AVI-TECH ELECTRONICS LIMITED

STABILITY, SUSTAINABILITY, FUTURE-FOCUSED

ANNUAL REPORT 2021

CONTENTS

CORPORATE PROFILE

WHO WE ARE

Incorporated in Singapore in 1981 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited in 2007, Avi-Tech Electronics Limited is a total solutions provider for burn-in, manufacturing and printed circuit board assembly ("PCBA") and engineering services for the semiconductor, electronics, life sciences and other emerging industries. We also implement robotic and autonomous navigational and transportation systems for use in a wide range of applications.

Our core business segments include Burn-in Services, Manufacturing and PCBA Services, and Engineering Services. Our customers are global leaders, including Original Equipment Manufacturers, in semiconductor automotive, networking, avionics and other industrial products.

OUR MARKET PRESENCE

Located in Singapore, our headquarters and production facility support all our business segments and is equipped with advanced burn-in systems, many of which are designed and fabricated in-house.

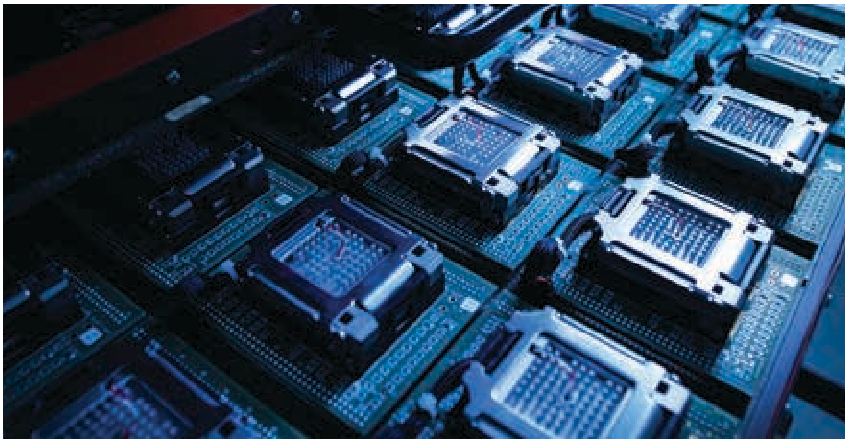
Our market presence has expanded beyond Singapore to Malaysia, Thailand, Vietnam, the Philippines, Taiwan, the People's Republic of China, Japan, the United States of America and Europe, to support our global customers.

OUR AWARDS AND ACHIEVEMENTS

We are proud to have been conferred the prestigious Singapore Quality Award ("SQA") by the SQA Governing Council in 2008 for achieving world-class standard of performance excellence which reaffirms our already strong credentials in the international market.

In recognition of our commitment towards quality assurance and business excellence, we also garnered the Singapore Quality Class award by Enterprise Singapore in 1998 (with award renewals in 2001, 2003 and 2005) and won the Enterprise 50 award (Ranking: 1st) by the Singapore Economic Development Board in 1999. In addition, we have achieved ISO 9001, ISO 14001 and ISO 13485 certifications.

BUSINESS SEGMENTS



BURN-IN SERVICES

We provide Static Burn-In, Dynamic Burn-In, Test During Burn-In and High Power Burn-In for semiconductor manufacturers, serving the segment of the industry that requires fail-safe or high reliability semiconductor devices including microprocessors and microcontrollers for automotive including EV, IOT, networking products and mobile devices. Our portfolio of customers spans Asia-Pacific, Europe and the United States of America and includes some of the key players in the global semiconductor industry.

Under this business segment, we also provide Tape and Reel Services which delivered customers' finished products in reel form. Currently, we handle different packages ranging from BGA, TSSOP, VQFN and DSO, with round-the-clock delivery and collection services for our customers.

MANUFACTURING AND PRINTED CIRCUIT BOARD ASSEMBLY ("PCBA") SERVICES

We are involved in the design, manufacture and assembly of a wide range of Burn-In boards and Automatic Test Equipment/Load boards for the various types of Burn-In systems as well as boards for other types of reliability tests such as High Temperature Operating Life Test and Highly Accelerated Stress Test. We are qualified and licensed to build Burn-In boards for high power devices. We also provide imaging (X-Ray) services and diagnostic solutions, design Printed Circuit Boards and provide niche PCBA Services for the medical, mobile communications, optics, aviation, avionics, networking, security, electronics, and other emerging industries. We are constantly challenging ourselves to raise our competencies in board design and manufacturing, and assembly capabilities to meet the dynamic and increasingly sophisticated customer requirements.

Under this segment, we also provide one-stop solutions for the design and manufacture of robotics hardware which complement navigation, fleet management and other robotics software for use in a wide range of applications.

ENGINEERING SERVICES

Our engineering services range from design and development to full turnkey outsourced manufacturing and system integration of semiconductor equipment and lab automation systems for the life sciences and biotech industries. We also recommend enhancements and improvements to our customers' designs and design for manufacturability as a value-added service to them.

One of our competitive strengths is the provision of system integration services for refrigeration-based High Power Burn-In Systems and Lithography Tool for semiconductor front-end and back-end applications. We have significantly expanded our engineering services in this area of specialisation since 2006. Currently, our integration projects also include Charged Coupled Device cameras for astronomy and life sciences applications, digital imagers as well as customised Light-Emitting Diode drivers and products for various applications. In addition, we distribute and service third-party Mixed Signal Testers used in the semiconductor industry.

STABILITY & SUSTAINABILITY

Strengthening our foundation for stability, leveraging innovation for sustainable growth

LETTER TO SHAREHOLDERS

LEFT
LIM ENG HONG
Chief Executive Officer and Executive Director

RIGHT
KHOR THIAM BENG
Non-Executive Chairman and Independent Director

DEAR SHAREHOLDERS

Avi-Tech Electronics Limited ("Avi-Tech" or "the Group") turned in a commendable performance in the financial year ended 30 June 2021 ("FY2021"), notwithstanding the challenging operating environment with the prevailing global COVID-19 pandemic situation. For the semiconductor industry, recurring waves of COVID-19 infection have disrupted semiconductor chip production. Coupled with the confluence of increased demand for consumer electronics, 5G and networking requirements, these have led to a severe supply crunch in semiconductor chips, particularly for automotive chips, which had a domino effect on industries such as ours. In spite of these challenges, we generated positive operating cashflow and maintained a healthy balance sheet.

GROUP FINANCIAL HIGHLIGHTS

In FY2021, the Group registered revenue of $29.3 million, a marginal decline of 0.2% from $29.4 million in FY2020. Geographically, Singapore operations contributed 31.8% of Group revenue (FY2020: 58.5%); the US contributed 28.6% (FY2020: 20.8%) with Malaysia and other regions contributing 7.4% and 32.2% respectively (FY2020: 9.0% and 11.7% respectively).

In terms of profitability, the Group recorded gross profit of $7.5 million in FY2021, a 28.3% decrease from $10.5 million in FY2020. Gross profit margin was 25.7% in FY2021 as compared to 35.7% in FY2020, due to lower contribution in the sales mix from the Burn-In Services business segment. On the back of lower gross profit, net profit in FY2021 was $3.5 million, a 41.7% decrease from $6.0 million in FY2020. Earnