professional advice in relation to remuneration matters as and when the need arises. The Remuneration Committee will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. Where remuneration consultants are appointed, the Company will disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

LEVEL AND MIX OF REMUNERATION

Principle 7: 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.

Provisions 7.1 and 7.3

The service contracts of the Executive Director and key management personnel are for fixed terms which are not excessively long, and do not contain onerous removal clauses. Notice periods in such service contracts are set at a period of 6 months or less. These service contracts are reviewed periodically by the Remuneration Committee to ensure that they are aligned with the long-term interest and risk policies of the Company and are in line with market practices and prevailing market conditions. When it deems appropriate, the Remuneration Committee appoints independent remuneration consultants to assist the Committee in the performance of its tasks.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of the remuneration from the Executive Director and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Director owes a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties. The Remuneration Committee, will consider, if required, whether there is a requirement to institute such contractual provision to allow the Company to reclaim the incentive components of the remuneration of the Executive Director and key management executive paid in prior years in such exceptional circumstances.

The Remuneration Committee is also responsible for overseeing the MCE Share Option 2014 Scheme (the "**2014 Scheme**") and assists the Board in administering the 2014 Scheme in accordance with the guidelines set. Adequate disclosures have been made in the "Directors' Statement" section of this Annual Report, entitled "Employee Share Option Scheme" and in Note 28 to the financial statements set out in this Annual Report.

Provision 7.2

The Independent Non-Executive Directors are paid fixed Directors' fees which are set in accordance with a remuneration framework comprising basic fees and committee fees. In determining such fees, the Remuneration Committee considers, among others, the particular circumstances applicable to the Company, and the practice of companies in the same industry, of comparable size and having similar business models.

The Board recognises the need to pay competitive (but not excessive) fees to attract, motivate and retain Directors. The Remuneration Committee has assessed and is satisfied that the Independent Non-Executive Directors are not overly-compensated to the extent that their independence is compromised. The Directors' fees are recommended by the Remuneration Committee for the Board's approval and will be paid only after approval by Shareholders at the Annual General Meeting. The respective Chairmen and members of the various Board Committees receive additional fees after taking into account the nature of their responsibilities and the greater frequency of meetings. Each member of the Remuneration Committee abstains from voting on any resolutions in respect of his or her remuneration package. Directors' fees of S$110,000 for the financial year ending 31 December 2023 (to be paid quarterly in arrears) are recommended by the Board and subject to the approval of Shareholders at the forthcoming annual general meeting of the Company.

DISCLOSURE ON REMUNERATION

Principle 8: 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.

Provision 8.1

The remuneration bands of the Directors and the top five (5) key management personnel of the Group (who are not Directors or the CEO) for FY2022 are as follows:

Remuneration Bands	Directors' Fees	Base/Fixed Salary	Bonus	Other Benefits[7]	Total
	%	%	%	%	%
Directors					
S$250,001 to S$500,000					
Bernard Ng Kee Huat[1]	–	88	–	12	100
Chua Kheng Choon[2]	–	80	6	14	100
Up to S$250,000					
Koh Gim Hoe	100	–	–	–	100
Law Ren Kai, Kenneth[3]	100	–	–	–	100
Leow Siew Yon, Cynthia[4]	100	–	–	–	100
Kelvin Lee Ming Hui	100	–	–	–	100
Key Management					
S$250,001 to S$500,000					
Chua Kheng Choon[2]	–	76	–	24	100
Mak Peng Leong Philip[5]	–	93	6	1	100
Up to S$250,000					
Ng Chee Hong, Darren	–	94	6	–	100
Boon Che Kwang	–	92	6	2	100
Tan Sze Leng[6]	–	94	–	6	100
Dr Vas Metupalle	–	95	–	5	100
Ahillan Pupalasingam	–	97	–	3	100

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Notes:

(1) Dr Bernard Ng Kee Huat was appointed as the Chairman and Group CEO with effect from 7 June 2022.

(2) Chua Kheng Choon ceased to be the Chairman and Group CEO with effect from 7 June 2022.

(3) Law Ren Kai, Kenneth was appointed as an Independent Non-Executive Director with effect from 30 June 2022.

(4) Leow Siew Yon, Cynthia ceased to be an Independent Non-Executive Director with effect from 30 June 2022.

(5) Mak Peng Leong Philip ceased to be the Chief Financial Officer and Joint Company Secretary with effect from 12 December 2022.

(6) Tan Sze Leng was appointed as the Chief Financial Officer with effect from 21 September 2022.

(7) Relates to allowances on transportation, medical, mobile phone and car park.

The Company had obtained Shareholders' approval for the payment of Directors' fees for FY2022 of an aggregate amount of S$110,000 (with payment to be paid quarterly in arrears during FY2022) at the last annual general meeting of the Company held on 28 April 2022 and the actual Directors' fees in FY2022 were S$110,000.

The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the actual remuneration of each Director (including the CEO) as well as the total remuneration paid to the top five (5) key management personnel pursuant to Provision 8.1 of the Code would not be in the interests of the Company as such information is confidential and sensitive in nature, and can be exploited by competitors.

The Board is of the opinion that the information disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

Provision 8.2

The Company does not have any employee who is a substantial Shareholder, or an immediate family member of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeds S$100,000 in the Group's employment in FY2022.

Provision 8.3

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the key management personnel (who are not Directors or the CEO).

The MCE Share Option Scheme ("**ESOS**") which was adopted by the Company on 4 November 2003, had expired on or about 3 November 2013. At the annual general meeting of the Company on 25 April 2014, the MCE Share Option Scheme 2014 was approved and adopted by the Shareholders to replace the ESOS. No share option has been granted pursuant to the MCE Share Option Scheme 2014 in FY2022. Details of the ESOS and the MCE Share Option Scheme 2014 are set out in the "Directors' Statement" section in this Annual Report entitled "Employee Share Option Scheme" and in Note 28 to the financial statement set out in this Annual Report.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: 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.

Provision 9.1

To enhance the Board's risk governance capabilities, the Board has in place an Enterprise Risk Management ("**ERM**") program for the Group. The ERM program is intended to assist the Board in (a) identifying significant risks, as well as determining the Company's levels of risk tolerance and risk policies; and (b) overseeing the design, implementation and monitoring of the Company's risk management and internal control systems.

To assist the Board in carrying out its risk governance functions, the Board has decided, in lieu of forming a separate board risk committee, to expand the terms of reference of the Audit Committee in relation to risk management, namely:

"To assist the Board in overseeing the risk governance in the Company to ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. The Audit Committee will also assist the Board to determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives."

In connection with the ERM program of the Group and the additional terms of reference of the Audit Committee, the Board designated the CFO, Tan Sze Leng, as the Group's Chief Risk Officer, with the following terms of reference:

"To assist the Audit Committee in carrying out its responsibilities in relation to risk governance by monitoring and reporting to the Audit Committee on the performance of the activities of the Company's ERM program and compliance by all relevant departments, business units or personnel of their respective responsibilities under the ERM programme."

The ERM program is intended to complement the functions performed by the internal auditors in respect of risk management and internal controls. The internal auditors are tasked to perform independent reviews of risks and controls to provide reasonable assurance to the Audit Committee and the Board that such risks have been adequately addressed and controls are operating.

In addition, the Audit Committee has, with the assistance of the Management and the internal auditors, reviewed and reported to the Board on the effectiveness of the Group's internal controls (including financial, operational, compliance, and information technology controls) and risk management systems. The Board recognises that no cost effective internal control system will be able to eliminate all errors, irregularities and risks, and that any cost effective system can only be designed to manage and mitigate material errors, irregularities and risks.

Provision 9.2

The Board has also received from the CEO and the CFO, assurances that (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and (ii) that the Group has in place adequate and effective risk management and internal control systems.

Based on the Group's existing framework of management controls, risk management systems, internal control policies and procedures, as well as reviews performed by the Management, the external auditors and the internal auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that internal controls of the Group (including financial, operational, compliance, and information technology controls) and risk management systems are adequate and effective as at 31 December 2022.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

The Executive Director will continue to manage the operations of the Group and the Audit Committee will provide the necessary oversight. The Audit Committee will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, as well as develop and maintain effective systems of internal control and risk governance, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, and has full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The Audit Committee's duties include:

- reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, with inputs and assistance from the Management and the internal auditors;
- reviewing the effectiveness of the Company's internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- reviewing the co-operation given by the Management to the internal and external auditors;
- making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- assisting the Board in overseeing the risk governance in the Company to ensure that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets, and to assist the Board to determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives;
- reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules; and
- reviewing potential conflicts of interest, if any.

The Audit Committee also provides a channel of communication between the Board, the Management, the external auditors and the internal auditors on audit matters. The Audit Committee meets with the internal auditors and external auditors separately, at least once a year without the presence of the Management to review any matter that might be raised.

The Audit Committee keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through the report presented by the external auditors on the scope and results of the external audit, and through their discussions with the external auditors.

In the course of FY2022, the Audit Committee carried out the following activities:–

(a) reviewed half-year and full-year financial statements (unaudited and audited), and recommended such reports to the Board for approval;
(b) reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;
(c) reviewed interested person transactions;
(d) reviewed and approved the annual external audit plan of the external auditors;
(e) reviewed and approved the internal audit plan of the internal auditors;

(f) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for Board approval;
(g) met with the external auditors and the internal auditors once without the presence of the Management;
(h) reviewed the salient features memorandum from the external auditors for FY2022; and
(i) reviewed the internal audit report from the internal auditors.

In discharging the above duties, the Audit Committee confirms that it has full access to and co-operation from the Management and is given dull discretion to invite any Director or executive officer to attend its meetings. In addition, the Audit Committee has also been given reasonable resources to enable it to perform its function properly.

Provision 10.2

As at the date of this report, the Audit Committee comprises three members, all of whom (including the Chairman) are Independent and Non-Executive Directors, namely Mr Law Ren Kai Kenneth (Chairman), Mr Koh Gim Hoe and Mr Kelvin Lee Ming Hui.

The Audit Committee members have many years of experience in senior management positions in the financial, legal and industrial sectors. They have sufficient recent and relevant accounting or financial management expertise and experience, as interpreted by the Board in its business judgment, to discharge the Audit Committee's responsibilities.

Provision 10.3

No former partner or director of the Company's existing external auditing firm is a member of the Audit Committee.

Provision 10.4

External Audit

The Company has complied with the Rules 712 and 715 of the Catalist Rules in engaging Foo Kon Tan LLP, which is registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and its Singapore-incorporated subsidiaries. The Group has appointed different auditors for its overseas subsidiaries. The Board and the Audit Committee have reviewed the appointment of different auditors for its overseas subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

The following are the audit and non-audit fees paid/payable by the Group for FY2022:

	FY2022 S$
Audit fees paid/payable to the external auditors	
– external auditors of the Company	140,000
– other external auditors of the Group	105,000
Non-audit fees paid/payable to the external auditors	45,000

Annually, the Audit Committee will also conduct a review of the independence and objectivity of the external auditors through discussions with the external auditors, as well as reviewing the non-audit fees paid to them. For FY2022, the Audit Committee has reviewed all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services does not prejudice the independence and objectivity of the external auditors. After considering the resources and experience of Foo Kon Tan LLP and the audit partner-in-charge assigned to the audit, Foo Kon Tan LLP's other audit engagements, the size and complexity of the audit for the Group, as well as the number and experience of the staff assigned by Foo Kon Tan LLP for the audit, the Audit Committee has recommended to the Board the nomination and re-appointment of Foo Kon Tan LLP as the external auditors of the Company at the forthcoming annual general meeting of the Company. Foo Kon Tan LLP have also confirmed their independence, and that they are 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.

CORPORATE GOVERNANCE REPORT

In the review of the financial statements, the Audit Committee has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditors, and were reviewed by the Audit Committee:

Matter considered	How the Audit Committee reviewed the matter and what decisions were made
Impairment testing of non-financial assets of the Group and the Company	The Audit Committee considered the approach, methodology and inputs applied to the valuation model in assessing the impairment of non-financial assets of the Group and the Company. The Audit Committee concurred with the assessment of the Management and the valuer. The impairment of non-financial assets was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in the report for FY2022. Please refer to pages 52 to 54 of this Annual Report.
Irregularities in Gainhealth Pte Ltd ("Gainhealth")	The Audit Committee considered the approach and methodology applied, which were: <u>At Group</u> • estimation and computation of the effect of the irregularities (as explained in Note 37(a) of the audited financial statements); • re-assessment of the impairment testing of the carrying book value of goodwill; and • re-assessment for any impairment indications and impairment testing of the non-financial assets recorded in Gainhealth, for which no impairment is expected to be required. <u>At Company</u> • re-assessment of the impairment testing of the cost of investment in subsidiary, 5Digital Pte Ltd. The Audit Committee concurred with the assessment of the Management upon reviewing procedures carried out quantifying the effect of the irregularities based on existing information and reviewing the cash flows forecast made by the Management as concurred by the external auditors. The Audit Committee also take comfort from the additional scope of work proposed and carried out by the external auditors to address the financial impact of the irregularities. The external auditors have included this item as a key audit matter in the report for FY2022. Please refer to pages 54 to 55 of this Annual Report.

Internal Audit

The Company has outsourced its internal audit function to BDO LLP. The internal auditors report directly to the Chairman of the Audit Committee on audit matters and administratively to the CEO. The Audit Committee approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors plan their audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the Audit Committee for approval prior to implementation. The Audit Committee reviews the activities of the internal auditors, and meets with the internal auditors at least once a year to approve their plans and to review their report for the prior reporting period. The Audit Committee also ensures that the internal auditors have the necessary resources to perform its functions adequately. The AC would annually review the independence, adequacy and effectiveness of the internal audit function of the Group.

For the financial year under review, the Audit Committee has reviewed the independence, adequacy and effectiveness of the internal audit function and is satisfied that the internal auditors are independent, adequately resourced, effective, staffed with persons with the relevant qualifications and experience and have the appropriate standing within the Group to fulfil their mandate. The Audit Committee is also of the view that the internal auditors have unfettered access to all the Group's documents, records, properties and personnel including access to the Audit Committee.

The internal auditors have conducted their work in accordance with the standards set by nationally or internationally recognised professional bodies including the Standards of the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Provision 10.5

The Audit Committee meets, at a minimum, on a semi-annual basis. The Audit Committee held three meetings in FY2022, and has met thrice with the external auditors and the internal auditors, of which once was without the presence of the Management in FY2022.

Whistleblowing Policy

The Company has put in place a whistleblowing policy which sets out the procedures for employees and external parties to raise concerns or make a report on misconduct or wrongdoing relating to any entity in the Group or any of its officers and provisions for keeping the identity of the whistleblower confidential and protection of the whistleblower from reprisal as well as arrangements for independent investigations of such concerns or reports and for appropriate follow up actions to be taken. The existence of such policy has been communicated to the employees.

The policy establishes a confidential line of communication to report concerns about possible improprieties to the Audit Committee Chairman and ensures the independent investigation and follow-up of reports made in good faith. The contact details of the Audit Committee Chairman have been made available to employees in the Group. The Company will treat all information received confidentially and protect the identity of whistleblowers. Moreover, the Company is committed to ensuring protection of whistleblowers who have acted in good faith against reprisal and detrimental or unfair treatment.

The Audit Committee is responsible for the overall oversight and monitoring of the whistleblowing policy and its implementation. In particular, the Audit Committee reviews the whistleblowing policy from time to time and also reviews and considers all whistleblowing complaints to ensure independent, thorough investigation and appropriate follow-up actions. The outcome of each investigation is reported to the Audit Committee.

There was no whistleblowing report received in FY2022.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: 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.

COMMUNICATION WITH SHAREHOLDERS

Provision 11.1

The rights of Shareholders are contained in the Company's Constitution and are also set out in applicable laws including the Companies Act 1967 ("**Companies Act**"). All Shareholders are treated fairly and equitably. Shareholders are also encouraged to participate in question and answer sessions during general meetings, to facilitate active and meaningful communication with the Management and the Board.

CORPORATE GOVERNANCE REPORT

Shareholders are informed of all general meetings of the Company through notices contained in annual reports or circulars sent to all Shareholders. The Company complies with its Constitution and the Companies Act in respect of the requisite notice periods for convening general meetings. The notice of the general meeting is accompanied by the Company's annual report. The notice of an extraordinary general meeting is accompanied by a Circular. All notices of all general meetings are advertised in a national newspaper in Singapore as well as on SGXNet.

Details of the rules governing voting procedures are contained in the Company's Constitution and are set out under applicable law. Circulars sent to Shareholders also contain a notice on their cover page that if Shareholders are in any doubt to the action they should take, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

For FY2022, due to the COVID-19 pandemic, the Company's Extraordinary General Meeting ("**EGM**") on 17 January 2022 and Annual General Meeting ("**AGM**") on 28 April 2022 (collectively, "**2022 General Meetings**") were held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notices of 2022 General Meetings were not published in the newspaper, but were instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the 2022 General Meetings pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notices of 2022 General Meetings, detailing the alternative arrangements for the EGM and the AGM respectively, during the COVID-19 pandemic.

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the 2022 General Meetings must appoint the Chairman of the AGM/EGM to act as proxy and direct the vote at the EGM and the AGM, respectively. In appointing the Chairman of the EGM and the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

Provision 11.2

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, the Company will explain the reasons and material implications in the notice of meeting. The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each resolution is set out in the notice of the general meeting.

Provision 11.3

Shareholders are informed of and are given the opportunity to participate at general meetings of the Company. The Board and the Management are present at these meetings to address any questions that Shareholders may have. The Company's external auditors are also in attendance at the annual general meeting of the Company and are available to assist the Directors in addressing any relevant queries by Shareholders about the conduct of audit and the preparation and content of the auditors' report. In view of the Company's relatively modest Shareholder base, and the ability of Shareholders to interact directly with the Board and the Management before, during and after each general meeting, the Board is of the view that Shareholders have sufficient opportunity to express their views and address their questions to the Board and the Management. All Directors (save for Dr Bernard Ng Kee Huat and Mr Law Ren Kai Kenneth who were appointed as a Director after the 2022 General Meetings), the then Chief Financial Officer and the Company Secretary were present at the EGM held on 17 January 2022 and the AGM held on 28 April 2022.

Shareholders participated in the 2022 General Meetings via electronic means, voting by appointing the Chairman of the EGM/AGM as proxy and their questions (if any) in relation to any resolution set out in the notices of EGM and AGM were sent to the Company in advance of the 2022 General Meetings, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. The Company did not receive any question from Shareholders before the EGM held on 17 January 2022 and the AGM held on 28 April 2022.

Provision 11.4

The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of Shareholders voting by such means.

If Shareholders are not able to attend these meetings, they can appoint up to two (2) proxies to attend and vote in their place. Resolutions proposed at general meetings on a single substantively separate issue are proposed as a single item resolution. Pursuant to the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

Provision 11.5

Minutes are taken of all general meetings, and where appropriate, include all substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and the responses from the Board and the Management. Such minutes, which are subsequently approved by the Board, will be made available to Shareholders during office hours upon request. For the 2022 General Meetings, the Company had published the minutes of the 2022 General Meetings on its corporate website and the SGXNet within one month from the conclusion of 2022 General Meetings.

Provision 11.6

The Company does not have a formal policy on the payment of dividends. However, the Board is mindful of the need to reward Shareholders as and when the performance of the Group, its projected capital requirements, cash-flow and operating requirements, allow for the payment of dividends. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Taking into account the above factors, and the Group's recorded accumulated losses in FY2022, the Board has not recommended dividends to be paid in respect of FY2022.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its Shareholders and facilitates participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

Provision 12.1

The general meetings of the Company is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the general meetings, Shareholders are given ample time and opportunities to sound their views and concerns. All the Directors will endeavour to attend general meetings of the Company and Shareholders will be given the chance and share their thoughts and ideas or ask questions relating to the resolutions to be passed or on other corporate and business issues.

The Company will put all resolutions to vote by poll at the general meetings and the detailed results of the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNet.

CORPORATE GOVERNANCE REPORT

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:–

(a) annual reports that are prepared and issued to all Shareholders;

(b) annual and half-year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST via SGXNet; and

(e) press/media releases.

Provisions 12.2 and 12.3

The Company does not have an Investors Relations Policy in place. Notwithstanding, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: 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.

Provision 13.1

The Company has identified environment and future generations, employees, customers, suppliers and communities as material stakeholders who may materially impact or be directly impacted by the Group's activities. Therefore, the Company has arrangements in place to engage with these material stakeholders and manage its relationships with them.

Stakeholder relations are managed by the Corporate Sustainability Committee ("**CSC**") chaired by the CEO. Other members of the CSC include designated senior executives. Engagement includes regular and up-to-date communications on CSR policies and activities to our stakeholders. Stakeholders are encouraged to provide feedback (through the appropriate channels) on the Company's performance.

Provision 13.2

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022 were as follows:

- providing investors with relevant information about the Company and its activities and seeking their views on the Company's financial performance and activities;

- interacting with customers and suppliers regularly to better understand each other's concerns and needs and working with them to address these concerns and needs;

- communicating with the Group's employees in various ways to ensure that the Company knows their concerns and that they are aligned with the Company's strategies;

- engaging the local communities where the Group operates and identifying and seeking to address their needs and concerns; and

- providing feedback to and complying with the regulations and policies of regulators.

Provision 13.3

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at www.mce.com.sg. through which Shareholders are able to access up-to-date information on the Group.

MATERIAL CONTRACTS

No material contracts (including loans) were entered into between the Company or any of its subsidiaries involving the interests of the CEO, or any Director or controlling Shareholder, which are either subsisting at the end of the financial year reported on or, if not then subsisting, entered into since the end of the previous financial year, except for Director's remuneration as disclosed in the Notes to the Financial Statements in this Annual Report.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that transactions with interested persons are properly reviewed, approved and reported to the Audit Committee on a timely basis, and are conducted at arm's length basis and will not be prejudicial to the interest of the Company and its minority Shareholders.

There were no interested person transactions which were more than S$100,000 entered into in FY2022. The Group does not have a general mandate for recurrent interested person transactions.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Company's Sponsor, ZICO Capital Pte. Ltd. in FY2022.

DEALING IN SECURITIES

The Company has issued an internal code on dealings in the Company's securities to the Directors and other officers (including officers with access to material non-public price-sensitive information) of the Group. The Directors and other officers are prohibited from dealing in the Company's securities at least one month before the announcement of the Group's half year and full year results until after the announcements were made. They are also advised not to deal in the Company's securities on short-term considerations and in circumstances where they have access to material non-public price-sensitive information. They are also advised to observe all applicable insider trading laws at all times even when dealing in securities within the permitted trading period.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS

On 2 December 2021, the Group completed a placement of new shares to fifteen (15) placees and raised net proceeds of S$3,263,235 ("**Net Proceeds**"). As at 28 February 2023, the Net Proceeds have been partially utilised as follows:

Use of Net Proceeds	Amount allocated (S$'000)	Amount utilised as announced on 12 August 2022[(1)] (S$'000)	Amount utilised from 13 August 2022 up to 28 February 2023 (S$'000)	Balance as at 28 February 2023 (S$'000)
To fund investments in the healthcare business and the e-commerce business	2,284	1,443	450[(2)]	391
For general working capital requirements	979	915	64[(3)]	–
Total Net Proceeds	**3,263**	**2,358**	**514**	**391**

Notes:

(1) As announced in the unaudited condensed interim consolidated financial statements as at and for half year ended 30 June 2022.

(2) The amount was utilised to fund the Company's acquisition of Medtel Healthcare Private Limited, through its wholly-owned subsidiary, 5Digital Pte Ltd.

(3) The breakdown of the use of the Net Proceeds for general working capital purposes of the Group is as follows:

	S$'000
Employee benefit expenses	11
Professional, investor relationship and listing fees	53
Total	64

The use of the Net Proceeds is in accordance with the intended uses as disclosed in the Company's announcement on the placement dated 18 November 2021. The Company will continue to provide periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially disbursed. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s) and financial results announcement(s).

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Kelvin Lee Ming Hui, being the Director who is retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	**Kelvin Lee Ming Hui**
Date of first appointment	10 April 2021
Date of last re-appointment (if applicable)	28 April 2021
Age	46
Country of principal residence	Singapore
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 Kelvin Lee Ming Hui ("**Mr Lee**") as the Independent Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Lee's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the diversity of the Board with regards to the objectives of the board diversity policy of the Company. The Board considers Mr Lee to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Non-Executive Director, Chairman of the Nominating Committee, and a member of the Audit Committee and the Remuneration Committee.
Professional qualifications	Bachelor of Laws, LL.B. (Hons)
Working experience and occupation(s) during the past 10 years	2013 to Present WNLEX LLC, Director of Litigation and Dispute Resolution 2010 to 2013 Sankar Ow & Partners LLP (now known as Apex Law LLP), Partner
Shareholding interest in the listed Issuer and its subsidiaries	1,000,000 share options of the Company
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

CORPORATE GOVERNANCE REPORT

Name of Director	Kelvin Lee Ming Hui
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
Past (for the last 5 years)	–
Present	Directorship: – WNLEX LLC

Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.		
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	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
(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
(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
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(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
(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

Name of Director		Kelvin Lee Ming Hui	
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(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
	(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
(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

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Dr Bernard Ng Kee Huat, being the Director who is retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	**Dr Bernard Ng Kee Huat**
Date of first appointment	7 June 2022
Date of last re-appointment (if applicable)	Not Applicable
Age	49
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The re-election of Dr Bernard Ng Kee Huat ("**Dr Ng**") as Executive Chairman of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dr Ng's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the diversity of the Board with regards to the objectives of the board diversity policy of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for overseeing the overall business strategy of the Group and the conduct of the Group's daily operational directions and decisions.
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Chairman and Group Chief Executive Officer.
Professional qualifications	Doctor of Medicine Master of Business Administration Member of Singapore Institute of Directors

CORPORATE GOVERNANCE REPORT

Name of Director	Dr Bernard Ng Kee Huat
Working experience and occupation(s) during the past 10 years	22 December 2022 to Present Gainhealth Pte. Ltd. (subsidiary of the Company), Director 18 October 2022 to Present Gain Foods Pte. Ltd. (subsidiary of the Company), Director 14 October 2022 to Present MCE Technologies Holdings Pte. Ltd. (subsidiary of the Company), Director 7 June 2022 to Present Meta Health Limited, Executive Chairman and Group CEO 7 January 2022 to Present 5Digital Pte. Ltd. (subsidiary of the Company), Director August 2017 to December 2021 Bayer Healthcare and Consumer Healthcare February 2014 to May 2017 RB Global team in London March 2012 to January 2014 Sanofi Consumer Health, Business Development & Generics Division
Shareholding interest in the listed Issuer and its subsidiaries	Direct Interest: 6,000,000 ordinary shares of the Company
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
Past (for the last 5 years)	Nil
Present	Directorships: – TS Medical (City Gate) Pte Ltd – The Safe Space Foundation Ltd

Name of Director		**Dr Bernard Ng Kee Huat**
Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.		
(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
(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
(c)	Whether there is any unsatisfied judgment against him?	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
(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
(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
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director		Dr Bernard Ng Kee Huat	
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(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
	(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
(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

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Law Ren Kai Kenneth, being the Director who is retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	Law Ren Kai, Kenneth
Date of first appointment	30 June 2022
Date of last re-appointment (if applicable)	Not Applicable
Age	39
Country of principal residence	Singapore
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 Law Ren Kai Kenneth ("**Mr Law**") as the Independent Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Law's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company, as well as the diversity of the Board with regards to the objectives of the board diversity policy of the Company. The Board considers Mr Law to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Name of Director	Law Ren Kai, Kenneth
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Non-Executive Director, Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee.
Professional qualifications	The Institute of Chartered Accountants in England and Wales (ICAEW) – Associate Chartered Accountant, Member The Institute of Singapore Chartered Accountants – Associate Member
Working experience and occupation(s) during the past 10 years	March 2017 to Present Tembusu Partners Pte. Ltd. – Chief Financial Officer June 2022 to August 2022 Viking Offshore and Marine Limited – Financial Advisor April 2016 to May 2022 Viking Offshore and Marine Limited – Chief Financial Officer March 2015 to April 2016 Viking Offshore and Marine Limited – Group Financial Controller April 2014 to March 2015 Reka Health Pte. Ltd. – Chief Financial Officer
Shareholding interest in the listed Issuer and its subsidiaries	No
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# *"Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	

CORPORATE GOVERNANCE REPORT

Name of Director	Law Ren Kai, Kenneth
Past (for the last 5 years)	Directorships: Diverse Supply Chain (SG) Pte Ltd (f.k.a Viking Offshore Global Pte. Ltd.) Marshal Systems Private Limited Promoter Hydraulics Pte Ltd Viking Facilities Management & Operations Pte. Ltd. Viking Offshore Malaysia Sdn. Bhd. PT Viking Offshore Marshal Offshore & Marine Engineering Co., Ltd.
Present	Directorships: Tembusu Growth Fund Hongkong Limited

Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.

(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
(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
(c)	Whether there is any unsatisfied judgment against him?	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
(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
(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
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(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

Name of Director		Law Ren Kai, Kenneth	
(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
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(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
	(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
(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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors submit this annual report to the members together with the audited consolidated financial statements of Meta Health Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2022.

In the opinion of the directors:

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Bernard Ng Kee Huat (Chairman and Group Chief Executive Officer) (appointed on 7 June 2022)
Koh Gim Hoe (Independent Director)
Kelvin Lee Ming Hui (Independent Director)
Law Ren Kai, Kenneth (Independent Director) (appointed on 30 June 2022)

Directors' interest in shares, debentures or share options

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares, debentures or share options of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.1.2022	**As at 31.12.2022#**	As at 1.1.2022	**As at 31.12.2022#**
The Company	Number of ordinary shares			
Bernard Ng Kee Huat	–	**6,000,000**	–	**–**

According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Employee Share Option Scheme as set out below and in the "Employee share option scheme" section of this statement.

	As at 1.1.2022	**As at 31.12.2022#**
The Company	Number of unissued ordinary shares under option	
Koh Gim Hoe	3,000,000	**3,000,000**
Kelvin Lee Ming Hui	1,000,000	**1,000,000**

There were no changes to any of the above-mentioned director's interests in the Company between the end of the financial year and 21 January 2023.

Employee share option scheme

On 4 November 2003, the Company adopted the MCE Share Option Scheme ("MCE Scheme") which expired on or about 3 November 2013. At the Annual General Meeting of the Company on 25 April 2014, the MCE Share Option Scheme 2014 ("MCE Scheme 2014") was approved by the Company's shareholders ("Shareholders") to replace the MCE Scheme. The MCE Scheme 2014, which forms an integral component of its compensation plan, is designed with the following objectives:

(i) to serve as an additional method available to the Group for compensating the participants rather than merely through salaries, salary increments and/or cash bonuses and to make remuneration sufficiently competitive to recruit and retain the participants;

(ii) to enhance the Group's ability to retain and attract highly qualified participants whose contributions are important to the Group's long-term business plans and objectives;

(iii) to offer participants the opportunity to acquire or increase their equity interests in the company and a chance to share in the profits of the Company as Shareholders;

(iv) to motivate participants to maximise their performance and efficiency due to the possible financial rewards arising from the Options granted, and to maintain a high level of contribution to the Group and create value for Shareholders;

(v) to promote greater commitment and dedication, instill loyalty and a stronger identification by the participants with the long-term development and growth plans of the Group; and

(vi) to align the interests of the participants with those of the Shareholders.

Under the rules of the MCE Scheme 2014, all directors (including non-executive directors) and employees of the Group are eligible to participate in the MCE Scheme 2014. Directors and employees who are also controlling shareholders or associates of controlling shareholders are not eligible to participate in the MCE Scheme 2014 unless:

(i) their participation; and

(ii) the actual number of Shares to be issued to them and the terms of any Option to be granted to them, have been approved by independent Shareholders in general meeting in separate resolutions for each such person.

The total number of shares over which options may be granted shall not exceed 15% of the issued ordinary share capital of the Company on the day preceding the date of the relevant grant. The MCE Scheme 2014 is administered by the Company's Remuneration Committee, comprising Kelvin Lee Ming Hui and Koh Gim Hoe, Steven, and Law Ren Kai, Kenneth in accordance with the rules of the MCE Scheme 2014. The number of options to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank, length of service and performance of the participant provided always that the maximum entitlement of any participant, in accordance with and during the operation of the MCE Scheme 2014, shall not exceed 20% in aggregate of the total number of shares which have been issued and may be issued by the Company pursuant to the exercise of options under the MCE Scheme 2014.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Employee share option scheme (Cont'd)

The subscription price for each share in respect of which an option is exercisable shall be determined by the Remuneration Committee at its absolute discretion and fixed by the Remuneration Committee:

(i) at the prevailing market price of the Company's shares based on the average of the last dealt price per share determined by reference to the daily official list or other publication published by the SGX-ST for a period of five consecutive market days immediately preceding the relevant date of grant of such options ("Market Price"); or

(ii) at a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price, the discount must have been approved by the Shareholders in a separate resolution.

Options must be exercised before the expiry of 10 years and 5 years from the date of grant for holders of options who are executive directors or employees and non-executive directors respectively. The vesting period is one year from date of grant.

Details of options granted to directors and employees under the MCE Scheme and MCE Scheme 2014 are as follows:

Date of grant	Balance at 1.1.2022	Options granted	Options exercised	Options forfeited/ expired	Balance at 31.12.2022	Exercise price	Number of option holders at 31.12.2022	Exercise period
4.9.2013[ii]	3,020,000	–	–	(800,000)	2,220,000	S$0.050	2	4.9.2014 to 4.9.2023
22.6.2018[ii]	4,635,000	–	–	(1,895,000)	2,740,000	S$0.034	8	22.6.2019 to 22.6.2028
30.6.2021[i]	30,092,000	–	–	(3,695,500)	26,396,500	S$0.055	19	30.6.2022 to 30.6.2031
30.11.2021[i]	11,877,000	–	–	(1,000,000)	10,877,000	S$0.055	4	30.11.2022 to 30.11.2031
	49,624,000	–	–	(7,390,500)	42,233,500			

[i] For directors and employees
[ii] For employees

Employee share option scheme (Cont'd)

The following table summarises information about share options of directors and employees (who received 5% or more of the total number of options) outstanding as at 31 December 2022:

	Options granted during the financial year ended 31.12.2022	Aggregate options granted since commencement of scheme to 31.12.2022	Aggregate options exercised since commencement of scheme to 31.12.2022	Aggregate options cancelled/ lapsed since commencement of scheme to 31.12.2022	Aggregate options outstanding as at 31.12.2022
Directors:					
Koh Gim Hoe, Steven	–	3,000,000	–	–	3,000,000
Kelvin Lee Ming Hui	–	1,000,000	–	–	1,000,000
	–	4,000,000	–	–	4,000,000
Other participants who received 5% or more of the total available options other than directors:					
Chua Kheng Choon[1]	–	17,700,000	–	–	17,700,000
	–	17,700,000	–	–	17,700,000
Other participants who received less than 5% of the total available options other than directors:					
Other employees	–	33,405,500	(3,930,000)	(8,942,000)	20,533,500
	–	55,105,500	(3,930,000)	(8,942,000)	42,233,500

[1] Chua Kheng Choon was the Chairman and Chief Executive Officer ("**CEO**") of the Company. On 7 June 2022, he resigned as Chairman and CEO and with the Company. He currently holds the position of Senior Vice President of MCE Technologies Sdn Bhd, MCE Thailand Co., Ltd and MCE Technologies (Suzhou) Co., Ltd, subsidiaries of the Group in Malaysia, Thailand and China, respectively.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of the Company or any corporation in the Group.

There have been no options granted to the controlling shareholders of the Company or their associates. No employee, other than as disclosed above, has received 5% or more of the total number of options available under the MCE Scheme and the MCE Scheme 2014.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other related corporations.

There were no options granted at a discount under MCE Scheme 2014 during the financial year ended 31 December 2022.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Audit Committee

At the date of this statement, the Audit Committee comprises the following members:

Law Ren Kai, Kenneth (Chairman)
Koh Gim Hoe
Kelvin Lee Ming Hui

The Audit Committee performs the functions set out in Section 201B(5) of the Singapore Companies Act 1967, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and the Singapore Code of Corporate Governance 2018. In performing those functions, the Audit Committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It also met with the Company's internal auditor to discuss the results of their examination and evaluation of the Group's system of internal accounting controls;

(ii) the audit plan of the Company's external auditor and any recommendations on the Group's internal accounting controls arising from the statutory audit;

(iii) the half-yearly financial information, the statement of financial position of the Company as at 31 December 2022 and the consolidated financial statements of the Group for the financial year ended 31 December 2022, as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems 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 Audit Committee;

(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;

(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 Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Catalist Rules).

Audit Committee (Cont'd)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company and its subsidiaries, we have complied with Catalist Rules 712 and 715.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

BERNARD NG KEE HUAT

KOH GIM HOE

Dated: 14 April 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Meta Health Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Meta Health Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore 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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

We refer to Note 37(a), Events subsequent to the reporting date, on the irregularities concerning a wholly-owned subsidiary of the Company. The Company has taken steps to meet and engage with its employees, customers, and suppliers who are potentially involved in or who might have information on the transactions which are the subject of the allegations. While we have responded and performed certain procedures as detailed in the Key Audit Matters #2, we are unable to ascertain any further potential irregular transactions and any potential unrecorded liabilities as the Company has, on 11 April 2023, lodged a police report in respect of the allegations, and police investigations into the irregularities may be initiated and may possibly require additional adjustment(s), disclosure(s) and/or other consequential effect(s) in respect of the financial statements of the Group for the financial year ended 31 December 2022 and the financial year ended 31 December 2021.

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

Key Audit Matters

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

1. **Determining indications of impairment and impairment testing of non-financial assets of the Group and of the Company**

   As at 31 December 2022, the Group and the Company have the following significant non-financial assets:

   The Group
   - Property, plant and equipment of S$2,483,416 (Note 3) representing 11% of the Group's total assets
   - Right-of-use assets of S$4,119,321 (Note 4) representing 19% of the Group's total assets

   The Company
   - Investments in subsidiaries of $10,261,266 (Note 6) representing 58% of the Company's total assets

Key Audit Matters (Cont'd)

As at the reporting date, the Group had impaired the plant and equipment amounting to S$120,496 (Note 3) and goodwill, through a prior year adjustment, amounting to S$7,048,690 (Note 7 and Note 38) and the Company had impaired the cost of investment in subsidiary amounting to S$3,229,364 (Note 6) and through a prior year adjustment amounting to S$4,789,631 (Note 38).

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination of indicators of impairment requires judgment by management especially where mixed indicators exist and accordingly, whether the non-financial assets are required for impairment testing. Goodwill is tested at least annually for impairment, regardless of indicators of impairment.

Impairment testing of non-financial assets is considered to be an area of risk of misstatement due to the judgmental nature of key assumptions and estimates and the significance of the carrying amounts of these assets in the statements of financial position of the Group and the Company. An impairment loss is recognised or reversed for the amount by which an asset's or "cash-generating unit" ("CGU") carrying amount exceeds or falls short of its recoverable amount, respectively. The recoverable amount is the higher of "value-in-use" ("VIU") and "fair value less cost to disposal" ("FVLCD").

VIU calculation involves cash flow projections and applying the growth rate and discount rate in the cash flow projections. FVLCD is determined by external valuers based on either the market approach, cost approach or a combination of both or revalued net assets value. These assumptions which are determined by management are judgmental and involve estimates.

In determining the appropriate CGU level which involved judgement, management has performed the impairment assessment of non-financial assets according to the smallest CGU identifiable. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Our responses and work performed

Our audit procedures in relation to this area are reviewing:

- management's assessment of indicators of impairment for its non-financial assets; and
- determination of the recoverable amounts in particular the Group's goodwill, the Group's property, plant and equipment of its business in Malaysia and the Company's cost of investment in subsidiaries. The procedures include amongst others:

  - assessing the appropriateness of the CGUs identified by management;
  - assessing the methodologies and appropriateness of the key assumptions used by management;
  - understanding and reviewing the assumptions in the input data from management; and
  - evaluating the competence and objectivity of the management's expert.

We involved auditor's expert to evaluate the recoverable amount prepared by management and the inputs and assumptions used. We assessed whether the auditor's expert has the necessary competency and objectivity for our purposes. We also obtained an understanding of the nature and scope of the expert's work and evaluating the adequacy of that work.

Through our auditor's expert, we assessed reasonableness of the valuation techniques applied, estimates adopted and assumptions used to arrive at the recoverable amounts of the CGUs.

INDEPENDENT AUDITOR'S REPORT

To the members of Meta Health Limited

Key Audit Matters (Cont'd)

In the computation of VIU as the recoverable amount, management had taken into account the indicative forecasted profitability, and used inputs, such as market growth rate, weighted average cost of capital and the historical, present and future economic factors, typical of similar industry. For FVLCD as the recoverable amount (if applicable), the revalued net assets value is determined based on the fair value of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. Management made reference to indicative market prices for non-financial assets to estimate its fair value.

We also reviewed the adequacy of disclosures included in Note 3 - Property, plant and equipment, Note 4 – Right-of-use assets, Note 6 - Subsidiaries and Note 7 – Goodwill to the financial statements respectively.

2. Irregularities in Gainhealth Pte Ltd (Gainhealth) (Note 37(a))

In March 2023, the management of the Group discovered some irregularities concerning Gainhealth when they were following up on outstanding receivables and collections for the financial year ended 31 December 2022, to render these transactions invalid. In addition the following were affected:

At Group
- the goodwill arising from the acquisition of Gainhealth in July 2021;
- the non-financial assets recorded in Gainhealth; and

At Company
- the investment in the wholly-owned subsidiary, 5Digital Pte Ltd (5Digital), which holds 100% equity interest in Gainhealth.

Management has proceeded to:

At Group
- estimate and quantify the effect of these irregularities and adjust the transactions accordingly;
- re-assess the impairment testing of the carrying book value of goodwill of S$7,048,690 (Note 7); and
- re-assess for any impairment indications and impairment testing of the non-financial assets recorded in Gainhealth, for which no impairment is expected to be required.

At Company
- to re-assess the impairment testing of the cost of investment in subsidiary, 5Digital of S$9,609,851 included in Note 6.

The effect of the reversal of the sales and purchases, recognition of other charges and write-off of receivables; and impairment loss on goodwill at the Group level; and impairment loss for its investment in subsidiary at the Company level were as follows:

The Group
For the financial year ended 31 December 2022 –

• Reversal of sales (Note 37)	S$3,776,648
• Reversal of purchases (Note 37)	S$2,961,889
• Recognition of other charges (Note 37)	S$1,845,563

As at 31 December 2022 –

• Write-off of receivables (Note 37)	S$2,660,322

For the financial year ended 31 December 2021 –

• Impairment loss on goodwill arising from the acquisition of Gainhealth (Note 7) (through prior year adjustments as disclosed in Note 38)	S$7,048,690

Key Audit Matters (Cont'd)

The Company
As at 31 December 2022 –

- Impairment loss on investment in subsidiary, 5Digital (Note 6) S$3,229,364

As at 31 December 2021 –

- Impairment loss on investment in subsidiary, 5Digital (Note 6) (through prior year adjustments as disclosed in Note 38) S$4,789,631

Our responses and work performed

We have reviewed the:

- identification of the affected third-party entities and corroborated independently their relationships or how they are connected to the key management personnel; and
- extraction of the transactions entered into between the affected third-party entities and Gainhealth and quantification of the amount.

We have also checked the basis of the reversal and write off of the balances as stated above and obtain certain confirmations from these affected third party entities to confirm the reversal and write off.

For the impairment loss on the investment in subsidiary, 5Digital, which holds directly the 100% equity interest in Gainhealth, and the goodwill arising from the acquisition of Gainhealth, we have reviewed the CGU and the assumptions, judgments and estimates used in determining the recoverable amount. Details of this review are explained under KAM #1.

We have also reviewed the adequacy of the disclosure in Note 6, Subsidiaries; Note 7, Goodwill; Note 37, Events subsequent to the reporting date; and Note 38, Prior year adjustments.

Other Information

Management is responsible for the other information. The other information comprises the "Directors' Statement" section of the Annual Report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the Annual Report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITOR'S REPORT

To the members of Meta Health Limited

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 a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the members of Meta Health Limited

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

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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report concerning the accounting and other records of the subsidiary, the accounting and other records required by the Act to be kept by the Company and by the other subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Teik Tiong.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore
14 April 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		The Group			The Company		
		31 December 2022	31 December 2021	1 January 2021	**31 December 2022**	31 December 2021	1 January 2021
	Note	**S$**	S$ Restated	S$	**S$**	S$ Restated	S$
ASSETS							
Non-Current Assets							
Property, plant and equipment	3	**2,483,416**	4,190,269	5,565,606	**66,586**	54,584	73,256
Right-of-use assets	4	**4,119,321**	5,773,840	5,064,395	**5,026**	65,339	125,652
Other investments	5	**405,480**	2,024,850	–	**–**	–	–
Subsidiaries	6	**–**	–	–	**10,261,266**	17,839,545	16,146,166
Goodwill	7	**–**	–	–	**–**	–	–
Deferred tax assets	8	**64,200**	171,812	138,363	**–**	–	–
		7,072,417	12,160,771	10,768,364	**10,332,878**	17,959,468	16,345,074
Current Assets							
Inventories	9	**3,325,168**	4,189,972	3,516,863	**–**	–	–
Trade and other receivables	10	**8,123,056**	12,834,456	10,943,899	**6,662,884**	10,731,598	3,909,814
Prepayments	11	**430,032**	558,876	1,183,612	**58,601**	123,711	139,035
Cash and bank balances	12	**3,218,224**	10,270,271	4,265,481	**530,351**	3,670,303	2,227,310
		15,096,480	27,853,575	19,909,855	**7,251,836**	14,525,612	6,276,159
Assets of disposal group classified as held-for-sale		**–**	–	12,414,386	**–**	–	9,832,219
		15,096,480	27,853,575	32,324,241	**7,251,836**	14,525,612	16,108,378
Total assets		**22,168,897**	40,014,346	43,092,605	**17,584,714**	32,485,080	32,453,452
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	13	**29,174,587**	28,632,172	21,638,661	**29,174,587**	28,632,172	21,638,661
Reserves	14	**(24,397,110)**	(12,828,433)	(6,307,931)	**(22,243,546)**	(11,122,335)	(10,867,188)
Total equity attributable to owners of the Company		**4,777,477**	15,803,739	15,330,730	**6,931,041**	17,509,837	10,771,473
Non-controlling interest		**(62,294)**	67,005	–	**–**	–	–
		4,715,183	15,870,744	15,330,730	**6,931,041**	17,509,837	10,771,473
Non-Current Liabilities							
Borrowings	15	**2,164,629**	2,869,670	3,840,606	**1,731,205**	2,869,670	3,804,410
Lease liabilities	16	**1,369,307**	2,566,417	1,447,889	**–**	58,235	462,240
		3,533,936	5,436,087	5,288,495	**1,731,205**	2,927,905	4,266,650
Current Liabilities							
Borrowings	15	**3,695,624**	2,731,619	1,969,886	**2,135,363**	939,200	996,360
Lease liabilities	16	**1,060,798**	1,451,394	1,510,890	**63,646**	403,894	622,115
Trade and other payables	17	**8,863,057**	14,123,392	16,070,424	**6,671,967**	10,517,682	15,110,874
Provisions	18	**123,303**	126,844	135,071	**–**	–	–
Contract liabilities	19	**172,361**	238,861	382,840	**51,492**	186,562	330,244
Current tax payable		**4,635**	35,405	241	**–**	–	–
		13,919,778	18,707,515	20,069,352	**8,922,468**	12,047,338	17,059,593
Liabilities of disposal group classified as held-for-sale		**–**	–	2,404,028	**–**	–	355,736
		13,919,778	18,707,515	22,473,380	**8,922,468**	12,047,338	17,415,329
Total liabilities		**17,453,714**	24,143,602	27,761,875	**10,653,673**	14,975,243	21,681,979
Total equity and liabilities		**22,168,897**	40,014,346	43,092,605	**17,584,714**	32,485,080	32,453,452

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 S$	2021 S$ Restated
Revenue	20	**33,789,290**	43,025,784
Other income	21	**221,680**	10,097,892
Raw materials and consumables used		**(18,938,868)**	(22,934,642)
Changes in inventories of finished goods and work in progress		**98,755**	447,926
Employee benefits expense	22	**(11,875,779)**	(12,569,191)
Depreciation of property, plant and equipment	3	**(1,217,532)**	(1,332,130)
Depreciation of right-of-use assets	4	**(1,409,487)**	(1,471,702)
Impairment of goodwill	7, 38	**–**	(7,048,690)
Impairment of property, plant and equipment	3	**(120,496)**	(318,918)
Impairment of right-of-use assets	4	**–**	(371,507)
Expected credit losses on trade and other receivables (made)/reversed	10	**(759,756)**	20,343
Other charges	23	**(357,298)**	(434,795)
Finance costs	24	**(528,997)**	(504,948)
Other operating expenses	25	**(7,613,058)**	(5,391,440)
(Loss)/Profit before taxation		**(8,711,546)**	1,213,982
Taxation (expense)/credit	26	**(100,318)**	822
(Loss)/Profit for the year		**(8,811,864)**	1,214,804
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(493,067)**	(82,621)
Change in fair value of equity investments at FVOCI		**(2,069,850)**	–
Cumulative translation differences derecognised relating to disposal of group classified as held-for-sale		**–**	(648,734)
Cumulative income derecognised relating to disposal of group classified as held-for-sale		**–**	(7,359,576)
Other comprehensive loss for the year, net of tax		**(2,562,917)**	(8,090,931)
Total comprehensive (loss)/income for the year		**(11,374,781)**	(6,876,127)
(Loss)/Profit attributable to:			
Owners of the Company		**(8,757,613)**	1,160,339
Non-controlling interest		**(54,251)**	54,465
		(8,811,864)	1,214,804
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(11,320,530)**	(6,930,592)
Non-controlling interest		**(54,251)**	54,465
		(11,374,781)	(6,876,127)
(Loss)/Earnings per share attributable to owners of the Company (Singapore cent)			
– Basic	27	**(1.64)**	0.28
– Diluted	27	**(1.64)**	0.28

The annexed 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 2022

	Share capital S$	Share option reserve S$	Fair value reserve S$	Foreign currency translation reserve S$	Statutory reserve S$	Other reserve S$	Accumulated losses S$	Total equity attributable to owners of the Company S$	Non-controlling interest S$	Total S$
Balance at 1 January 2021	21,638,661	115,103	–	(91,731)	556,124	7,359,576	(14,247,003)	15,330,730	–	15,330,730
Profit for the year, as previously reported	–	–	–	–	–	–	7,615,950	7,615,950	54,465	7,670,415
Prior year adjustments (Note 38)	–	–	–	–	–	–	(6,455,611)	(6,455,611)	–	(6,455,611)
Profit for the year, as restated	–	–	–	–	–	–	1,160,339	1,160,339	54,465	1,214,804
Other comprehensive (loss)/income for the year										
– Currency translation differences	–	–	–	(82,621)	–	–	–	(82,621)	–	(82,621)
– Disposal of assets held-for-sale	–	–	–	–	–	(7,359,576)	–	(7,359,576)	–	(7,359,576)
Prior year adjustments (Note 38)										
– Cumulative translation reserve derecognised relating to disposal of group classifies as asset held-for-sale	–	–	–	(648,734)	–	–	–	(648,734)	–	(648,734)
Total comprehensive (loss)/income for the year	–	–	–	(731,355)	–	(7,359,576)	1,160,339	(6,930,592)	54,465	(6,876,127)
Contributions by and distributions to owners										
– Share-based payment transactions (Note 28)	–	451,446	–	–	–	–	–	451,446	–	451,446
– Issuance of shares (Note 13)	6,817,897	–	–	–	–	–	–	6,817,897	–	6,817,897
– Issuance of share upon exercise of share options	175,614	(41,356)	–	–	–	–	–	134,258	–	134,258
– Expiry/Forfeiture of share options	–	(4,648)	–	–	–	–	4,648	–	–	–
– Non-controlling interest arising from business combination	–	–	–	–	–	–	–	–	12,540	12,540
Transactions with owners in their capacity as owners	6,993,511	405,442	–	–	–	–	4,648	7,403,601	12,540	7,416,141
Balance at 31 December 2021, as restated	28,632,172	520,545	–	(823,086)	556,124	–	(13,082,016)	15,803,739	67,005	15,870,744

The annexed 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 2022

	Share capital S$	Share option reserve S$	Fair value reserve S$	Foreign currency translation reserve S$	Statutory reserve S$	Other reserve S$	Accumulated losses S$	Total equity attributable to owners of the Company S$	Non-controlling interest S$	Total S$
Balance at 1 January 2022, as previously reported	28,632,172	520,545	–	(174,352)	556,124	–	(6,626,405)	22,908,084	67,005	22,975,089
Prior year adjustments (Note 38)	–	–	–	(648,734)	–	–	(6,455,611)	(7,104,345)	–	(7,104,345)
At 1 January 2022, as restated	**28,632,172**	**520,545**	**–**	**(823,086)**	**556,124**	**–**	**(13,082,016)**	**15,803,739**	**67,005**	**15,870,744**
Loss for the year	–	–	–	–	–	–	(8,757,613)	(8,757,613)	(54,251)	(8,811,864)
Other comprehensive loss for the year										
– Currency translation differences	–	–	–	(493,067)	–	–	–	(493,067)	–	(493,067)
– Fair value through other comprehensive income	–	–	(2,069,850)	–	–	–	–	(2,069,850)	–	(2,069,850)
Total comprehensive loss for the year	**–**	**–**	**(2,069,850)**	**(493,067)**	**–**	**–**	**(8,757,613)**	**(11,320,530)**	**(54,251)**	**(11,374,781)**
Contributions by and distributions to owners										
– Share-based payment transactions (Note 28)	–	627,085	–	–	–	–	–	627,085	–	627,085
– Issuance of shares (Note 13)	542,415	–	–	–	–	–	–	542,415	–	542,415
– Expiry/Forfeiture of share options	–	(79,861)	–	–	–	–	79,861	–	–	–
– Change in interest in a subsidiary (Note 6(c))	–	–	–	–	–	(884,952)	–	(884,952)	(75,048)	(960,000)
Transactions with owners in their capacity as owners	**542,415**	**547,224**	**–**	**–**	**–**	**(884,952)**	**79,861**	**284,548**	**(75,048)**	**209,500**
Transfer to statutory reserve	–	–	–	–	9,720	–	–	9,720	–	9,720
Balance at 31 December 2022	**29,174,587**	**1,067,769**	**(2,069,850)**	**(1,316,153)**	**565,844**	**(884,952)**	**(21,759,768)**	**4,777,477**	**(62,294)**	**4,715,183**

The annexed 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 2022

	Note	2022 S$	2021 S$ Restated
Cash Flows from Operating Activities			
(Loss)/Profit before taxation		**(8,711,546)**	1,213,982
Adjustments for:			
Depreciation of property, plant and equipment	3	**1,217,532**	1,332,130
Depreciation of right-of-use assets	4	**1,409,487**	1,471,702
Share-based payment transactions	22	**627,085**	451,446
Gain on disposal of group classified as held-for-sale	21	**–**	(9,813,734)
Gain on disposal of property, plant and equipment	23	**(162,409)**	(13,241)
Gain on disposal of right-of-use assets	23	**(2,765)**	–
Impairment of goodwill	7,23	**–**	7,048,690
Impairment of property, plant and equipment	3	**120,496**	318,918
Impairment of right-of-use assets	4	**–**	371,507
Expected credit losses on trade and other receivables made/(reversed)		**759,756**	(20,343)
Interest expense on borrowings	24	**313,650**	211,975
Interest expense on lease liabilities	24	**215,347**	237,318
Interest expense from contingent consideration payable	24	**–**	55,655
Interest income	21	**(33,869)**	(29,445)
Write-down on inventories (reversed)/made	9,23	**(11,248)**	76,015
Operating (loss)/profit before working capital changes		**(4,258,484)**	2,912,575
Changes in inventories		**876,052**	(744,927)
Changes in trade and other receivables		**3,762,737**	(1,739,112)
Changes in prepayments		**128,844**	600,904
Changes in trade and other payables		**(2,659,184)**	(596,357)
Changes in contract liabilities		**(66,500)**	(143,740)
Cash (used in)/generated from operations		**(2,216,535)**	289,343
Income taxes paid		**(30,770)**	–
Net cash (used in)/generated from operating activities		**(2,247,305)**	289,343
Cash Flows from Investing Activities			
Acquisition of unquoted equity investment		**(200,000)**	(1,000,000)
Acquisition of a subsidiary, net of cash acquired	6(a)	**–**	(3,761,000)
Acquisition of non-controlling interest	6(c)	**(400,000)**	–
Contingent consideration paid	6(a)	**(2,622,277)**	–
Deposit paid for acquisition of property, plant and equipment		**–**	(56,420)
Deposit paid for acquisition of unquoted equity investment		**–**	(441,714)
Interest received		**33,869**	29,445
Net proceeds from disposal of group classified as held-for-sale	6(b)	**–**	8,706,709
Proceeds from disposal of property, plant and equipment		**1,030,727**	25,804
Purchase of property, plant and equipment	3	**(494,148)**	(315,413)
Net cash (used in)/generated from investing activities		**(2,651,829)**	3,187,411
Cash Flows from Financing Activities			
Changes in bank deposit pledged		**108,084**	(257)
Interest paid		**(528,997)**	(449,293)
Proceeds from issuance of shares		**–**	4,826,547
Proceeds from share option exercise		**–**	175,614
Proceeds from borrowings		**9,272,189**	6,247,360
Repayment of borrowings		**(8,925,082)**	(6,456,563)
Repayment of lease liabilities		**(1,830,538)**	(1,867,372)
Net cash (used in)/generated from financing activities		**(1,904,344)**	2,476,036
Net (decrease)/increase in cash and cash equivalents		**(6,803,478)**	5,952,790
Cash and cash equivalents at beginning of year		**10,162,174**	4,193,655
Exchange differences on translation of cash and cash equivalents		**(140,472)**	15,729
Cash and cash equivalents at end of year	12	**3,218,224**	10,162,174

The annexed 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 2022

Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity items

	Lease liabilities S$	Bank loans S$	Bank deposit pledge S$	Bank overdraft S$	Bills payable to banks S$	Total S$
At 1 January 2021	2,958,779	4,967,794	(107,827)	–	842,698	8,661,444
Changes from financing cash flows						
– Proceeds from borrowings	–	80,000	–	13	6,167,347	6,247,360
– Repayment of borrowings	–	(1,123,297)	–	–	(5,333,266)	(6,456,563)
– Repayment of lease liabilities	(1,867,372)	–	–	–	–	(1,867,372)
– Change in bank deposit pledged	–	–	(257)	–	–	(257)
– Interest paid	(237,318)	(136,016)	–	(2,228)	(73,731)	(449,293)
Total changes from financing cash flows	(2,104,690)	(1,179,313)	(257)	(2,215)	760,350	(2,526,125)
Other changes						
– New leases liabilities	3,273,763	–	–	–	–	3,273,763
– Changes in bank overdraft	–	–	–	–	–	–
– Interest expense	237,318	136,016	–	2,228	73,731	449,293
– Lease modifications	(347,359)	–	–	–	–	(347,359)
Total liability-related other changes	3,163,722	136,016	–	2,228	73,731	3,375,697
At 31 December 2021	**4,017,811**	**3,924,497**	**(108,084)**	**13**	**1,676,779**	**9,511,016**
Changes from financing cash flows						
– Proceeds from borrowings	**–**	**800,000**	**–**	**–**	**8,472,189**	**9,272,189**
– Repayment of borrowings	**–**	**(1,111,104)**	**–**	**–**	**(7,813,978)**	**(8,925,082)**
– Repayment of lease liabilities	**(1,830,538)**	**–**	**–**	**–**	**–**	**(1,830,538)**
– Change in bank deposit pledged	**–**	**–**	**108,084**	**–**	**–**	**(108,084)**
– Interest paid	**(215,347)**	**(313,650)**	**–**	**–**	**–**	**(528,997)**
Total changes from financing cash flows	**(2,045,885)**	**(624,754)**	**108,084**	**–**	**658,211**	**(1,904,344)**
Other changes						
– New leases liabilities	**542,749**	**–**	**–**	**–**	**–**	**542,749**
– Disposed leases liabilities	**(198,874)**	**–**	**–**	**–**	**–**	**(198,874)**
– Changes in bank overdraft	**–**	**–**	**–**	**(13)**	**–**	**(13)**
– Interest expense	**215,347**	**313,650**	**–**	**–**	**–**	**528,997**
– Exchange difference on translation	**(101,043)**	**(19,509)**	**–**	**–**	**(68,621)**	**(189,173)**
Total liability-related other changes	**458,179**	**294,141**	**–**	**(13)**	**(68,621)**	**683,686**
At 31 December 2022	**2,430,105**	**3,593,884**	**–**	**–**	**2,266,369**	**8,290,358**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

Reconciliation of non-cash transaction

	S$
31 December 2022	
Acquisition of unquoted equity investment (Note 5)	
Cash paid	**200,000**
Deposits placed in 2021	**250,480**
Total consideration	**450,480**
Acquisition of non-controlling interest in Gainhealth Pte Ltd (Note 6c)	
Cash paid	**400,000**
Accrual	**200,000**
Issuance of 12,000,000 ordinary shares in Meta Health Limited (Note 13)	**360,000**
Total consideration	**960,000**
Contingent consideration paid (Notes 6a and 38)	
Cash	**2,622,277**
Issuance of 1,951,977 ordinary shares in Meta Health Limited (Note 13)	**72,223**
Total consideration	**2,694,500**
Acquisition of unquoted equity investment (Note 5)	
Cash paid	1,000,000
Issuance of 20,704,036 ordinary shares in Meta Health Limited (Note 13)	1,024,850
Total consideration	2,024,850

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1 General information

The financial statements of Meta Health Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and is domiciled in Singapore.

The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at Braddell House, 1 Lorong 2 Toa Payoh #02-02, Singapore 319637.

The principal activities of the Company consist of investment holding and metal stamping and manufacturing of tools and fixtures. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as otherwise described in the notes below.

The financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

The accounting policies used by the Group have been applied consistently to all periods presented in the financial statements.

Going concern assumption

As at 31 December 2022, the Company is in net current liabilities position of S$1,670,632 (2021: net current asset position of S$2,478,274). This factor indicate the existence of a material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern.

The financial statements of the Company are prepared on a going concern basis because excluding intercompany trade and other payables balances as at 31 December 2022, the Company is in net current asset position of S$3,868,048 (2021: S$10,925,064). The Company has control over the timing of the payments of intercompany trade and other payables balances.

Accordingly, the directors of the Company consider it appropriate that these financial statements should be prepared on a going concern basis and do not include adjustments that would be required should the Company fail to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(a) Basis of preparation (Cont'd)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimates are revised and in any future periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Significant judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Determination of indications of impairment of non-financial assets

Management assesses whether there are any indications of impairment of non-financial assets by reviewing internal and external factors/sources of information like economic, financial, industry, business etc affecting the assets. Where there are mixed indicators, management will exercise their judgement to determine, whether these events or circumstances indicate that the carrying amount may not be recoverable and accordingly the assets will be tested for impairment.

Determination of cash-generating units (CGU) for non-financial assets

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In determining appropriate CGU level, the Group has considered whether there are: active markets for its products; external users of the processing assets through the use of any shared infrastructure; and plants operated on a stand alone basis. Significant judgement is required by management to determine whether multiple assets should be grouped to form a CGU. Management has identified the appropriate CGU level to be the operating entities together with their direct processing assets at the same location for the metal business whereas the CGU is the business segment for its health business.

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Classification of sale of scrap metals

Based on the nature of the Group's operations, scrap metals which are a critical and significant output of the Group's productions are sold as the Group's ordinary course of business activities. The Group considers the sale of scrap metals to be integral and not incidental to the main revenue-generating activities. Accordingly, the sale of scrap metals of S$887,923 (2021 – S$1,439,496) is classified and presented as revenue in the consolidated statement of profit or loss and other comprehensive income.

Income taxes

The Group and the Company have exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's and the Company's deferred tax assets and liabilities at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 8 and Note 26 to the financial statements, respectively.

Key sources of estimation uncertainty

Depreciation of property, plant and equipment and right-of-use assets

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the assets. The Group's business is capital intensive and the annual depreciation of property, plant and equipment and right-of-use assets forms a significant component of total costs charged to profit or loss. Management estimates the useful life of property, plant and equipment and right-of-use assets to be within 3 to 10 years. In particular, management estimates the useful life of plant and machinery to be 5 to 10 years. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Note 3 and Note 4 to the financial statements, respectively.

The Group and the Company perform annual reviews on whether the assumptions made on useful lives continue to be valid. As changes in the expected level of usage, maintenance programmes and technological developments could impact the economic useful lives and the residual values of these assets, future depreciation charges could be revised. If depreciation on the Group's and the Company's property, plant and equipment increases/decreases by 10% from management's estimates, the Group's and the Company's results for the year will decrease/increase by $121,753 (2021 – S$133,213) and S$2,017 (2021 – S$4,036), respectively. If depreciation on the Group's and the Company's right-of-use assets increases/decreases by 10% from management's estimates, the Group's and the Company's results for the year will decrease/increase by S$140,949 (2021 – S$147,170) and S$6,031 (2021 – S$6,031), respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are assessed at the end of each reporting period whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate.

Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group's results. The carrying amounts of the Group's and the Company's property, plant and equipment and right-of-use assets at the end of the reporting period and the assumptions used to estimate the recoverable amounts are disclosed in Note 3 and Note 4 to the financial statements, respectively.

Impairment of subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the fair value less costs of disposal of the underlying assets or the value in use of the cash-generating units. Estimating the fair value less costs of disposal requires the Company to make an estimate of the expected selling prices or realisable amounts of the underlying assets and the estimated cash outflows to settle the obligations in respect of the underlying liabilities. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period and the assumptions used to estimate value in use as the recoverable amount are disclosed in Note 6 to the financial statements.

Impairment assessment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The Group recorded a goodwill of S$4,465,500 on acquisition of Gainhealth Pte. Ltd. during the financial year ended 31 December 2021 and this amount was restated to S$7,048,690 for the financial year ended 31 December 2022 arising from the discounted contingent consideration paid. The assessment of impairment of goodwill is determined based on the recoverable amount of the Group's smallest cash-generating units ("CGU"), at the business segment. Gainhealth Pte. Ltd. group is identified as the CGU ("Gainhealth CGU"). In performing the impairment assessment of the carrying amount of goodwill, the recoverable amount of the CGU is determined based on value-in-use calculations. The management uses judgement and estimates relying on market expectation to determine the value-in-use.

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment assessment of goodwill (Cont'd)

The assumptions for the value-in-use calculations are those regarding the discount rates, revenue growth rates, terminal growth rate and gross profit margin for the forecasted periods. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The revenue and terminal growth rates are estimated based on expected growth of CGU. Gross profit margin is based on expectations of future market changes.

An impairment of S$7,048,690 had been made during the financial year ended 31 December 2021 (Notes 7, 37 and 38).

The carrying amount of goodwill as at 31 December 2022 and 31 December 2021 is S$Nil (Notes 7, 37 and 38).

Valuation of unquoted equity investments

For unquoted equity investments (Note 5), the Group elects to measure these equity instruments at fair value through other comprehensive income ("FVOCI") due to the Group's intention to hold these equity instruments for long-term appreciation. As the acquisition of 18.41% equity investment in Adazal Private Limited was completed on 29 December 2021 and acquisition of 8.04% equity investment in Medtel Healthcare Private Limited during the financial year ended 31 December 2022, the agreed purchase consideration represents the fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The agreed purchase consideration which approximate the fair value is based on management valuations using external valuers. Estimating the fair value is a complex process involving judgements and estimates regarding various inputs and underlying assumptions. This is due to the nature of the underlying assets comprising many categories of assets and liabilities recorded in the statement of financial position of the investee. The valuation of these investments involves the use of unobservable inputs. The valuations are sensitive to key assumptions applied in deriving the significant unobservable inputs.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable values for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 9 to the financial statements. If the net realisable values of the inventories decrease/increase by 10% from management's estimates, the Group's results for the year will decrease/increase by S$332,517 (2021 – S$418,997).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit losses of trade receivables

The Group and the Company use a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates and forecast economic conditions to determine the ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information relating to ECLs on the Group's and the Company's trade receivables is disclosed in Note 33.1. If the loss rates increase/decrease by 10% from management's estimates, the Group's and the Company's allowance for impairment of trade receivables will increase/decrease by S$721,092 (2021 – S$1,152,992) and S$318,408 (2021 – S$435,272), respectively.

2(b) Adoption of new and revised SFRS(I) effective in 2022

On 1 January 2022, the Group adopted the following SFRS(I) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Reference	Description	Effective date (Annual periods beginning on or after)
Amendment to SFRS(I) 16	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to SFRS(I) 1-37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to SFRS(I) 1-16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020:		
Amendment to SFRS(I) 1	Subsidiary as a First-time Adopter	1 January 2022
Amendment to SFRS(I) 1-41	Taxation in Fair Value Measurements	1 January 2022
Amendment to SFRS(I) 9	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendment to SFRS(I) 16	Lease Incentives	1 January 2022

The adoption of these new and amended SFRS(I) did not result in substantial changes to the Group's accounting policies or have any significant impact on these financial statements.

2(c) New standards and interpretations not yet adopted

The following are the new or amended SFRS(I) and SFRS(I) INT issued that are not yet effective but may be early adopted for the current financial year. However, the Group has not early adopted the new or amended SFRS(I) and SFRS(I) INT in preparing these financial statements:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-8	Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined
Amendments to SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 4	Extension of the Temporary Exemption from applying SFRS(I) 9	1 January 2023
SFRS(I) 17	Insurance Contracts	1 January 2023

Below are the relevant new or amended SFRS(I) that may affect the Group and the Company. There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies

The amendments provide guidance and examples to help a reporting entity apply materiality judgement to accounting policy disclosures. The amendments aim to help the entity to provide accounting policy disclosures that are more useful by replacing the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies and by adding guidance on how the entity applies the concept of materiality in making decisions about accounting policy disclosures.

The amendments to SFRS(I) 1-1 are effective for reporting periods beginning on or after 1 January 2023 and are applied prospectively. Early application is permitted. The amendments to SFRS(I) Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(c) New standards and interpretations not yet adopted (Cont'd)

Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for reporting periods beginning on or after 1 January 2023. Early application is permitted. The amendments shall be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

2(d) Summary of significant accounting policies

Consolidation

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

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

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

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

(i) power over the investee;
(ii) exposure, or rights or variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment 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, or when applicable, the cost on initial recognition of an investment in an associate.

Consolidation of the subsidiaries in the PRC is based on the subsidiaries' financial statements prepared in accordance with SFRS(I). Profits reflected in the financial statements prepared in accordance with SFRS(I) may differ from those reflected in the statutory financial statements of the subsidiaries prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the subsidiaries are based on the amounts stated in the statutory financial statements.

Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises:

– the fair values of the assets transferred;

– the liabilities incurred to the former owners of the acquire;

– the equity interests issued by the Group;

– the fair value of any asset or liability resulting from a contingent consideration arrangement; and

– fair value of any pre-existing equity interest in the subsidiary.

In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 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.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of acquiree's identifiable net assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as 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's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the 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.

Goodwill arising from acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments.

Goodwill is not amortised but is reviewed for impairment at least annually. 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 its carrying amount, 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. On disposal of a subsidiary, or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash generating unit.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Building improvements and renovations	3 to 5 years
Plant and machinery	5 to 10 years
Furniture and fittings	5 years
Office equipment	5 years
Computers	5 years
Motor vehicles	5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the property, plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes party to the contractual provisions of the financial instruments. Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at FVTPL, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition. Refer to the accounting policy on "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group has no financial assets at FVOCI with recycling of cumulative gain/losses (debt instrument) and at FVTPL.

Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortised cost comprise trade and other receivables (excluding net input tax) and cash and bank balances.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Financial assets designated at FVOCI (equity instruments)

On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in FVOCI. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has equity investments designated as financial asset at FVOCI (equity instruments).

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its debt instrument financial assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group adopts the simplified approach.

For other receivables and debt instruments at FVOCI, the Group adopts the general approach.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities

Initial recognition and measurement

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

Financial liabilities are recognised initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Group's financial liabilities comprise borrowings, lease liabilities and trade and other payables (excluding net output tax and provision for retirement benefits).

After initial recognition, financial liabilities that are not carried at FVTPL, such as interest-bearing borrowings, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Borrowings

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position if the loan facility agreements include an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed after the reporting period and before the authorisation of the financial statements for issue not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least twelve months after that date.

Subsequent measurement

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Borrowing costs are recognised in profit or loss using the effective interest method.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method. Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Subsequent measurement (Cont'd)

Financial guarantees

The Company has issued corporate guarantees to banks for the borrowings of certain subsidiaries. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially as liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantees.

Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from a customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and bank balances

Cash and bank balances comprise cash balances and bank deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Disposal group held-for-sale

The assets and liabilities of a disposal group are classified as held-for-sale and presented separately from other assets and liabilities, respectively, in the statements of financial position, and the disposal group is carried at the lower of carrying amount and fair value less costs to sell, if its carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss. Any cumulative income or expense recognised directly in equity relating to the disposal group classified as held-for-sale is presented separately as other reserve in the consolidated statement of changes in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Leases

<u>The Group as a lessee</u>

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (including extension option) unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Lease liability (Cont'd)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liabilities are presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Right-of-use asset (Cont'd)

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Properties	3 years
Plant and machinery	3 to 10 years
Office equipment	3 to 5 years
Motor vehicles	5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of 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.

2(d) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. The subsidiaries in Malaysia, Thailand and the PRC are required to provide certain staff pension contributions to their employees under existing regulations. Pension contributions are provided at rates stipulated by the regulations and are contributed to pension funds managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The Company and its Singapore incorporated subsidiary make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The subsidiary in Thailand operates a defined benefit pension plan according to the requirements of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The liability in respect of the defined benefit plan is the present value at the end of the reporting period, of the amount of future benefit that employees have earned in return for their service in the current and prior periods. The Group determines the present value of the defined benefit obligation with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

Employee share option scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to the share capital account when new ordinary shares are issued.

The share option reserve is transferred to retained earnings upon expiry of the options.

Related parties

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 the 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).
- (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.

2(d) Summary of significant accounting policies (Cont'd)

Related parties (Cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged pro rata to the assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

- A reversal of an impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2(d) Summary of significant accounting policies (Cont'd)

Revenue from contracts with customers

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

<u>Sale of goods</u>

The Group supplies components and tools to manufacturers, and medicine to customers. Revenue from the sale of goods is recognised at a point in time when the goods are delivered to the customer, all criteria for acceptance have been satisfied, and the customer obtains control of the goods, including the legal title to the goods and the significant risks and rewards of ownership of the goods.

<u>Services rendered</u>

The Group provides healthcare services to customers. Revenue from healthcare services is recognised at the point of time when service is completed.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Government grant is recognised at its fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Functional currencies

<u>Functional and presentation currency</u>

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore Dollar, which is also the functional currency of the Company.

2(d) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

Group entities

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

(i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the foreign currency translation reserve in equity.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO"), who is the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 32 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Earnings per share

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

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

3 Property, plant and equipment

The Group	Building improvements and renovations (at cost) S$	Plant and machinery (at cost) S$	Furniture and fittings (at cost) S$	Office equipment (at cost) S$	Computers (at cost) S$	Motor vehicles (at cost) S$	Total S$
Cost or valuation							
At 1 January 2021	3,410,839	36,333,005	221,870	628,354	2,295,736	153,701	43,043,505
Additions	36,406	192,855	33,288	7,710	45,154	–	315,413
Disposals	–	(70,711)	(1,077)	(867)	(21,778)	–	(94,433)
Business combination (Note 6a)	–	–	–	1,438	325	–	1,763
Exchange difference on translation	30,452	(324,610)	(2,555)	793	10,398	(5,486)	(291,008)
At 31 December 2021	**3,477,697**	**36,130,539**	**251,526**	**637,428**	**2,329,835**	**148,215**	**42,975,240**
Additions	**136,551**	**296,560**	**724**	**8,619**	**47,767**	**3,927**	**494,148**
Disposals	**(356,702)**	**(2,368,410)**	**(51,915)**	**(44,115)**	**(190,613)**	**(974)**	**(3,012,729)**
Transferred from right-of-use assets (Note 4)	**–**	**368,417**	**–**	**–**	**–**	**–**	**368,417**
Exchange difference on translation	**(256,824)**	**(1,029,545)**	**(18,409)**	**(21,763)**	**(73,236)**	**(8,739)**	**(1,408,516)**
At 31 December 2022	**3,000,722**	**33,397,561**	**181,926**	**580,169**	**2,113,753**	**142,429**	**39,416,560**
Accumulated depreciation and impairment							
At 1 January 2021	2,270,794	32,369,436	204,825	471,087	2,049,729	112,028	37,477,899
Depreciation	364,867	767,078	26,362	28,904	142,886	2,033	1,332,130
Impairment of assets	84,288	213,415	12,390	8,825	–	–	318,918
Disposals	–	(58,356)	–	(897)	(21,504)	–	(80,757)
Exchange difference on translation	23,686	(282,110)	(2,953)	740	7,277	(9,859)	(263,219)
At 31 December 2021	**2,743,635**	**33,009,463**	**240,624**	**508,659**	**2,178,388**	**104,202**	**38,784,971**
Depreciation	**277,807**	**808,925**	**15,310**	**16,302**	**98,212**	**976**	**1,217,532**
Impairment of assets	**–**	**120,496**	**–**	**–**	**–**	**–**	**120,496**
Disposals	**(321,903)**	**(1,544,832)**	**(51,915)**	**(40,218)**	**(184,569)**	**(974)**	**(2,144,411)**
Transferred from right-of-use assets (Note 4)	**–**	**101,427**	**–**	**–**	**–**	**–**	**101,427**
Exchange difference on translation	**(222,363)**	**(809,629)**	**(22,093)**	**(17,508)**	**(66,956)**	**(8,322)**	**(1,146,871)**
At 31 December 2022	**2,477,176**	**31,685,850**	**181,926**	**467,235**	**2,025,075**	**95,882**	**36,933,144**
Carrying amount							
At 31 December 2022	**523,546**	**1,711,711**	**–**	**112,934**	**88,678**	**46,547**	**2,483,416**
At 31 December 2021	734,062	3,121,076	10,902	128,769	151,447	44,013	4,190,269

3 Property, plant and equipment (Cont'd)

The Company	Renovations S$	Furniture and fittings S$	Office equipment S$	Computers S$	Total S$
Cost					
At 1 January 2021	8,180	1,430	56,051	1,304,850	1,370,511
Additions	–	–	2,121	19,573	21,694
At 31 December 2021	**8,180**	**1,430**	**58,172**	**1,324,423**	**1,392,205**
Additions	**–**	**–**	**–**	**33,780**	**33,780**
Disposals	**–**	**–**	**–**	**(1,820)**	**(1,820)**
At 31 December 2022	**8,180**	**1,430**	**58,172**	**1,356,383**	**1,424,165**
Accumulated depreciation					
At 1 January 2021	5,454	1,430	51,940	1,238,431	1,297,255
Depreciation	2,726	–	3,494	34,146	40,366
At 31 December 2021	**8,180**	**1,430**	**55,434**	**1,272,577**	**1,337,621**
Depreciation	**–**	**–**	**1,057**	**19,113**	**20,170**
Disposals	**–**	**–**	**–**	**(212)**	**(212)**
At 31 December 2022	**8,180**	**1,430**	**56,491**	**1,291,478**	**1,357,579**
Carrying amount					
At 31 December 2022	**–**	**–**	**1,681**	**64,905**	**66,586**
At 31 December 2021	–	–	2,738	51,846	54,584

Impairment testing

For the financial year ended 31 December 2022

In relation to Malaysia CGU, certain machineries that are no longer in use were written down using fair value less costs of disposal. These machinery will be sold subsequent to year end. Management has estimated a loss of Malaysian Ringgit 384,000 (S$120,496) arising from the sale of these machinery and has provided impairment for these machinery for the financial year ended 31 December 2022.

For the financial year ended 31 December 2021

In view of the losses incurred by the business in Thailand, management has assessed that there are indications of impairment of plant and equipment and right-of-use assets of the branch at Samut Prakan. Management plans to close the branch and have negotiated with a buyer who has agreed to purchase the identified plant and equipment and right-of-use asset with carrying amount of Thai Baht 23,254,717 (S$941,627) and Thai Baht 3,233,739 (S$130,940) respectively before impairment, for Thai Baht 10 million (S$404,974).

Management has impaired the plant and equipment and right-of-use assets amounting to S$318,918 and S$371,507 (Note 4) respectively, based on the fair value less costs of disposal.

For the value less cost of disposal, the revalued net assets value is determined based on the fair value of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4 Right-of-use assets

The Group	Properties S$	Plant and machinery S$	Office equipment S$	Motor vehicles S$	Total S$
Cost					
At 1 January 2021	2,732,299	4,338,499	35,727	71,758	7,178,283
Additions	3,273,763	–	–	–	3,273,763
Lease modifications	(1,122,445)	(911)	–	–	(1,123,356)
Business combination (Note 6a)	95,471	–	–	–	95,471
Exchange difference on translation	(15,305)	(148,394)	(548)	(2,591)	(166,838)
At 31 December 2021	**4,963,783**	**4,189,194**	**35,179**	**69,167**	**9,257,323**
Additions	**494,634**	**–**	**48,115**	**–**	**542,749**
Disposals	**(716,200)**	**–**	**–**	**–**	**(716,200)**
Transferred to property, plant and equipment (Note 3)	**–**	**(368,417)**	**–**	**–**	**(368,417)**
Exchange difference on translation	**(320,439)**	**(216,139)**	**(3,647)**	**(3,753)**	**(543,978)**
At 31 December 2022	**4,421,778**	**3,604,638**	**79,647**	**65,414**	**8,171,477**
Accumulated depreciation and impairment					
At 1 January 2021	1,096,412	984,773	13,537	19,166	2,113,888
Depreciation	893,773	553,243	8,668	16,018	1,471,702
Impairment of assets	–	371,507	–	–	371,507
Lease modifications	(775,997)	–	–	–	(775,997)
Exchange difference on translation	348,978	(45,333)	(201)	(1,061)	302,383
At 31 December 2021	**1,563,166**	**1,864,190**	**22,004**	**34,123**	**3,483,483**
Depreciation	**1,086,891**	**279,512**	**30,465**	**12,619**	**1,409,487**
Disposals	**(520,091)**	**–**	**–**	**–**	**(520,091)**
Transferred to property, plant and equipment (Note 3)	**–**	**(101,427)**	**–**	**–**	**(101,427)**
Exchange difference on translation	**(133,631)**	**(81,298)**	**(2,293)**	**(2,074)**	**(219,296)**
At 31 December 2022	**1,996,335**	**1,960,977**	**50,176**	**44,668**	**4,052,156**
Carrying amount					
At 31 December 2022	**2,425,443**	**1,643,661**	**29,471**	**20,746**	**4,119,321**
At 31 December 2021	3,400,617	2,325,004	13,175	35,044	5,773,840

4 Right-of-use assets (Cont'd)

The Company	Properties S$
Cost	
At 1 January 2021, 31 December 2021 and 31 December 2022	185,965
Accumulated depreciation	
At 1 January 2021	60,313
Depreciation	60,313
At 31 December 2021	**120,626**
Depreciation	60,313
At 31 December 2022	**180,939**
Carrying amount	
At 31 December 2022	**5,026**
At 31 December 2021	65,339

Properties relate to the Group's factory premises and the Company's office premises under leasing arrangements.

Details of the properties in the Group's right-of-use assets as at the reporting date are as follow:

Property name/ Location	Description/ Existing use	Gross floor area/ Land area	Tenure	The Group's effective equity interest
7030 Ang Mo Kio Avenue 5 Northstar@AMK #08-85 Singapore 569880	Office	3,767 sq.ft.	60 years leasehold from 2017	100%
No. 25, Jalan Firma 1, Tebrau 1 Industrial Estate 81100 Johor Bahru	Entire land together with a factory-cum-office building guardhouse with a covered area and terrace erected	3,717 sqm	Leasehold	100%
No. 7 Jalan Tampoi 7/4, Kawasan Perusahaan Jalan Tampoi, 81200 Johor Bahru.	Entire land together with a factory-cum-office building guardhouse with a covered area and terrace erected	8,389 sqm	Freehold	100%
138 Moo 4, Petchkasem Road, Saphang Sub-district, Khao Yoi District, Phetchaburi Province	Entire land together with a factory building	2,874 sqm	Freehold	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4 Right-of-use assets (Cont'd)

Property name/ Location	Description/ Existing use	Gross floor area/ Land area	Tenure	The Group's effective equity interest
88/63, 64, 65 292 Moo 21, Bang Phli Yai Sub-district, Samut Prakan Province	Building	3,870 sqm	Freehold	100%
29#Dongfu Road,Suzhou Industry Park, Suzhou, Jiangsu province, China	Entire land together with a factory-cum-office building	6,357 sqm	50-year-lease-hold, (Commence from 24 June 2004)	100%
28# Dongfu Road, Suzhou Industry Park, Suzhou, Jiangsu province, China	Entire land together with a factory-cum-office building	6,083 sqm	50-year-lease-hold, (Commence from 12 July 2005)	100%
Braddell House 1 Lorong 2 Toa Payoh #02-02 Singapore 319637	Office	1,800 sq. ft	Leasehold	100%

As at 31 December 2022, the carrying amount of the Group's motor vehicles under hire purchase arrangement amounted to S$20,746 (2021 – S$35,044).

For the financial year ended 31 December 2022, additions to right-of-use assets amounted to S$542,749 (2021 – S$3,273,763), was acquired under leasing or hire purchase arrangements. There were no cash payments made for addition of right-of-use assets.

During the financial year ended 31 December 2021, the Group has negotiated an existing lease contract for its factory premise through reducing the lease term and revising the annual lease payments. As this extension is not part of the original terms and conditions, it is accounted for as a lease modification whereby the lease liability is remeasured and the corresponding right-of-use asset is adjusted.

Information on the Group's leasing activities are disclosed in Note 29.

For the financial year ended 31 December 2022

There were no indications of impairment in the right-of-use assets at the end of the reporting period.

For the financial year ended 31 December 2021

Other than the business in Thailand as disclosed in Note 3, there were no indications of impairment in the right-of-use assets at the end of the reporting period.

5 Other investments

The Group	2022 S$	2021 S$
Unquoted equity instruments at fair value through other comprehensive income:		
At beginning of the year	**2,024,850**	–
Additions	**450,480**	2,024,850
Fair value change	**(2,069,850)**	–
At end of the year	**405,480**	2,024,850

The Group	2022 S$	2021 S$
Non-current		
Unquoted equity instruments		
– Adazal Private Limited – incorporated in Singapore[(1)]	**–**	2,024,850
– Medtel Healthcare Private Limited – incorporated in India[(2)]	**405,480**	–
	405,480	2,024,850

Notes:

(1) The unquoted equity shares represents investment in corporation which is engaged in online commerce activities, and comprises less than 18.41% ownership interests in the investee.

(2) The unquoted equity shares represents investment in corporation which is engaged in medication activities, and comprises less than 8.04% ownership interests in the investee.

The above equity investments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Group has elected to designate them as at FVOCI because the Group views that recognising short-term fluctuations in their fair value in profit or loss is not consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Fair value loss in equity investments at FVOCI recognised in other comprehensive income amounts to S$2,069,850 (2021: S$Nil).

Fair value is disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6 Subsidiaries

The Company	**2022** **S$**	2021 S$ Restated
Unquoted equity investments, at cost		
At 1 January	**26,647,273**	20,396,266
Increase in investment in a subsidiary	**9,690,283**	6,483,010
Disposal within the Group	**(14,039,198)**	(232,003)
At 31 December	**22,298,358**	26,647,273
Allowance for impairment losses		
At 1 January	**8,807,728**	4,250,100
Allowance made	**3,229,364**	4,789,631
Allowance reversed	**–**	(232,003)
At 31 December	**12,037,092**	8,807,728
Carrying amount	**10,261,266**	17,839,545

During the financial year ended 31 December 2022, the Company contributed additional capital of Nil (2021 – S$404,160) in its wholly-owned subsidiary in the PRC, MCE Technologies (Suzhou) Co., Ltd ("MCE Suzhou") and S$2,000,000 (2021 – S$6,078,850) in 5Digital Pte Ltd. The amount of S$7,690,283 is due to the internal restructuring of 3 subsidiaries (MCE Technologies Sdn Bhd, MCT (Thailand) Co., Ltd and MCE Technologies (Suzhou) Co., Ltd) from the Company to MCE Technologies Holdings Pte. Ltd.

Restructuring of subsidiaries

During the financial year ended 31 December 2022, the Company transferred three directly wholly-owned subsidiaries to its subsidiary, MCE Technologies Holdings Pte. Ltd. at net book value of the subsidiaries. At the date of transfer, the net book value of subsidiaries were as follows:

Name of subsidiaries	**Date of transferred**	**Net book value** **S$**
MCE Technologies Sdn Bhd	13 September 2022	**2,879,005**
MCT (Thailand) Co., Ltd.	21 April 2022	**3,016,331**
MCE Technologies (Suzhou) Co., Ltd	2 June 2022	**1,794,947**
		7,690,283

The net book value transferred are recorded as investment in subsidiary – MCE Technologies Holdings Pte. Ltd.

Impairment testing

For the financial year ended 31 December 2022

There were indicators of impairment in investment in 5Digital Pte Ltd. The CGU comprises 5Digital Pte Ltd and the Gainhealth Group. The recoverable amount of the investments is based on the higher of the recoverable amount which is value-in-use. calculation. The cost of investment is impaired by S$3,229,364 as the carrying amount of the investment is higher than the recoverable amount.

6 Subsidiaries (Cont'd)

For the financial year ended 31 December 2021

An impairment of S$4,789,631 was made in the investment in 5Digital Pte Ltd at the end of the reporting period through a prior year adjustment (Note 38) as a result of some irregularities that arose as disclosed in Note 37, Events subsequent to the reporting date.

Key assumptions used for value-in-use calculations:

The Company	**2022** %	2021 %
Budgeted gross profit margin	**40.0**	40.0
Growth rate[1]	**30.0**	30.0
Terminal growth rate	**1.6**	1.6
Discount rate[2]	**17.5**	17.5

(1) Compound annual growth rate
(2) Pre-tax discount rate applied to the pre-tax cash flow projections based on the weighted average cost of capital

Details of the subsidiaries are:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held **2022** %	2021 %
Held by the Company				
5Digital Pte Ltd[a]	Investment holding	Singapore	**100**	100
MCE Technologies Holdings Pte Ltd[a]	Investment holding	Singapore	**100**[e]	–
MCE Technologies Sdn Bhd[b]	Metal stamping and manufacturing of tools and fixtures	Malaysia	**–**[f]	100
MCT (Thailand) Co., Ltd.[c]	Metal stamping and manufacturing of tools and fixtures	Thailand	**–**[f]	100
Metal Component Engineering (Shanghai) Co., Ltd[d]	Metal stamping and manufacturing of tools and fixtures (inactive)	People's Republic of China	**100**	100
Metal Component Technologies (Wuxi) Co., Ltd[d]	Metal stamping and manufacturing of tools and fixtures (inactive)	People's Republic of China	**100**	100
MCE Technologies (Suzhou) Co., Ltd[d]	Metal stamping and manufacturing of tools and fixtures	People's Republic of China	**–**[f]	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6 Subsidiaries (Cont'd)

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held 2022 %	2021 %
Held by MCE Technologies Holdings Pte Ltd				
MCE Technologies Sdn Bhd[(b)]	Metal stamping and manufacturing of tools and fixtures	Malaysia	**100**[(f)]	–
MCT (Thailand) Co., Ltd.[(c)]	Metal stamping and manufacturing of tools and fixtures	Thailand	**100**[(f)]	–
MCE Technologies (Suzhou) Co., Ltd[(d)]	Metal stamping and manufacturing of tools and fixtures	People's Republic of China	**100**[(f)]	–
Held by MCE Technologies (Suzhou) Co., Ltd				
MCE Corporation (Shanghai) Co., Ltd[(d)]	Trading of tools, components, product assemblies and related products	People's Republic of China	**100**	100
Held by 5Digital Pte Ltd				
Gainhealth Pte Ltd[(a)]	Clinics and other general medical services	Singapore	**100**[(g)]	85.1
Held by Gainhealth Pte. Ltd.				
Gainfood Pte Ltd[(a)]	E-commerce sales and retail sales of health supplement and food products	Singapore	**60**	60
Gainhealth Digital Sdn Bhd[(b)]	E-commerce for medication delivery services and health gain product	Malaysia	**100**	100

(a) Audited by Foo Kon Tan LLP, a principal member firm of HLB International
(b) Audited by HLB Ler Lum, Malaysia, a member firm of HLB International
(c) Audited by Grant Thornton Limited, Thailand
(d) Audited by RSM China
(e) Incorporated on 2 March 2022
(f) Restructured under MCE Technologies Holdings Pte Ltd
(g) Acquisition of non-controlling interest. See Note 6(c).

6 Subsidiaries (Cont'd)

6(a) Acquisition of subsidiary

Identifiable assets acquired and liabilities assumed at fair value on 13 July 2021	S$
Cash and cash equivalent	8,000
Property, plant and equipment	1,763
Right-of-use asset	95,471
Inventories	31,220
Receivables	202,600
Payables	(101,254)
Lease liability	(92,300)
Borrowings	(80,000)
Identifiable net assets acquired	65,500
Less: Non-controlling interest	(8,000)
	57,500

Goodwill arising from acquisition	
Consideration transferred	4,523,000
Add: Contingent consideration	2,583,190
Less: Fair value of identifiable net assets acquired, net of non-controlling interests	(57,500)
Goodwill arising from acquisition (Note 7)	7,048,690

Effect on cash flows of the Group	
Cash consideration paid	(3,769,000)
Less: Cash and cash equivalents in acquiree	8,000
Net cash outflows on acquisition	(3,761,000)

The Group has elected to recognise the 14.9% non-controlling interests in Gainhealth based on its proportionate share in the recognised amounts of identifiable assets acquired and liabilities assumed of the acquiree.

Contingent consideration

During the financial year ended 31 December 2022, the Group completed the valuation of Gainhealth Pte Ltd and determine the contingent consideration of S$2,694,500. The payment of the contingent consideration was completed during the financial year ended 31 December 2022 as follows:

(a) S$2,622,277 in cash; and

(b) 1,951,977 ordinary shares of the Company (Note 13) at S$0.037 per share amounting to S$72,223.

The fair value of the contingent consideration is determined to be S$2,583,190 after discounting to the date of acquisition. The Group has restated the goodwill on acquisition of Gainhealth Pte Ltd as at 31 December 2021 based on the contingent consideration measured above. Please refer to Note 38 for the restatement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6 Subsidiaries (Cont'd)

6(b) Disposal of subsidiary

On 19 October 2021, the Group disposed its wholly-owned subsidiary, MCE Industries (Shanghai) Co., Ltd which was classified as disposal group held for sale as at 31 December 2020.

	The Group 2021 $
Carrying amounts of net assets over which control was lost	
Leasehold land and buildings	12,125,475
Other receivables	447,379
Cash and bank balances	157,071
Deferred tax liabilities	(2,402,025)
Trade and other payables	(413)
Revaluation reserve	(7,359,576)
Net assets derecognised	2,967,911
Consideration received	
Cash and cash equivalents	14,473,091
Total consideration received	14,473,091
Gain on disposal	
Total consideration received	14,473,091
Add: Foreign currency translation reserve derecognised (Note 38)	648,734
Less: Net assets derecognised	(2,967,911)
Less: Cost of disposal	(2,340,180)
Gain on disposal as restated	9,813,734
Net cash inflows arising on disposal	
Consideration received in cash and cash equivalents	14,437,091
Less: First tranche payment received in 2020	(4,754,998)
Less: Cash and cash equivalents disposed	(157,071)
Less: Professional fees	(818,313)
Net cash inflows arising on disposal, net	8,706,709

6(c) Acquisition of non-controlling interest in Gainhealth Pte Ltd

On 12 July 2022, the Group. further acquired 14.9% of the issued share capital in Gainhealth Pte Ltd ("Gainhealth"), at a consideration of S$960,000. The consideration to the non-controlling interest was S$600,000 in cash of which S$400,000 has been paid during the year and allotment of 12,000,000 new ordinary shares in the capital of the Company (Note 13) on 16 August 2022, at an issue price of S$0.03. The fair value of the shares issued is S$360,000. This transaction was completed on 17 August 2022.

The Group recognised a decrease in non-controlling interests ("NCI") of S$75,048 and a decrease in equity attributable to owners of the Company of S$884,952. The effect on the equity attributable to the owners of the Company arising from this transaction with non-controlling interests is summarised as follows:

The Group	**2022** **S$**	2021 S$
Carrying amount of NCI acquired	**75,048**	–
Consideration paid to NCI	**(960,000)**	–
Excess of consideration paid recognised within equity attributable to owners of the Company	**(884,952)**	–

7 Goodwill

The Group	**2022** S$	2021 S$ Restated
Cost		
At beginning of year	**7,048,690**	–
Goodwill arising from acquisition	**–**	7,048,690
At end of year	**7,048,690**	7,048,690
Allowance for impairment losses		
At beginning and end of year	**7,048,690**	–
Additions	**–**	7,048,690
	7,048,690	7,048,690
Carrying amount	**–**	–

Impairment testing

As at 31 December 2021, the carrying amount of goodwill was attributable to the Group's cash-generating units ("CGU") comprising Gainhealth Group ("Gainhealth CGU"). The cost was re-assessed for impairment testing (Note 37).

The recoverable amounts of the CGUs were determined based on value in use ("VIU") calculations. VIU of the CGU was estimated to be higher than their carrying amounts as at 31 December 2021. The VIU calculation is a discounted cash flow model using cash flow projections based on financial budget prepared by management covering a five-year period with terminal value for Gainhealth Pte Ltd. Cash flows for the budgeted period were extrapolated using the estimated growth rates stated below.

Impairment loss amounting to S$7,048,690 was recognised through a prior year adjustment (Note 38) for goodwill as the recoverable amount of the CGU is lower than the carrying amount as at 31 December 2021 as a result of some irregularities that arose as disclosed in Note 37, Events subsequent to the reporting date.

Key assumptions used for value-in-use calculations:

The Group	Gainhealth CGU 2021 %
Budgeted gross profit margin	40.0
Growth rate[1]	30.0
Terminal growth rate	1.6
Discount rate[2]	17.5

(1) Compound annual growth rate
(2) Pre-tax discount rate applied to the pre-tax cash flow projections based on the weighted average cost of capital

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For the financial year ended 31 December 2022

8 Deferred taxation

The Group	**2022** **S$**	2021 S$
Deferred tax assets:		
At 1 January	**171,812**	138,363
Recognised in profit or loss (Note 26)	**(100,318)**	35,542
Exchange difference on translation	**(7,294)**	(2,093)
At 31 December	**64,200**	171,812
To be settled after one year	**64,200**	171,812

The balance comprises tax on the following temporary differences:

The Group	**2022** **S$**	2021 S$
Unused tax losses	**64,200**	171,812

<u>Unrecognised temporary differences relating to investments in subsidiaries</u>

On 22 February 2008, the Ministry of Finance and the State Administration of Taxation of the PRC issued a joint circular Caishui [2008] No. 1 which states that the distribution of dividends after 1 January 2008 from profits derived before 1 January 2008 will be exempted from withholding tax on distribution to non-resident shareholders. Whereas, dividends distributed out of profits generated thereafter, shall be subject to Enterprise Income Tax ("EIT") at 10% and withheld by foreign invested enterprises, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Detailed Implementation Regulations. Non-resident shareholders in countries under double tax treaty with the PRC may enjoy a reduced withholding tax at 5% if certain conditions are met.

Accordingly, there were no deferred tax liabilities arising from undistributed profits of the PRC subsidiaries accumulated up till 31 December 2007 (the "exemption period"). After the exemption period, deferred tax liabilities would be required to the extent per SFRS(I) 1-12 Income Taxes on profits accumulated from 1 January 2008.

No deferred tax liabilities have been recognised for withholding tax that would be payable on undistributed earnings of the subsidiaries in the PRC as the Group has control over any distribution and has determined that portion of the undistributed earnings of the subsidiaries will not be distributed in the foreseeable future.

At the end of the reporting period, there are no undistributed earnings of the subsidiaries in the PRC.

8 Deferred taxation (Cont'd)

Unrecognised temporary differences relating to unused tax losses and credits

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

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Unused tax losses	**18,584,013**	17,156,213	**8,898,563**	8,666,039
Unabsorbed capital allowances	**1,922,476**	1,738,767	**1,768,817**	1,738,657
	20,506,489	18,894,980	**10,667,380**	10,404,696
Tax effect on above temporary differences	**5,654,533**	3,805,971	**1,813,455**	1,768,798

The unused tax losses and unabsorbed capital allowances are allowed to be carried forward and used to offset against future taxable profits of the Company and its subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations in the respective countries in which the Company and its subsidiaries operate. Deferred tax assets have not been recognised in respect of these items due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

The above unused tax losses and unabsorbed capital allowances have no expiry date under the respective tax jurisdictions, except for the following amounts of unused tax losses:

	2022	2021
The Group	**S$**	S$
Expiring in:		
- 2022	**–**	4,117,533
- 2023	**2,402,730**	2,402,730
- 2024	**47,132**	47,132
- 2027	**528,366**	–
	2,978,228	6,567,395

9 Inventories

	2022	2021
The Group	**S$**	S$
Raw materials (at cost)	**736,674**	1,700,233
Work in progress (at cost)	**1,010,554**	1,332,022
Finished goods (at net realisable value)	**1,577,940**	1,157,717
	3,325,168	4,189,972

The costs recognised as expense for raw materials and consumables together with changes in finished goods and work in progress in the consolidated statement of profit or loss amounted to S$18,840,113 (2021 – S$22,486,716) for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 Inventories (Cont'd)

Inventories are stated at the lower of cost and net realisable value, after allowance for write-down of certain inventories to net realisable value.

Inventories are expected to be recovered within twelve months from the reporting date.

The movement in allowance for write-down of inventories is as follows:

The Group	**2022** **S$**	2021 S$
At 1 January	**905,830**	841,560
Allowance (reversed)/made (Note 23)	**(11,248)**	76,015
Allowance utilised	**(606,930)**	–
Exchange difference on translation	**(19,093)**	(11,745)
At 31 December	**268,559**	905,830

10 Trade and other receivables

	The Group		The Company	
	2022 **S$**	2021 S$	**2022** **S$**	2021 S$
Trade receivables				
- third parties	**7,870,730**	11,541,580	**537,924**	1,781,703
- subsidiaries	**–**	–	**2,896,177**	2,821,036
	7,870,730	11,541,580	**3,434,101**	4,602,739
Less: Allowance for impairment losses				
- third parties	**(659,807)**	(11,657)	**(11,657)**	(11,657)
- subsidiaries	**–**	–	**(238,361)**	(238,361)
	(659,807)	(11,657)	**(250,018)**	(250,018)
	7,210,923	11,529,923	**3,184,083**	4,352,721
Amounts due from subsidiaries (non-trade)	**–**	–	**9,642,788**	12,489,830
Less: Allowance for impairment losses	**–**	–	**(6,242,131)**	(6,242,131)
	–	–	**3,400,657**	6,247,699
Deposits	**833,251**	1,045,932	**16,521**	16,290
Other receivables	**189,430**	213,127	**38,960**	93,198
Less: Allowance for impairment losses				
- third parties	**(111,606)**	–	**–**	–
Financial assets at amortised cost	**8,121,998**	12,788,982	**6,640,221**	10,709,908
Input taxes, net	**1,058**	45,474	**22,663**	21,690
Total	**8,123,056**	12,834,456	**6,662,884**	10,731,598

Included in deposit is an amount of S$380,140 (2021 – S$191,234) that relates to deposit placed with PT. Gaido Digital Medika, a company incorporated in Indonesia. The deposit placed is to be converted into ordinary shares of PT Gaido Digital Medika at a later date.

As at 1 January 2022, the Group's and the Company's gross trade receivables related to revenue from contracts with customers due from third parties amounted to S$11,541,580 (2021 – S$9,973,762) and S$1,781,703 (2021 – S$1,092,754), respectively.

10 Trade and other receivables (Cont'd)

The Group and the Company have factored trade receivables with an aggregate carrying amount of S$462,109 (2021 – S$2,030,374) and S$Nil (2021 – S$Nil), respectively, to banks in exchange for cash at the end of the reporting period (Note 15.3). The Group and the Company have retained their rights to receive cash flows from the trade receivables and all risks and rewards in respect of the trade receivables. The transactions have been accounted for as secured borrowings (bills payable to banks) as the banks have full recourse to the Group and the Company in the event of default by the debtors.

The movement in allowance for impairment losses in respect of trade receivables is as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
At 1 January	**11,657**	32,000	**250,018**	5,349,188
Allowance reversed	**–**	(20,343)	**–**	(5,099,170)
Allowance utilised	**–**	–	**–**	–
Allowance made	**648,150**			
Exchange difference on translation	**–**	–	**–**	–
At 31 December	**659,807**	11,657	**250,018**	250,018

Trade receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

The allowance for impairment loss in respect of the Company's trade receivables mainly relates to a trade balance due from a subsidiary which has been credit-impaired.

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

The movement in allowance for impairment losses in respect of non-trade amounts due from subsidiaries is as follows:

The Company	**2022** **S$**	2021 S$
At 1 January	**6,242,131**	2,602,940
Allowance made	**–**	3,639,191
At 31 December	**6,242,131**	6,242,131

The allowance for impairment losses relates to non-trade amounts due from certain subsidiaries which have been credit-impaired. Accordingly, an allowance of S$Nil (2021 – S$3,639,191) was made by the Company to impair the non-trade amounts due from these subsidiaries as at 31 December 2022.

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For the financial year ended 31 December 2022

10 Trade and other receivables (Cont'd)

Trade and other receivables (excluding input taxes) are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Singapore Dollar	**473,121**	1,866,600	**5,210,185**	4,612,150
Malaysian Ringgit	**138,876**	617,871	**9,961**	–
Renminbi	**390,387**	4,271,882	**440,700**	2,866,871
Thai Baht	**1,586,593**	2,741,571	**–**	–
United States Dollar	**5,533,021**	3,291,058	**979,375**	3,230,887
	8,121,998	12,788,982	**6,640,221**	10,709,908

The Group and the Company generally extend credit period of 45 to 90 days (2021 – 45 to 90) to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group and the Company actively review the trade receivable balances and follow up on outstanding debts with the customers.

The credit risk for net trade receivables from third parties based on the information provided to key management is as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
By geographical area				
Southeast Asia	**3,002,888**	5,706,636	**335,032**	1,341,770
China	**3,865,394**	5,491,454	**1,673**	96,441
North America	**245,694**	287,350	**119,239**	287,350
Others	**96,947**	44,483	**70,623**	44,485
	7,210,923	11,529,923	**526,267**	1,770,046

Trade and other receivables that are neither past due nor impaired relate to creditworthy debtors with a good payment record with the Group and the Company.

11 Prepayments

Prepayments mainly relate to payments made to tooling suppliers in advance for goods and services which have not yet been received.

12 Cash and bank balances

	The Group		The Company	
	2022	2021	2022	2021
	S$	S$	S$	S$
Cash in banks	**3,218,224**	10,258,226	**530,351**	3,668,803
Cash on hand	**–**	12,045	**–**	1,500
	3,218,224	10,270,271	**530,351**	3,670,303

Bank deposit of S$Nil (2021 – S$108,084) for the Group was pledged as security in respect of a bank loan (Note 15.1).

12 Cash and bank balances (Cont'd)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	**2022** **S$**	2021 S$
Cash and bank balances	**3,218,224**	10,270,271
Less: Bank overdraft (Note 15.2)	**–**	(13)
Less: Bank deposit pledged	**–**	(108,084)
	3,218,224	10,162,174

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2022 **S$**	2021 S$	**2022** **S$**	2021 S$
Singapore Dollar	**664,466**	2,428,599	**437,322**	283,639
Malaysian Ringgit	**402,734**	705,815	**–**	–
Renminbi	**755,922**	2,024,757	**–**	–
Thai Baht	**541,171**	1,082,817	**–**	–
United States Dollar	**853,931**	4,028,283	**93,029**	3,386,664
	3,218,224	10,270,271	**530,351**	3,670,303

13 Share capital

	The Group and The Company			
	No. of ordinary share		Amount	
	2022	2021	**2022** **$'000**	2021 $'000
Issued and fully paid:				
At 1 January	**524,958,323**	374,119,000	**28,632,172**	21,638,661
Issuance of shares pursuant to new subscriptions				
On 20 April 2021	**–**	26,455,026	**–**	776,399
On 13 July 2021	**–**	13,000,000	**–**	754,000
On 14 July 2021	**–**	5,743,243	**–**	212,500
On 30 July 2021	**–**	14,477,018	**–**	776,913
On 2 December 2021	**–**	66,530,000	**–**	3,281,235
On 29 December 2021	**–**	20,704,036	**–**	1,016,850
On 9 May 2022	**5,593,194**	–	**190,948**	–
On 18 August 2022 (Note 6(c))	**12,000,000**	–	**351,467**	–
	17,593,194	146,909,323	**542,415**	6,817,897
Exercise of share options during financial year ended 31 December 2021	**–**	3,930,000	**–**	175,614
At 31 December	**542,551,517**	524,958,323	**29,174,587**	28,632,172

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For the financial year ended 31 December 2022

13 Share capital (Cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

Issuance of ordinary shares during the financial year ended 31 December 2022

1. On 9 May 2022, the Company issued (i) 1,951,977 new ordinary shares (Note 6a) at an issue price of S$0.037 per share, as payment of contingent consideration (Note 38) to the vendors of Gainhealth and (ii) 3,641,217 new ordinary shares at an issue price of S$0.037 per share, as payment of additional arranger fee pursuant to the sale and purchase agreement for the acquisition of 85.07% of Gainhealth in July 2021, less share issuance expenses of S$16,000.

2. On 16 August 2022, the Company issued 12,000,000 new ordinary shares (Note 6c) at an issue price of S$0.03 per share, to the vendors of Gainhealth, as payment of the consideration for the further acquisition of 14.9% of Gainhealth in July 2022. The fair value of the ordinary shares issued is S$360,000 (Note 6c), less share issuance expenses of S$8,533.

Issuance of ordinary shares during the financial year ended 31 December 2021

1. On 20 April 2021, the Company issued 26,455,026 new ordinary shares at S$0.03024 amounting to S$800,000 pursuant to the placement agreement of 4 April 2021 entered into by the Company with six (6) places. The net proceeds is S$776,399 after deducting cost of issuance.

2. On 13 July 2021, the Company issued 13,000,000 new ordinary shares at S$0.058 amounting to S$754,000 to the Vendors, for the acquisition of Gainhealth Pte Ltd. (Note 6)

3. On 14 July 2021, the Company issued 5,743,243 new ordinary shares at S$0.037 amounting to S$212,500 in accordance with the Arranger Fee Agreement entered into pursuant to the acquisition of Gainhealth Pte Ltd.

4. On 30 July 2021, the Company issued 14,477,018 new ordinary shares at S$0.05526 amounting to S$800,000 pursuant to the placement agreement of 12 July 2021 entered into by the Company with five (5) places. The net proceeds is S$776,913 after deducting cost of issuance.

5. On 2 December 2021, the Company issued 66,530,000 new ordinary shares at S$0.0495 amounting to S$3,293,235 pursuant to the placement agreement of 16 November 2021 entered into by the Company with fifteen (15) places. The net proceeds is S$3,281,235 after deducting cost of issuance.

6. On 29 December 2021, the Company issued 20,704,036 new ordinary shares at S$0.0495 amounting to S$1,024,850 to partly satisfy the consideration for the acquisition of Azadal Private Limited. The net proceeds is S$1,016,850 after deducting cost of issuance. (Note 5)

7. During the financial year ended 31 December 2021, the Company allotted and issued 3,930,000 new ordinary shares to employees upon the exercise of share options under the MCE Share Option Scheme 2003 and the MCE Share Option Scheme 2014. The net proceed is S$175,614 after deducting cost of issuance.

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 December 2022 and 31 December 2021.

14 Reserves

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
		Restated		
Share option reserve	**1,067,769**	520,545	**1,067,769**	520,545
Fair value reserve	**(2,069,850)**	–	**–**	–
Foreign currency translation reserve	**(1,316,153)**	(823,086)	**–**	–
Statutory reserve	**565,844**	556,124	**–**	–
Other reserve	**(884,952)**	–	**–**	–
Accumulated losses	**(21,759,768)**	(13,082,016)	**(23,311,315)**	(11,642,880)
	(24,397,110)	(12,828,433)	**(22,243,546)**	(11,122,335)

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Revaluation reserve

Revaluation reserve arises from the fair value changes on the other investment designated at fair value through other comprehensive income during the year (Note 5).

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the Group's presentation currency.

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, each subsidiary in the PRC is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory net profit for each year, as determined in accordance with the applicable PRC accounting standards and regulations, must be allocated to the SRF until the cumulative total of the SRF reaches at least 50% of the registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital. The SRF is not available for dividend distribution to owners. The directors have decided that 10% of the net profit, as reported in the statutory financial statements of the PRC subsidiaries, be appropriated each year to the SRF.

Other reserve

Other reserve relates to the excess of fair value of consideration paid to acquire non-controlling interest of a subsidiary.

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For the financial year ended 31 December 2022

15 Borrowings

		The Group		The Company	
		2022	2021	**2022**	2021
	Note	**S$**	S$	**S$**	S$
Non-current					
Bank loans	15.1	**2,164,629**	2,869,670	**1,731,205**	2,869,670
Current					
Bank loans	15.1	**1,429,255**	1,054,827	**1,355,216**	939,187
Bank overdraft	15.2	**–**	13	**–**	13
Bills payable to banks	15.3	**2,266,369**	1,676,779	**376,767**	–
Loan from subsidiary	15.4	**–**	–	**403,380**	–
		3,695,624	2,731,619	**2,135,363**	939,200
		5,860,253	5,601,289	**3,866,568**	3,808,870

15.1 Bank loans

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Short-term bank loans				
– secured (a)	**370,299**	80,000	**300,000**	–
	370,299	80,000	**300,000**	–
Long-term bank loans				
– secured (b)	**3,223,585**	3,844,497	**2,786,421**	3,808,857
	3,223,585	3,844,497	**2,786,421**	3,808,857
Represented by:				
Current	**1,429,255**	1,054,827	**1,355,216**	939,187
Non-current	**2,164,629**	2,869,670	**1,731,205**	2,869,670
	3,593,884	3,924,497	**3,086,421**	3,808,857

Bank loans comprise the following:

(a) Short-term bank loans with interest rates of 2.5% per annum, are secured by personal guarantee of a Director of a subsidiary of the Company, Miss Jagannathan Padmaja Sakthi.

(b) Long-term bank loans, comprise:

(i) S$2,786,421 (2021 – S$3,808,857) with an interest rate of 3% per annum repayable in 60 monthly instalments, is secured by corporate guarantee from the Company;

(ii) S$437,164 with an interest rate of 4% per annum repayable in 60 monthly instalments; and

(iii) S$Nil (2021 - S$35,627) with an interest rate of Nil% (2021 - 5.82%) per annum repaid during the year, were secured by bank deposit of S$Nil (2021 - S$108,084) and corporate guarantee from the Company.

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For the financial year ended 31 December 2022

15 Borrowings (Cont'd)

15.2 Bank overdraft

The Group and The Company	**2022** **S$**	2021 S$
Current – Bank overdraft (secured)	**–**	13

The bank overdraft as at 31 December 2021 bore interest at 8.25% per annum and was secured through a corporate guarantee from the Company.

There was no bank overdraft as at 31 December 2022.

15.3 Bills payable to banks

	The Group		The Company	
	2022 **S$**	2021 S$	**2022** **S$**	2021 S$
Current				
Bills payable to banks (secured)	**2,266,369**	1,676,779	**376,767**	–

The bills payable to banks bear interest at variable rates ranging from 4.0% to 5.54% (2021 – 4.0% to 5.54%) per annum for the Group.

The Group's bills payable to banks of S$2,266,369 (2021 – S$1,676,779) are secured through a corporate guarantee from the Company and/or certain trade receivables of the Group with an aggregate carrying amount of S$462,109 (2021 – S$2,030,374) (Note 10).

15.4 Loan from subsidiary

The Company	**2022** **S$**	2021 S$
Loan from a subsidiary (unsecured)	**403,380**	–

The short-term unsecured loan from a subsidiary bears interest at a rate of 6% per annum. The loan is due on 20 October 2023.

15.5 Currency risk

Borrowings are denominated in the following currencies:

	The Group		The Company	
	2022 **S$**	2021 S$	**2022** **S$**	2021 S$
Singapore Dollar	**5,400,945**	3,888,870	**3,086,421**	3,808,870
Malaysian Ringgit	**133,573**	298,039	**–**	–
Thai Baht	**325,735**	1,414,380	**–**	–
United States Dollar	**–**	–	**780,147**	–
	5,860,253	5,601,289	**3,866,568**	3,808,870

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15 Borrowings (Cont'd)

15.6 Weighted average effective interest rates

The weighted average effective interest rates of interest-bearing borrowings at the end of the reporting period are as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	%	%	**%**	%
Bank loans	**2.5 – 4.0**	2.5	**2.5 – 4.0**	3.0
Bills payable to banks	**4.1 – 5.44**	4.1	**4.1 – 5.44**	–

15.7 Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

	Carrying amount S$	Fair value S$
The Group		
2022		
Long-term bank loans	**3,223,585**	**3,435,164**
2021		
Long-term bank loans	3,844,497	4,273,605
The Company		
2022		
Long-term bank loans	**2,786,421**	**2,895,685**
2021		
Long-term bank loans	3,808,857	4,004,981

The fair values are determined from the discounted cash flow analyses, using the implicit discount rates based upon the borrowing rates which the directors expect would be available to the Group and the Company at the end of the reporting period, as follows:

	2022	2021
The Group	**%**	%
Long-term bank loans	**2.5 – 4.0**	2.5
The Company		
Long-term bank loans	**2.5 – 4.0**	3.0

The fair value hierarchy of the above long-term borrowings is Level 3.

16 Lease liabilities

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Undiscounted lease payments due:				
– Year 1	**1,078,750**	1,646,952	**71,344**	436,115
– Year 2	**399,328**	1,201,620	**–**	71,225
– Year 3	**275,853**	392,635	**–**	–
– Year 4	**234,561**	250,300	**–**	–
– Year 5	**237,327**	249,541	**–**	–
– Year 6	**540,640**	827,652	**–**	–
	2,766,459	4,568,700	**71,344**	507,340
Less: Unearned interest cost	**(336,354)**	(550,889)	**(7,698)**	(45,211)
Lease liabilities	**2,430,105**	4,017,811	**63,646**	462,129
Represented by:				
– Non-current	**1,369,307**	2,566,417	**–**	58,235
– Current	**1,060,798**	1,451,394	**63,646**	403,894
	2,430,105	4,017,811	**63,646**	462,129

Interest expense on lease liabilities of S$215,347 (2021 – S$237,318) is recognised within finance costs in profit or loss (Note 24).

Rental expenses not recorded in lease liabilities but recognised within other operating expenses in profit or loss are set out below:

	2022	2021
The Group	**S$**	S$
Short-term leases (Note 25)	**406,488**	535,738

Total cash outflows for leases amounted to S$2,045,885 (2021 – S$2,104,690) for the financial year ended 31 December 2022.

The Group's and the Company's lease liabilities are secured by the lessors' title to the leased assets.

Leasing activities and financial risk management are disclosed in Note 29 and Note 33.2 respectively.

Lease liabilities are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Singapore Dollar	**214,573**	512,486	**63,646**	462,129
Malaysian Ringgit	**1,651,769**	2,011,067	**–**	–
Renminbi	**477,708**	1,017,928	**–**	–
Thai Baht	**86,055**	476,330	**–**	–
	2,430,105	4,017,811	**63,646**	462,129

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For the financial year ended 31 December 2022

17 Trade and other payables

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
		Restated		
Trade payables				
– third parties	**5,799,089**	8,443,808	**587,641**	921,629
– subsidiaries	**–**	–	**4,348,254**	5,802,089
	5,799,089	8,443,808	**4,935,895**	6,723,718
Amounts due to subsidiaries (non-trade)	**–**	–	**1,190,426**	2,644,701
Accrued expenses	**2,364,667**	2,779,541	**464,386**	1,052,689
Consideration consideration payable	**–**	2,638,845	**–**	–
Other payables	**699,301**	261,198	**81,260**	96,574
	3,063,968	5,679,584	**1,736,072**	3,793,964
Financial liabilities at amortised cost	**8,863,057**	14,123,392	**6,671,967**	10,517,682

The average credit period taken to settle trade payables is approximately 150 days (2021 – 150 days).

The non-trade amounts due to subsidiaries, which represent advances from and payments on behalf by the subsidiaries, are unsecured, interest-free and repayable on demand.

Other payables mainly relate to amounts payable for office expenses, utilities, renovations and professional fees.

Trade and other payables (excluding provision for retirement benefits) are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Singapore Dollar	**1,830,055**	4,909,324	**702,847**	1,043,065
Malaysian Ringgit	**1,702,179**	2,701,190	**–**	–
Renminbi	**3,954,449**	3,820,563	**1,450,009**	1,593,581
Thai Baht	**421,600**	403,800	**–**	–
United States Dollar	**940,264**	2,288,515	**4,504,601**	7,881,036
Euro Dollar	**14,510**	–	**14,510**	–
	8,863,057	14,123,392	**6,671,967**	10,517,682

18 Provisions

The movement in provision for retirement benefits is as follows:

	2022	2021
The Group	**S$**	S$
At 1 January	**126,844**	135,071
Current service cost	**1,309**	3,217
Exchange difference on translation	**(4,850)**	(11,444)
At 31 December	**123,303**	126,844

19 Contract liabilities

As at 31 December 2022, the Group's and the Company's contract liabilities related to revenue from contracts with customers amounted to S$172,361 (2021 – S$238,861) and S$51,492 (2021 – S$186,562), respectively.

Contract liabilities relate to advance billings for tools to be made for customers. The performance obligations that are unsatisfied (or partially unsatisfied) are in respect of contracts that have a period of one year or less.

Changes in contract liabilities relate to performance obligations being satisfied and revenue earned. Revenue recognised in the current financial year that was included in contract liabilities at the beginning of the year amounted to S$230,907 (2021 – S$357,582) and S$186,562 (2021 – S$304,986) for the Group and the Company, respectively.

20 Revenue

Significant categories of revenue, excluding intra-group transactions and applicable goods and services tax and value-added tax, are detailed as follows:

The Group	**2022** **S$**	2021 S$
Revenue from contracts with customers		
– Sale of goods	**32,691,403**	42,536,984
– Services rendered	**1,097,887**	488,800
	33,789,290	43,025,784
Timing of revenue recognition		
At a point in time	**33,789,290**	43,025,784

21 Other income

The Group	**2022** **S$**	2021 S$ Restated
Gain on disposal of group classified as held-for-sale	**–**	9,813,734
Government grants	**108,342**	187,182
Miscellaneous income	**79,469**	67,531
Interest income from bank	**33,869**	29,445
	221,680	10,097,892

22 Employee benefits expense

The Group	**2022** **S$**	2021 S$
Directors:		
Directors' fees	**110,000**	85,792
Directors' remuneration other than fees:		
– salaries and other related costs	**580,177**	500,280
– contributions to defined contribution plans	**27,728**	13,410
– equity-settled share-based payment transactions	**63,975**	272,950
	781,880	872,432

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22 Employee benefits expense (Cont'd)

The Group	**2022** **S$**	2021 S$
Key management personnel (other than directors):		
– salaries and other related costs	**247,618**	835,335
– contributions to defined contribution plans	**10,680**	55,092
– equity-settled share-based payment transactions	**480,019**	100,410
	738,317	990,837
Total key management personnel compensation	**1,520,197**	1,863,269
Other than key management personnel:		
– salaries and other related costs	**9,237,359**	9,641,874
– contributions to defined contribution plans	**1,035,132**	985,962
– equity-settled share-based payment transactions	**83,091**	78,086
	10,355,582	10,705,922
Total employee benefits expense	**11,875,779**	12,569,191

23 Other charges

The Group	**2022** **S$**	2021 S$ Restated
Foreign exchange loss, net	**208,089**	372,021
Gain on disposal of property, plant and equipment	**(162,409)**	(13,241)
Gain on disposal of right-of-use assets	**(2,765)**	–
GST penalties (Note 31)	**325,631**	–
(Reversal)/Write-down of inventories (Note 9)	**(11,248)**	76,015
	357,298	434,795

24 Finance costs

The Group	**2022** **S$**	2021 S$ Restated
Interest expenses on:		
– bank loans	**144,138**	136,016
– bank overdraft	**2,137**	2,228
– bills payable to banks	**167,375**	73,731
	313,650	211,975
– lease liabilities	**215,347**	237,318
	528,997	449,293
Interest expense for contingent consideration payable	**–**	55,655
	528,997	504,948

25 Other operating expenses

Other operating expenses comprise the following items which are individually material:

The Group	2022 S$	2021 S$
Carriage outwards	**264,644**	334,079
Chemical, lubricants and gas	**423,276**	478,766
Electricity and water	**918,282**	1,052,005
Factory expenses	**273,476**	285,115
Legal and professional fees	**1,253,505**	892,610
Repair and maintenance	**368,969**	162,206
Security services	**55,402**	56,898
Short-term lease expenses (Note 16)	**406,488**	535,738
Tooling services	**96,816**	304,037

26 Taxation (credit)/expense

The Group	2022 S$	2021 S$
Current taxation		
– current year	**–**	35,404
– over provision in respect of prior years	**–**	(684)
	–	34,720
Deferred taxation (Note 8)		
– origination and reversal of temporary differences	**100,318**	(35,542)
	100,318	(822)

The tax (credit)/expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on profits/(losses) as a result of the following:

The Group	2022 S$	2021 S$ Restated
Profit/(loss) before taxation	**(8,711,546)**	1,213,982
Tax at statutory rates applicable to different jurisdictions	**(1,509,141)**	211,430
Tax effect on non-deductible expenses	**1,427,665**	918,496
Tax effect on non-taxable income	**(587,429)**	(892,988)
Deferred tax assets on temporary differences not recognised	**769,223**	56,645
Utilisation of previously unrecognised tax losses	**–**	(293,721)
Over provision of current taxation in respect of prior years	**–**	(684)
	100,318	(822)

Non-deductible expenses mainly relate to impairment of goodwill, private motor vehicles and related expenses and foreign exchange losses. Non-taxable income mainly relates to government grants and gain on disposal of group held-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26 Taxation (credit)/expense (Cont'd)

Singapore

The corporate income tax rate applicable to the Group is 17% (2021 – 17%) for the financial year ended 31 December 2022.

Malaysia

The corporate income tax rate applicable to the Group is 24% (2021 – 24%) for the financial year ended 31 December 2022.

Thailand

The corporate income tax rate in Thailand is 20% (2021 -: 20%) for the financial year ended 31 December 2022. Nonetheless, MCT (Thailand) Co., Ltd. is exempted from corporate income tax up to eight years (i.e. until the financial year ended 31 December 2021), under the Board of Investment of Thailand.

The People's Republic of China

In accordance with the Enterprise Income Tax ("EIT") Law of the PRC, the PRC subsidiaries are subject to the applicable EIT rate of 25% (2021 – 25%) for the financial year ended 31 December 2022, except for a PRC subsidiary which is subject to a concessionary tax rate of 15% (2021 – 15%) as a high-tech enterprise established in the Special Economic Zone in Shanghai.

27 Earnings/(Loss) per share

The Group	**2022**	2021 Restated
(Losses)/Profit for the year attributable to ordinary shareholders (S$)	**(8,757,613)**	1,160,339
Weighted average number of ordinary shares:		
Outstanding for basic earnings per share	**533,127,054**	414,426,294
Adjustments for exercise of share options	**–**	4,635,000
Diluted used to determine diluted earnings per share	**533,127,054**	419,061,294
Basic (loss)/earnings per share (Singapore cent)	**(1.64)**	0.28
Diluted (loss)/earnings per share (Singapore cent)	**(1.64)**	0.28

As at 31 December 2022, the 42,233,500 (2021 – 44,989,000) outstanding share options were excluded from the calculation of the diluted weighted average number of ordinary shares as the average market price of the Company's ordinary shares for the year then ended does not exceed the exercise price.

28 Equity-settled share-based payment transactions

The Company adopted the MCE Share Option Scheme since 4 November 2003. The MCE Share Option Scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for five consecutive market days preceding the date of grant. The vesting period is one year from the date of grant. If the options remain unexercised after a period of five years for non-executive directors and ten years for executive directors and employees from the date of grant, the options expire. Options are cancelled by forfeiture if any director or employee ceases to be under appointment or employment of the Company or any of its subsidiaries within the Group before the options vest.

The MCE Share Option Scheme expired on or about 3 November 2013. At the Annual General Meeting on 25 April 2014, the MCE Share Option Scheme 2014 was adopted by the Company's shareholders to replace the MCE Share Option Scheme.

Details of options granted to directors and employees under the MCE Share Option Scheme and MCE Share Option Scheme 2014 are as follows:

Date of grant	Balance at 1.1.2021	Options granted	Options forfeited	Options exercised	Balance at 31.12.2021	Options granted	Options forfeited	Options exercised	Balance at 31.12.2022
4.9.2013(i)	3,060,000	–	–	(40,000)	3,020,000	–	(800,000)	–	2,220,000
22.6.2018(ii)	8,965,000	–	(440,000)	(3,890,000)	4,635,000	–	(1,895,000)	–	2,740,000
30.6.2021(i)	–	31,203,500	(1,111,500)	–	30,092,000	–	(3,695,500)	–	26,396,500
30.11.2021(i)	–	11,877,000	–	–	11,877,000	–	(1,000,000)	–	10,877,000
	12,025,000	43,080,500	(1,551,500)	(3,930,000)	49,624,000	–	(7,390,500)	–	42,233,500

(i) For directors and employees
(ii) For employees

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2022 S$	**Number of options 2022**	Weighted average exercise price 2021 S$	Number of options 2021
Outstanding at beginning of year	**0.038**	**49,624,000**	0.038	12,025,000
Exercise during the year	**0.050**	**–**	0.050	(40,000)
Exercise during the year	**0.034**	**–**	0.034	(3,890,000)
Granted during the year	**0.055**	**–**	0.055	43,080,500
Forfeited during the year	**0.034**	**(7,390,500)**	0.034	(1,551,500)
Outstanding at end of year	**0.039**	**42,233,500**	0.038	49,624,000
Exercisable at end of year	**0.039**	**42,233,500**	0.038	49,624,000

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For the financial year ended 31 December 2022

28 Equity-settled share-based payment transactions (Cont'd)

The following table summarises information about options outstanding at the end of the reporting period:

Exercise price 2022	**Number of options 2022**	**Weighted average remaining contractual life (years) 2022**	Exercise price 2021	Number of options 2021	Weighted average remaining contractual life (years) 2021
S$0.05	**2,220,000**	**0.68**	S$0.05	3,020,000	1.68
S$0.034	**2,740,000**	**6.48**	S$0.034	4,635,000	7.48
S$0.055	**37,273,500**	**8.50**	S$0.055	41,969,000	9.50
	42,233,500	**6.77**		49,624,000	8.84

29 Leases

Where the Group is the lessee,

The Group leases factory and office premises for operations. The leases typically run for a period of one to three years, with an option to renew the lease after that date. The Group also leases office equipment with contract terms of one to five years. In addition, the Group leases machineries and motor vehicles under hire purchase arrangement with lease period of three to five years. Some of these machineries are leased by the Company and transferred to its subsidiaries for use in operations. Lease payments are made on a monthly basis and renegotiated every few years to reflect market rentals. There are no externally imposed covenants on the lease arrangements.

Information about leases for which the Group is a lessee is presented in Note 4 and Note 16 to the financial statements.

30 Capital commitments

There are no capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements.

31 Contingent liabilities

In between March 2022 and August 2022, the Company's wholly-owned subsidiaries, Gainhealth Digital Sdn Bhd ("Gainhealth") and MCE Technologies Sdn Bhd ("MCE Technologies"), have each received three (3) bills of demand from the Royal Malaysian Customs Department ("Customs Authority") for goods and services tax ("GST") and consequential penalties (collectively, the "Claims"). The aggregate amounts demanded by the Customs Authority pursuant to the Claims against Gainhealth and MCE Technologies are approximately RM2,660,000 (equivalent to approximately S$798,000) and RM2,370,000 (equivalent to approximately S$711,000), respectively.

The Company, Gainhealth and MCE Technologies disputed the alleged Claims and have appointed Lee Hishammuddin Allen and Gledhill ("Counsel") for the judicial review applications filed before the Kuala Lumpur High Court to quash the Claims ("Judicial Review Applications"). The Company has been informed by the Counsel that substantive hearings for the Judicial Review Applications are likely to be fixed in the second calendar quarter of 2023.

Based on legal advice and the introduction of legal provisions in the GST liabilities Act in respect of goods moved to Licensed Manufacturing Warehouse and Free Zone with effect from 1 January 2017, the Company took the view that the Company have a better prospect of success for GST in respect of the taxable periods post 1 January 2017 than the GST assessed for the taxable periods pre 1 January 2017. Hence, the GST & penalties post 1 January 2017 amounting to RM3,993,000 (equivalent to approximately $1,183,000) respectively, are disclosed as contingent liabilities and a GST liability of approximately RM1,037,000 (equivalent to approximately $326,000) was recognised for the pre 1 January 2017 GST amount as disclosed in Note 23 to the financial statements.

32 Operating segments

The Group has two business segments: Metal and Healthcare. For its metal business, the Group is organised into business units based on their geographical locations, namely Singapore, Thailand, Malaysia and China. For healthcare business, the geographical location is solely in Singapore.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The Group's CEO, who is the chief operating decision maker, monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following tables. Performance is measured based on segment profit (before interest, taxation and unallocated expenses), as included in the internal management reports that are reviewed by the Group's CEO, which in certain respects, as explained in the following tables, is different from profit in the consolidated financial statements. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis.

The Group's finance costs and income taxes are managed on a group basis and are not allocated to operating segments.

There are two major customers (2021 – two major customers) which individually amounted to 10% or more of the Group's revenue for the financial year ended 31 December 2022.

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32 Operating segments (Cont'd)

	Metal business						Healthcare	
	Singapore	Thailand	Malaysia	China	Elimination	Total	Singapore	Total
	S$	S$	S$	S$	S$	S$	S$	S$
2022								
External sales	9,305,271	6,945,444	2,603,179	12,901,994	–	31,755,888	2,033,402	33,789,290
Inter-segment sales	3,297,088	38,924	7,347,237	660,517	(11,343,766)	–	–	–
Total revenue	12,602,359	6,984,368	9,950,416	13,562,511	(11,343,766)	31,755,888	2,033,402	33,789,290
Segment loss	(1,769,766)	(17,711)	(417,333)	605,331	269,121	(2,541,020)	(4,088,054)	(6,629,074)
Finance costs						(398,570)	(130,427)	(528,997)
Unallocated expenses[(i)]						(831,491)	(721,984)	(1,553,475)
Loss before taxation						(3,771,081)	(4,940,465)	(8,711,546)
Taxation						(100,318)	–	(100,318)
Loss for the year						(3,871,399)	(4,940,465)	(8,811,864)
Other segment information:								
Segment assets	33,865,836	4,491,240	6,841,924	13,963,759	(38,557,893)	20,604,866	1,564,031	22,168,897
Segment liabilities	11,859,565	1,189,206	4,429,521	11,137,930	(14,072,205)	15,544,017	2,909,697	17,453,714
Non-current assets:								
Property, plant and equipment	66,586	701,380	2,233,185	1,416,273	(2,162,552)	2,254,872	228,544	2,483,416
Right-of-use assets	5,026	83,180	1,530,702	566,612	1,785,037	3,970,557	148,764	4,119,321
Additions of property, plant and equipment	33,779	142,239	67,780	8,914	–	252,712	241,436	494,148
Additions right-of-use assets	–	54,639	48,115	–	–	102,754	439,995	542,749
Depreciation of property, plant and equipment	20,120	327,179	371,440	473,047	8,162	1,199,948	17,584	1,217,532
Depreciation of right-of-use assets	60,313	119,689	582,663	502,411	–	1,265,076	144,411	1,409,487
Loss/(Gain) on disposal of property, plant and equipment	295	(127,326)	(116,381)	81,003	–	(162,409)	–	(162,409)
Gain on disposal of right-of-use assets	–	–	–	–	–	–	(2,765)	(2,765)
Impairment of property, plant and equipment	–	–	120,496	–	–	120,496	–	120,496
Write-down on inventories (reversed)/made	–	(3,044)	(14,855)	6,651	–	(11,248)	–	(11,248)
Share-based payment transactions	627,085	–	–	–	–	627,085	–	627,085

(i) Unallocated expenses relate to directors' remuneration and other corporate related expenses.

32 Operating segments (Cont'd)

	Metal business						Healthcare	
	Singapore S$	Thailand S$	Malaysia S$	China S$	Elimination S$	Total S$	Singapore S$	Total S$
2021, as restated								
External sales	12,802,164	9,196,889	2,849,891	16,865,855	–	41,714,799	1,310,985	43,025,784
Inter-segment sales	5,976,915	7,033	10,066,439	944,004	(16,994,391)	–	–	–
Total revenue	18,779,079	9,203,922	12,916,330	17,809,859	(16,994,391)	41,714,799	1,310,985	43,025,784
Segment profit/(loss)	5,411,290	(564,646)	556,348	467,201	(2,709,087)	3,161,106	245,137	3,406,243
Finance costs						(446,578)	(58,370)	(504,948)
Unallocated expenses[(i)]						(1,057,257)	(630,056)	(1,687,313)
Profit before taxation						1,657,271	(443,289)	1,213,982
Taxation						36,227	(35,405)	822
Profit for the year						1,693,498	(478,694)	1,214,804
Other segment information:								
Segment assets	37,220,089	5,996,276	9,918,184	23,718,904	(42,870,273)	33,983,180	6,031,166	40,014,346
Segment liabilities	14,975,220	2,497,153	6,649,942	15,817,798	(23,057,504)	16,882,609	7,260,993	24,143,602
Non-current assets:								
Property, plant and equipment	54,584	893,234	1,409,595	2,196,947	(369,052)	4,185,308	4,961	4,190,269
Right-of-use assets	65,339	517,342	3,997,149	1,144,721	–	5,724,551	49,289	5,773,840
Additions of property, plant and equipment	21,694	156,818	78,340	53,208	–	310,060	5,353	315,413
Additions right-of-use assets	–	–	1,801,979	1,471,784	–	3,273,763	–	3,273,763
Depreciation of property, plant and equipment	40,965	387,904	379,640	543,674	(20,652)	1,331,531	599	1,332,130
Depreciation of right-of-use assets	60,313	378,136	665,538	321,532	–	1,425,519	46,183	1,471,702
Gain on disposal of group classified as held for sale	(9,813,734)	–	–	–	–	(9,813,734)	–	(9,813,734)
Gain on disposal of property, plant and equipment	–	(10,793)	(2,563)	115	–	(13,241)	–	(13,241)
Impairment of goodwill	–	–	–	–	–	–	7,048,690	7,048,690
Impairment of property, plant and equipment	–	318,918	–	–	–	318,918	–	318,918
Impairment of right-of-use assets	–	371,507	–	–	–	371,507	–	371,507
Write-down on inventories made/(reversed)	–	24,925	56,647	(5,557)	–	76,015	–	76,015

(i) Unallocated expenses relate to directors' remuneration and other corporate related expenses.

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33 Financial risk management objectives and policies

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 33.3) and foreign currency risk (Note 34.4).

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.

33.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group and the Company have established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group and the Company grant credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's and the Company's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's and the Company's assessment of their creditworthiness and in accordance with the Group's and the Company's policy.

The Group's trade receivables comprise two major debtors (2021 – two major debtors) that represented 53% (2021 – 57%) of trade receivables. The Company's trade receivables (excluding trade amounts due from subsidiaries) comprise two major debtors (2021 – two major debtors) that represented 34% (2021 – 47%) of trade receivables.

The Group and the Company have trade and other receivables and cash and bank balances that are subject to the expected credit loss model. While other receivables and cash and bank balances are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

33 Financial risk management objectives and policies (Cont'd)

33.1 Credit risk (Cont'd)

Trade receivables

The Group and the Company apply the SFRS(I) 9 simplified approach to measuring expected credit losses ("ECLs") which uses a lifetime ECL allowance for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group and the Company have identified the GDP and the unemployment rate of the countries in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, below is the information about the credit risk exposure on the Group's and the Company's trade receivables using provision matrix:

The Group	Current S$	Past due 0 to 30 days S$	Past due 31 to 60 days S$	Past due 61 to 90 days S$	Past due more than 90 days S$	Total S$
2022						
Gross carrying amount	**6,507,985**	**160,003**	**252,044**	**233,205**	**717,493**	**7,870,730**
Expected credit loss rate (%)	**–**	**–**	**–**	**–**	**91.96**	**–**
Loss allowance	**–**	**–**	**–**	**–**	**659,807**	**659,807**
2021						
Gross carrying amount	9,392,899	1,567,066	175,459	196,659	209,497	11,541,580
Expected credit loss rate (%)	–	–	–	–	5.56	
Loss allowance	–	–	–	–	11,657	11,657

The Company	Current S$	Past due 0 to 30 days S$	Past due 31 to 60 days S$	Past due 61 to 90 days S$	Past due more than 90 days S$	Total S$
2022						
Gross carrying amount	**997,495**	**81,751**	**103,970**	**133,766**	**2,117,119**	**3,434,101**
Expected credit loss rate (%)	**–**	**–**	**–**	**–**	**11.81**	**–**
Loss allowance	**–**	**–**	**–**	**–**	**250,018**	**250,018**
2021						
Gross carrying amount	2,031,417	495,756	277,560	72,248	1,725,758	4,602,739
Expected credit loss rate (%)	–	–	–	–	14.49	–
Loss allowance	–	–	–	–	250,018	250,018

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group and the Company.

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33 Financial risk management objectives and policies (Cont'd)

33.1 Credit risk (Cont'd)

Other receivables

Loss allowance for other receivables which is assessed to have low credit risk, is measured at an amount equal to 12-month ECLs. The ECLs on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the end of the reporting period, no loss allowance for the Group's and the Company's other receivables was required.

Amounts due from subsidiaries (non-trade)

Except for the non-trade amounts due from certain subsidiaries which are credit-impaired, the non-trade amounts due from subsidiaries are considered to have low credit risk as the Company has control over the operating, investing and financing activities of its subsidiaries. The use of advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. There has been no significant increase in the credit risk of these non-trade amounts due from subsidiaries since initial recognition. In determining the ECLs, management has taken into account the finances and business performance of the subsidiaries, and a forward-looking analysis of the financial performance of operations of the subsidiaries.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for letters of financial support and corporate guarantee issued by the Company to and on behalf of a subsidiary.

The Company has given formal undertakings, which are unsecured, to provide financial support to certain subsidiaries in the Group.

At the end of the reporting period, the Company has issued corporate guarantee to a bank for the borrowings undertaken by a subsidiary, comprising loan, overdraft and bills payable. These bank borrowings amounted to S$459,308 (2021 – S$1,774,418) at the end of reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary.

The current interest rates charged by the lender on the loans to the subsidiary are at market rates and are consistent with the borrowing costs of the subsidiary without any corporate guarantee.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the corporate guarantee.

33 Financial risk management objectives and policies (Cont'd)

33.1 Credit risk (Cont'd)

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intra-group financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 10.

33.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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 table below analyses the maturity profile of the Group's and the Company's financial liabilities (excluding those attributable to the disposal group classified as held-for-sale) based on contractual undiscounted cash flows:

The Group	Carrying amount S$	Contractual cash flows S$	Less than 1 year S$	Between 1 and 5 years S$	More than 5 years S$
2022					
Non-derivative financial liabilities					
Borrowings (Note 15)	**5,860,253**	**6,013,132**	**3,875,853**	**2,137,279**	**–**
Lease liabilities (Note 16)	**2,430,105**	**2,766,459**	**1,078,750**	**1,147,069**	**540,640**
Trade and other payables (Note 17)	**8,863,057**	**8,863,057**	**8,863,057**	**–**	**–**
	17,153,415	**17,642,648**	**13,817,660**	**3,284,348**	**540,640**
2021					
Non-derivative financial liabilities					
Borrowings (Note 15)	5,601,289	6,048,085	2,997,573	3,050,512	–
Lease liabilities (Note 16)	4,017,811	4,568,700	1,646,952	2,094,096	827,652
Trade and other payables, as restated (Note 17)	14,123,392	14,123,392	14,123,392	–	–
	23,742,492	24,740,177	18,767,917	5,144,608	827,652

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33 Financial risk management objectives and policies (Cont'd)

33.2 Liquidity risk (Cont'd)

The Company	Carrying amount S$	Contractual cash flows S$	Less than 1 year S$	Between 1 and 5 years S$
2022				
Non-derivative financial liabilities				
Borrowings (Note 15)	**3,866,568**	**3,982,132**	**2,208,830**	**1,773,302**
Lease liabilities (Note 16)	**63,646**	**71,344**	**71,344**	**–**
Trade and other payables (Note 17)	**6,671,967**	**6,671,967**	**6,671,967**	**–**
	10,602,181	**10,725,443**	**8,952,141**	**1,773,302**
Intra-group financial guarantee	**459,308**	**459,308**	**459,308**	**–**
	11,061,489	**11,184,751**	**9,411,449**	**1,773,302**
2021				
Non-derivative financial liabilities				
Borrowings (Note 15)	3,808,870	4,004,981	1,028,862	2,976,119
Lease liabilities (Note 16)	462,129	507,340	436,115	71,225
Trade and other payables (Note 17)	10,517,682	10,517,682	10,517,682	–
	14,788,681	15,030,003	11,982,659	3,047,344
Intra-group financial guarantee	1,774,418	2,043,104	1,968,711	74,393
	16,563,099	17,073,107	13,951,370	3,121,737

Except for the Company's cash flows arising from its intra-group corporate guarantee (Note 33.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intra-group corporate guarantee.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and bank balances and have available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

33.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from certain bank loans, bank overdraft, bills payable to banks and bank balances at floating rates. Leases and other bank loans bear interest at fixed rates. All other financial assets and liabilities are interest-free.

33 Financial risk management objectives and policies (Cont'd)

33.3 Interest rate risk (Cont'd)

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments (excluding those attributable to the disposal group classified as held-for-sale) is as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
Fixed rate instruments				
Financial liabilities				
– bank loans	**(3,593,884)**	(3,924,497)	**(3,086,421)**	(3,808,857)
– lease liabilities	**(2,430,105)**	(4,017,811)	**(63,646)**	(462,129)
	(6,023,989)	(7,942,308)	**(3,150,067)**	(4,270,986)
Variable rate instruments				
Financial assets				
– bank balances	**3,218,224**	10,258,226	**530,351**	3,668,803
Financial liabilities				
– bank overdraft	**–**	(13)	**–**	(13)
– bills payable to banks	**(2,266,369)**	(1,676,779)	**(376,767)**	–
	(2,266,369)	(1,676,792)	**(376,767)**	(13)
	951,855	8,581,434	**153,584**	3,668,790

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities of fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2021 – 100) basis points higher/lower with all other variables held constant, the Group's and the Company's results net of tax and equity would have been S$9,519 (2021 – S$85,814) and S$1,536 (2021 – S$36,688) lower/higher, respectively, arising as a result of higher/lower interest expense on floating rate bank loans, bank overdraft and bills payable to banks, offset by higher/lower interest income from floating rate bank balances, and vice versa.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

33.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Malaysian ringgit, Thai baht and Renminbi for the subsidiaries in Malaysia, Thailand and the PRC respectively, and Singapore Dollar for the Company and its Singapore incorporated subsidiary. The foreign currency in which these transactions are denominated is primarily United States Dollar. Arising from the Group's and the Company's sales and purchases denominated in United States Dollar, the Group's and the Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

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33 Financial risk management objectives and policies (Cont'd)

33.4 Foreign currency risk (Cont'd)

At the end of the reporting period, the Company has balances due from/to subsidiaries, which are denominated in Renminbi, Thai Baht and United States Dollar. The Company also holds cash at banks denominated in United States Dollar for working capital purposes. In addition, certain borrowings obtained by the Company for trade financing purposes are denominated in United States Dollar.

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates.

The Group's and the Company's exposures in financial instruments to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

The Group	Renminbi S$	United States Dollar S$
2022		
Trade and other receivables	**390,387**	**5,533,021**
Cash and bank balances	**755,922**	**853,931**
Trade and other payables	**(3,954,449)**	**(940,264)**
Net exposure	**(2,808,140)**	**5,446,688**
2021		
Trade and other receivables	4,271,882	3,291,058
Cash and bank balances	2,024,757	4,028,283
Trade and other payables	(3,820,563)	(2,288,515)
Net exposure	2,476,076	5,030,826

The Company	Renminbi S$	United States Dollar S$
2022		
Trade and other receivables	**440,700**	**979,375**
Cash and bank balances	**–**	**93,029**
Trade and other payables	**(1,450,009)**	**(4,504,601)**
Net exposure	**(1,009,309)**	**(3,432,197)**
2021		
Trade and other receivables	2,866,871	3,230,887
Cash and bank balances	–	3,386,664
Trade and other payables	(1,593,581)	(7,881,036)
Net exposure	1,273,290	(1,263,485)

33 Financial risk management objectives and policies (Cont'd)

33.4 Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Renminbi (RMB) and United States Dollar (USD) exchange rates (against Singapore Dollar), with all other variables held constant, of the Group's and the Company's results net of tax and equity.

		The Group		The Company	
		2022	2021	**2022**	2021
		S$	S$	**S$**	S$
RMB	– strengthened 5% (2021: 5%)	**(140,407)**	123,804	**(50,465)**	63,665
	– weakened 5% (2021: 5%)	**140,407**	(123,804)	**50,465**	(63,665)
USD	– strengthened 5% (2021: 5%)	**272,334**	251,541	**(171,610)**	(63,174)
	– weakened 5% (2021: 5%)	**(272,334)**	(251,541)	**171,610**	63,174

33.5 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

34 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

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For the financial year ended 31 December 2022

34 Capital management (Cont'd)

The Group and the Company are not subject to externally imposed capital requirements, except as disclosed below.

As disclosed in Note 14, the subsidiaries in the PRC are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is restricted. This externally imposed capital requirement has been complied with by the PRC subsidiaries for the financial years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings, lease liabilities and trade and other payables, less cash and bank balances. Total capital represents equity attributable to owners of the Company less the PRC subsidiaries' restricted statutory reserve fund.

	The Group		The Company	
	2022	2021	**2022**	2021
	S$	S$	**S$**	S$
		Restated		Restated
Borrowings (Note 15)	**5,860,253**	5,601,289	**3,866,568**	3,808,870
Lease liabilities (Note 16)	**2,430,105**	4,017,811	**63,646**	462,129
Trade and other payables (Note 17)	**8,863,057**	14,123,392	**6,671,967**	10,517,682
Total debt	**17,153,415**	23,742,492	**10,602,181**	14,788,681
Less: Cash and bank balances (Note 12)	**(3,218,224)**	(10,270,271)	**(530,351)**	(3,670,303)
Net debt	**13,935,191**	13,472,221	**10,071,830**	11,118,378
Equity attributable to owners of the Company	**4,715,183**	15,870,744	**5,510,406**	17,509,837
Less: Statutory reserve (Note 14)	**(565,844)**	(556,124)	**–**	–
Total capital	**4,149,339**	15,314,620	**5,510,406**	17,509,837
Total capital and net debt	**18,084,530**	28,786,841	**15,582,236**	28,628,215
Gearing ratio	**77%**	47%	**65%**	39%

35 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	Amortised cost S$	Other financial liabilities at amortised cost S$	Total S$
2022			
Financial assets			
Trade and other receivables* (Note 10)	**8,121,998**	**–**	**8,121,998**
Cash and bank balances (Note 12)	**3,218,224**	**–**	**3,218,224**
	11,340,222	**–**	**11,340,222**
Financial liabilities			
Borrowings (Note 15)	**–**	**5,860,253**	**5,860,253**
Lease liabilities (Note 16)	**–**	**2,430,105**	**2,430,105**
Trade and other payables (Note 17)	**–**	**8,863,057**	**8,863,057**
	–	**17,153,415**	**17,153,415**
2021			
Financial assets			
Trade and other receivables* (Note 10)	12,788,982	–	12,788,982
Cash and bank balances (Note 12)	10,270,271	–	10,270,271
	23,059,253	–	23,059,253
Financial liabilities			
Borrowings (Note 15)	–	5,601,289	5,601,289
Lease liabilities (Note 16)	–	4,017,811	4,017,811
Trade and other payables, as restated (Note 17)	–	14,123,392	14,123,392
	–	23,742,492	23,742,492

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For the financial year ended 31 December 2022

35 Financial instruments (Cont'd)

Accounting classifications of financial assets and financial liabilities (Cont'd)

The Company	Amortised cost S$	Other financial liabilities at amortised cost S$	Total S$
2022			
Financial assets			
Trade and other receivables* (Note 10)	**6,640,221**	**–**	**6,640,221**
Cash and bank balances (Note 12)	**530,351**	**–**	**530,351**
	7,170,572	**–**	**7,170,572**
Financial liabilities			
Borrowings (Note 15)	**–**	**3,866,568**	**3,866,568**
Lease liabilities (Note 16)	**–**	**63,646**	**63,646**
Trade and other payables (Note 17)	**–**	**6,671,967**	**6,671,967**
	–	**10,602,181**	**10,602,181**
2021			
Financial assets			
Trade and other receivables* (Note 10)	10,709,908	–	10,709,908
Cash and bank balances (Note 12)	3,670,303	–	3,670,303
	14,380,211	–	14,380,211
Financial liabilities			
Borrowings (Note 15)	–	3,808,870	3,808,870
Lease liabilities (Note 16)	–	462,129	462,129
Trade and other payables (Note 17)	–	10,517,682	10,517,682
	–	14,788,681	14,788,681

* Excluding input taxes

Fair values

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables (excluding input taxes), cash and bank balances, short-term borrowings, and trade and other payables (excluding provision for retirement benefits), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

35 Financial instruments (Cont'd)

Financial assets and financial liabilities subject to enforceable master netting arrangements that are not otherwise set-off

The Group and the Company regularly purchase raw materials from and sell finished products to two counterparties. The Group and the Company and both counterparties do not have an arrangement to settle the amount due to or from each other on a net basis but have the right to set off in the case of default and insolvency or bankruptcy.

The Group's trade receivables and trade payables subject to an enforceable master netting arrangement that are not otherwise set-off are as follows:

The Group	Carrying amounts S$	Related amounts not set off in the statement of financial position S$	Net amounts S$
2022			
Trade receivables	**2,091,763**	**(31,658)**	**2,060,105**
Trade payables	**31,658**	**(31,658)**	**–**
2021			
Trade receivables	5,121,068	(40,625)	5,080,443
Trade payables	40,625	(40,625)	–

Transferred financial assets that are not derecognised in their entirety

	The Group		The Company	
	2022 S$	2021 S$	**2022 S$**	2021 S$
Carrying amount of assets:				
Trade receivables (Note 10)	**462,109**	2,030,374	**–**	–
Carrying amount of associated liabilities:				
Bills payable to banks (Note 15.3)	**(2,266,369)**	(1,676,779)	**(376,767)**	–

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36 Fair value measurement

Definition of fair value

SFRS(I) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities not measured at fair value but for which fair values are disclosed*

The Group	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
2022				
Long-term bank loans	**–**	**3,435,164**	**–**	**3,435,164**
2021				
Long-term bank loans	–	4,273,605	–	4,273,605
The Company				
2022				
Long-term bank loans	**–**	**2,895,685**	**–**	**2,895,685**
2021				
Long-term bank loans	–	4,004,981	–	4,004,981

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

Long-term bank loans

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

36 Fair value measurement (Cont'd)

Fair value hierarchy (Cont'd)

Financial assets and liabilities measured at fair value

The Group	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
2022				
Other investments of FVOCI	**–**	**–**	**405,480**	**450,480**
2021				
Other investments of FVOCI	–	–	2,024,850	2,024,850
Contingent consideration payable	–	2,638,845	–	2,638,845

Unquoted equity instruments

Discounted cash flows: The valuation requires management to make certain assumption about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the variables estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Contingent consideration payable

Contingent consideration payable are measured at fair value by discounting the payment back to the date of the acquisition.

37 Events subsequent to the reporting date

(a) Irregularities

In March 2023, the management of the Group discovered some irregularities concerning Gainhealth Pte Ltd ("Gainhealth"), a wholly-owned subsidiary of the Company, when they were following up on outstanding receivables and collection.

The Officer (as defined in the Company's announcement on 12 April 2023) was a key management personnel of 5Digital Pte. Ltd. ("5Digital"), a wholly-owned subsidiary of the Company. The Allegations (as defined in the Company's announcement on 12 April 2023) were concerning irregular receivables, sales and cost of sales for which the certain customers of Gainhealth claimed that the balances and transactions were non-existent.

The consequences of the irregularities affect the re-assessment of impairment of certain non-financial assets and resulted in the following adjustments at the reporting date and some prior year adjustments (Note 38):

At the Group

- reversals of sales, purchases, write off of receivables and recognition of other charges;
- impairment of goodwill arising from the acquisition of Gainhealth (Note 7 and Note 38);
- reassessment of impairment of non-financial assets recorded in Gainhealth for which no impairment is expected to be required; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

37 Events subsequent to the reporting date (Cont'd)

(a) Irregularities (Cont'd)

At the Company

- impairment of cost of investment in subsidiary, 5Digital (Note 6 and Note 38)

As a result of the adjustments, Gainhealth's revenue and loss after tax is S$2,036,282 and S$3,159,455, respectively for the financial year ended 31 December 2022 and is at net liability of S$2,782,612 as at 31 December 2022.

(b) Sale and purchase agreement

On 13 March 2023, one of the subsidiaries of the Group, Gainhealth Pte Ltd had entered into a sale and purchase agreement to acquire an entity which is involved in a clinic business. The estimated total consideration of the purchase is up to S$150,000.

The transaction above constitutes a non-disclosable transaction under Chapter 10 of the Catalist rule.

38 Restatement of comparative figures in Meta Health Limited's consolidated financial statements for FY2021

The Group

a. Contingent consideration

The Group performed a valuation of Gainhealth Pte Ltd to determine the contingent consideration pursuant to the sales and purchase agreement dated 7 June 2021. The valuation was completed on 5 May 2022 and resulted in a contingent consideration of S$2,694,500 paid to the vendors. The fair value of the contingent consideration was S$2,583,234 after discounting the amount to the date of acquisition.

b. Reassessment of goodwill

The Group has determined that the goodwill arising from the acquisition of Gainhealth, which is essentially the purchase consideration paid, contained elements of questionable nature due to the irregularities that arose as disclosed in Note 37, Events subsequent to the reporting date.

The restated goodwill was therefore, reassessed for impairment. An impairment of S$7,048,690 (Note 7) was made in the Statement of profit or loss.

c. Completion of sale of a foreign subsidiary, classified as asset held-for-sale

The Group completed its sale of a foreign subsidiary, classified as assets held-for-sale in FY2021. The related foreign currency translation reserve of S$648,734 is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

38 Restatement of comparative figures in Meta Health Limited's consolidated financial statements for FY2021 (Cont'd)

The Group (Cont'd)

The restatement of the Group's comparative figures are as follows:

The Group	As reported S$	Adjustments (Note) S$	As restated S$
Extract of consolidated statement of financial position as at 31 December 2021			
Assets			
Goodwill	4,465,500	2,583,190[a] (7,048,690)[e]	–
Liabilities			
Trade and other payables	11,484,547	2,638,845[b]	14,123,392
Equity			
Reserves	(5,724,088)	(55,655)	(5,779,743)
Included in Reserves:			
– (Accumulated losses)	(6,626,405)	(55,655)[c] 648,734[d]	(6,033,326)
– Foreign currency translation reserve	(174,352)	(648,734)[d]	(823,086)
Extract of consolidated statement of profit or loss for the financial year ended 31 December 2021			
Statement of profit or loss			
Profit before taxation	7,669,593	(6,455,611)	1,213,982
Included in profit before taxation:			
– Impairment of goodwill	–	(7,048,690)[e]	(7,048,690)
– Finance costs	(449,293)	(55,655)[c]	(504,948)
– Other income	9,449,158	648,734[d]	10,097,892
Included in Other income:			
– Gain on disposal of group classified as held-for-sale	9,165,000	648,734	9,813,734
Statement of other comprehensive Income			
Other comprehensive loss for the year	(7,442,197)	(648,734)[d]	(8,090,931)
Included in Other comprehensive loss for the year			
– Cumulative translation differences derecognised upon disposal of group classified as held-for-sale	–	(648,734)[d]	(648,734)
Extract of consolidated statement of cashflows for the financial year ended 31 December 2021			
Profit before taxation	7,669,593	(55,655)[c] 648,734[d] (7,048,690)[e]	1,213,982
Unwinding of interest expense from contingent consideration payable	–	55,655[c]	55,655
Gain on disposal of group classified as held-for-sale	(9,165,000)	(648,734)[d]	(9,813,734)
Impairment of goodwill	–	7,048,690[e]	7,048,690
Earnings per share			
For the year ended 31 December 2021			
Basic earnings per share (Singapore cent)	1.84	(1.56)	0.28
Diluted earnings per share (Singapore cent)	1.82	(1.54)	0.28

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38 **Restatement of comparative figures in Meta Health Limited's consolidated financial statements for FY2021 (Cont'd)**

The Company

d. Reassessment of cost of investment in subsidiaries

The cost of investment in subsidiary, 5Digital Pte Ltd, was reassessed for impairment due to the irregularities that arose as disclosed in Note 37, Events subsequent to the reporting date. An impairment of S$4,789,631 (Note 6) was made.

The restatement of the Company's comparative figures are as follows:

The Company	As reported S$	Adjustments (Note) S$	As restated S$
Extract of statement of financial position as at 31 December 2021			
Assets			
Subsidiaries	22,629,176	(4,789,631)[f]	17,839,545
Included in Subsidiaries:			
– Allowance for impairment losses	(4,018,097)	(4,789,631)[f]	(8,807,728)
Equity Reserves	(6,332,704)	(4,789,631)[f]	(11,122,335)
Included in Reserves:			
– Accumulated losses	(6,853,249)	(4,789,631)[f]	(11,642,880)

There is no effect on the Statement of Financial Position as at 1 January 2021.

Notes:

(a) Additional goodwill recognised arising from the discounted contingent consideration payable
(b) Discounted contingent consideration payable as at 31 December 2021
(c) Unwinding of interest expense arising from discounting of the contingent consideration to the date of acquisition
(d) Foreign currency translation reserve of foreign subsidiary transferred to accumulated losses upon completion of sale in FY2021
(e) Impairment of goodwill after reassessment as a result of irregularities
(f) Impairment of 5Digital after reassessment of cost of investment in subsidiary as a result of irregularities

SHAREHOLDINGS STATISTICS

as at 17 March 2023

SHARE CAPITAL

Issued and paid-up capital	: S$30,288,146
Number of issued shares	: 542,551,517
Number of treasury shares	: NIL
Number of subsidiary holdings	: NIL

Class of shares	– Ordinary shares
Voting rights	– 1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	15	1.25	409	0.00
100 – 1,000	121	10.09	112,565	0.02
1,001 – 10,000	224	18.68	1,275,806	0.24
10,001 – 1,000,000	777	64.81	123,336,836	22.73
1,000,001 and above	62	5.17	417,825,901	77.01
	1,199	100.00	542,551,517	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	78,454,969	14.46
2	HSBC (Singapore) Nominees Pte Ltd	77,935,327	14.37
3	Phillip Securities Pte Ltd	29,046,733	5.35
4	Raffles Nominees (Pte) Limited	20,200,900	3.72
5	GKL Investment Holdings Pte Ltd	18,482,500	3.41
6	DBS Nominees Pte Ltd	17,310,500	3.19
7	Heng Hock Liang	13,859,000	2.55
8	IFast Financial Pte Ltd	8,803,700	1.62
9	Chua Kheng Choon	7,630,666	1.41
10	Ahillan Pupalasingam	7,338,587	1.35
11	United Overseas Bank Nominees Pte Ltd	7,043,900	1.30
12	Lim Chin Tong	7,003,300	1.29
13	Tan Chew Hiah	6,735,000	1.24
14	OCBC Securities Private Ltd	6,030,681	1.11
15	Bernard Ng Kee Huat	6,000,000	1.11
16	Tiger Brokers (Singapore) Pte. Ltd.	5,673,300	1.05
17	Blue Ocean Capital Partners Pte Ltd	4,500,000	0.83
18	Ng Tiam Moy	4,385,000	0.81
19	Goh Bee Yong	4,300,000	0.79
20	Goh Way Siong	4,300,000	0.79
		335,034,063	61.75

Shareholdings Held in Hands of Public

Based on information available to the Company as at 17 March 2023, 96.25% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS

The Company does not have any substantial shareholders.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of META HEALTH LIMITED (the "**Company**") will be held by way of electronic means on **Sunday, 30 April 2023** at **9:30 a.m.**, to transact the following business:

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 2022 ("**FY2022**") together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect Mr Kelvin Lee Ming Hui as a director of the Company ("**Director**"), who is retiring pursuant to Article 92 of the Company's Constitution, and who, being eligible, offered himself for re-election as a Director.
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Dr Bernard Ng Kee Huat as a Director, who is retiring pursuant to Article 97 of the Company's Constitution, and who, being eligible, offered himself for re-election as a Director.
[See Explanatory Note (ii)] **(Resolution 3)**

4. To re-elect Mr Law Ren Kai Kenneth as a Director, who is retiring pursuant to Article 97 of the Company's Constitution, and who, being eligible, offered himself for re-election as a Director.
[See Explanatory Note (iii)] **(Resolution 4)**

5. To approve the payment of Directors' fees of S$110,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears, at the end of each calendar quarter. (FY2022: S$110,000)
(Resolution 5)

6. To re-appoint Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.
(Resolution 6)

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting of the Company.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares**

"That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), 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 Ordinary 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 Ordinary Resolution is in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of share awards, provided that such share awards or share options (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares,

adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

(3) in exercising the authority conferred by this Ordinary 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 SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company for the time being in force; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Ordinary Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note (iv)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to allot and issue Shares under the MCE Share Option Scheme 2003**

   "That the Directors of the Company be authorised and empowered to allot and issue Shares in the capital of the Company to all the holders of options granted by the Company prior to the subsistence of this authority under the MCE Share Option Scheme 2003 ("**2003 Scheme**") upon the exercise of such options and in accordance with the terms and conditions of the 2003 Scheme."
   [See Explanatory Note (v)] **(Resolution 8)**

10. **Authority to offer and grant share options, and to allot and issue Shares under the MCE Share Option Scheme 2014 ("2014 Scheme")**

   "That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to grant share options in accordance with the provisions of the 2014 Scheme and to allot and issue from time to time, such number of Shares as may be required to be issued pursuant to the exercise of the share options under the 2014 Scheme, provided that the aggregate number of new Shares which may be issued pursuant to the 2014 Scheme shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
   [See Explanatory Note (vi)] **(Resolution 9)**

By Order of the Board

Lee Wei Hsiung
Secretary
Singapore, 14 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Kelvin Lee Ming Hui will, upon re-election as a Director, remain as an Independent Non-Executive Director, the Chairman of the Nominating Committee, and a member of the Audit Committee and the Remuneration Committee. The Board considers Mr Kelvin Lee Ming Hui to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Kelvin Lee Ming Hui does not have any relationship, including family relationships, with the rest of the Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. Key information on Mr Kelvin Lee Ming Hui required pursuant to Rule 720(5) of the Catalist Rules can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Additional Information on Directors Nominated for Re-Election – Appendix 7F to the Catalist Rules", and "Directors' Statement" of the Company's Annual Report 2022.

(ii) Dr Bernard Ng Kee Huat will, upon re-election as a Director, remain as the Executive Chairman of the Board and Group Chief Executive Officer. Key information on Dr Bernard Ng Kee Huat required pursuant to Rule 720(5) of the Catalist Rules can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Additional Information on Directors Nominated for Re-Election – Appendix 7F to the Catalist Rules", and "Directors' Statement" of the Company's Annual Report 2022.

(iii) Mr Law Ren Kai Kenneth will, upon re-election as a Director, remain as an Independent Non-Executive Director, the Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee. The Board considers Mr Law Ren Kai Kenneth to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Law Ren Kai Kenneth does not have any relationship, including family relationships, with the rest of the Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. Key information on Mr Law Ren Kai Kenneth required pursuant to Rule 720(5) of the Catalist Rules can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Additional Information on Directors Nominated for Re-Election – Appendix 7F to the Catalist Rules", and "Directors' Statement" of the Company's Annual Report 2022.

(iv) Ordinary Resolution 7 proposed in item 8 above, if passed, will authorise and empower the Directors from the date of passing Resolution 7 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 the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holding, if any) in the capital of the Company, of which up to 50% of the total number of issued Shares (excluding treasury shares and subsidiary holding, if any) in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders. For determining the aggregate number of Shares that may be issued, the percentage of Shares that may be issued (including Shares that are to be issued pursuant to the Instruments) will be calculated based on the issued Shares in the capital of the Company at the time this Ordinary Resolution 7 is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of passing of Ordinary Resolution 7 and any subsequent bonus issue, consolidation or sub-division of Shares.

(v) Ordinary Resolution 8 proposed in item 9 above, if passed, will authorise and empower the Directors, from the date of passing Resolution 8 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 the date such authority is revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the exercise of options under the 2003 Scheme, provided that the aggregate number of shares to be issued shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time. The 2003 Scheme expired on or about 3 November 2013. Options previously granted under the 2003 Scheme remain valid and exercisable until the end of the relevant exercise period.

(vi) Ordinary Resolution 9 proposed in item 10 above, if passed, will authorise and empower the Directors, from the date of passing Resolution 9 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 the date such authority is revoked by the Company in a general meeting, whichever is earlier, to grant share options and to allot and issue Shares pursuant to the exercise of options under the 2014 Scheme, provided that the aggregate number of shares to be issued shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time. The 2014 Scheme was adopted and approved by Shareholders on 25 April 2014.

NOTICE OF ANNUAL GENERAL MEETING

Notes

Alternative Arrangements for Participation at the AGM

1. The AGM is being convened, and will be held, by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Printed copies of this Notice, Annual Report and the accompanying Proxy Form will not be sent to shareholders. Instead, this Notice, the Annual Report and the accompanying Proxy Form may be assessed via the Company's website at http://metahealth.sg/investor-relations/. This Notice, the Annual Report and the accompanying Proxy Form are also available on the SGXNET website at https://www.sgx.com/securities/company-announcements.

3. Shareholders may participate at the AGM in the following manner:

   (a) observing and/or listening to the AGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;

   (b) submitting questions in advance of the AGM or "live" at the AGM; and/or

   (c) voting at the AGM (i) "live" by shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

Participation in the AGM via live webcast or live audio feed

4. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live AGM Webcast**"). Shareholders will also be able to ask questions and communicate 'live' at the AGM. In order to do so, the member must pre-register by **9.30 a.m. on 27 April 2023** (the "**Registration Deadline**"), at the following URL: https://conveneagm.com/sg/metahealth2023 ("**Meta Health AGM Website**"), to create an account.

   Corporate shareholders must also submit the Corporate Representative Certificate to gpb@mncsingapore.com, in addition to the registration procedures as set out above, by the Registration Deadline, for verification purpose.

5. Following verification, authenticated shareholders will receive an email on their authentication status and will be able to access the Live AGM Webcast using the account created.

6. Shareholders must not forward the login details to join the Live AGM Webcast to other person who is not a shareholder of the Company and/or who is not authorised to attend the Live AGM Webcast. Recording of the Live AGM Webcast by shareholders in whatever form is also strictly prohibited.

7. Shareholders who have pre-registered by the Registration Deadline but do not receive an email response by 9.30 a.m. on 29 April 2023, may contact the Company's Share Registrar, M & C Services Private Limited, at +65 6228 0530 or gpb@mncsingapore.com, with the following details included: (i) the full name of the shareholder, and (ii) his/her/its identification/registration number.

8. Investors who hold shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) and wish to participate the Live AGM Webcast must approach their respective depository agents to pre-register **by 5.00 p.m. on 19 April 2023** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

Submission of Question in advance of or "live" at the AGM

9. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations in advance of, or "live" at, the AGM. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received no later than 9.30 a.m. on 22 April 2023, by posting its responses via SGXNET and the Company's website by 9.30 a.m. on 26 April 2023 or "live" at the AGM for the relevant questions received during the AGM. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of AGM and the minutes will include the responses to the questions addressed during the AGM.

NOTICE OF ANNUAL GENERAL MEETING

10. All shareholders can submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM, in the following manner:

    (i) by post to the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902; or

    (ii) by email to the Company at stevetan@metahealth.sg; or

    (iii) via the Meta Health AGM Website,

    no later than 9.30 a.m. on 22 April 2023.

11. When sending in their questions by post or email, shareholders are required to provide the Company with the following details to enable the Company to verify their status:

    (i) shareholder's full name as it appears on his/her/its CDP/CPF/SRS share records;

    (ii) shareholder's NRIC/Passport/UEN number;

    (iii) shareholder's contact number and email address; and

    (iv) the manner in which they hold shares in the Company (e.g. via CDP, CPF or SRS).

How to submit questions "live" at the AGM

12. Shareholders, CPF and SRS Investors may submit textual questions "live" at the AGM in the following manner:

    (a) Shareholders or where applicable, their appointed proxy(ies), CPF and SRS investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.

    (b) Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email by the Company's Share Registrar, M & C Services Private Limited, upon verification of the Proxy Form(s).

    (c) Shareholders, CPF and SRS investors or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.

    (d) The Company will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

Live Voting

13. Shareholders or their duly appointed proxy(ies) (other than the Chairman of the Meeting) attending the AGM by electronic means will be able to participate by voting "live" at the AGM.

Submission of instrument appointing a proxy(ies) to vote, or vote "live", at the AGM

14. Shareholders who wish to exercise their voting rights at the AGM may:

    a. (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf; or
    **For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.*

    b. (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

– Shareholders (including CPF and SRS Investors) and, where applicable, appointed proxy(ies), who wish to vote "live" at the AGM must first pre-register at the Meta Health AGM Website before the Registration Deadline.

– Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.

15. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2023.

16. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

17. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it in the following manner:

    (a) if the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to be received at, the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01 Singapore 068902; or

    (b) if submitted by email, the Proxy Form must be received by the Company's Share Registrar, M & C Services Private Limited at gpb@mncsingapore.com; or

    (c) if submitted electronically, via the Meta Health AGM Website at https://conveneagm.com/sg/metahealth2023,

    in either case not later than 9.30 a.m. on 28 April 2023.

Personal Data Privacy:

By (a) submitting a proxy form appointing a proxy to attend, speak and vote at the AGM and/or any adjournment thereof, and/or (b) by registering to attend the AGM via LIVE WEBCAST or AUDIO ONLY MEANS, and/or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy list, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*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 (the "**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 Mr Alex Tan, Chief Executive Officer, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

META HEALTH LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 198804700N)

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Proxy Form)

This Proxy Form has been made available on SGXNet and the Company's website and may be accessed at the URL http://metahealth.sg/investor-relations/ and on https://conveneagm.com/sg/metahealth2023. A printed copy of this Proxy Form will NOT be despatched to members of the Company.

IMPORTANT:
1. Alternative arrangements relating to attendance at the Annual General Meeting ("**AGM**") via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio only stream ("**AUDIO ONLY MEANS**"), submission of questions in advance of, or at, the AGM, addressing of substantial queries and relevant comments, prior to, or at, the AGM and voting "live" during the AGM, or appointing proxies to vote on behalf at the AGM, or appointing the Chairman of the AGM as proxy to vote on behalf at the AGM, are set out in the Notice of AGM dated 14 April 2023.
2. A member (whether individual or corporate and including a Relevant Intermediary*) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 5.00 p.m. on 19 April 2023). CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment as to the appointment of the Chairman of the AGM as proxy for the AGM.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the notes to this Proxy Form.

I/We, ______________________ *(Name)* ______________________ *(NRIC/Passport No./UEN.)*

of ____ *(Address)*

being a member/members of **Meta Health Limited** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Address	Email Address*	Proportion of Shareholdings (%)

and/or *(delete as appropriate)*

Name	NRIC/Passport No.	Address	Email Address*	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Sunday, 30 April 2023 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarized below, the proxy/proxies will vote/abstain from voting at his/their discretion.

	No. of Votes "For"**	No. of Votes "Against"**	No. of Votes "Abstaining"**
ORDINARY RESOLUTIONS:			
1. Adoption of the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon.			
2. Re-election of Mr Kelvin Lee Ming Hui as a Director of the Company.			
3. Re-election of Dr Bernard Ng Kee Huat as a Director of the Company.			
4. Re-election of Mr Law Ren Kai Kenneth as a Director of the Company.			
5. Approval of the payment of Directors' fees of S$110,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears, at the end of each calendar quarter.			
6. Re-appointment of Foo Kon Tan LLP as the Company's Auditors and to authorise Directors of the Company to fix their remuneration.			
7. Authority to allot and issue shares in the capital of the Company.			
8. Authority to allot and issue shares under the MCE Share Option Scheme 2003.			
9. Authority to offer and grant share options, and to allot and issue shares under the MCE Share Option Scheme 2014.			

* *Appointed proxy(ies) will have to pre-register at the Meta Health AGM Website at the following URL: https://conveneagm.com/sg/metahealth2023 in order to access the LIVE WEBCAST or AUDIO ONLY MEANS of the AGM proceedings.*

** *Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to exercise all your votes for or against or abstain from voting for in respect of all your Shares the above Resolution, please tick (√) within the relevant box provided. Alternatively, if you wish the Chairman of the AGM as your proxy to exercise some and not all of your votes for or against and/or abstain from voting for the Resolution and/or if you wish the Chairman of the AGM as your proxy to abstain from voting in respect of the Resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the Resolution. In the absence of specific directions, the appointment of the Chairman of the AGM as your proxy will be treated as invalid.*

Dated this ______ day of ________________ 2023

Total number of Shares in:	
(a) Depository Register	
(b) Register of Members	

____

Signature of Shareholder(s), or Common Seal of Corporate Shareholder

*** Delete where inapplicable**

IMPORTANT: PLEASE READ THE NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member will not be able to attend the Annual General Meeting ("AGM") in person. A member (whether individual or corporate) must appoint a proxy(ies) or the Chairman of the Meeting as his/her/its proxy(ies) or the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. 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 proxies to attend and vote at the AGM. Relevant intermediary is either:

   (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 Central Provident Fund 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 Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 19 April 2023.

4. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the AGM. Such proxy need not be a member of the Company.

5. The Proxy Form can be submitted in the following manner by 9.30 a.m. on 28 April 2023:

   (a) if the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to be received at, the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902; or

   (b) if submitted by email, the Proxy Form must be received by the Company's Share Registrar, M & C Services Private Limited at gpb@mncsingapore.com; or

   (c) if submitted electronically, via the Meta Health AGM Website at https://conveneagm.com/sg/metahealth2023.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above or submitted electronically, via the Meta Health AGM Website.

6. The instrument appointing a proxy(ies) must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing a proxy(ies) is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing a proxy(ies) is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2023.

Meta Health Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198804700N)
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Singapore 319637
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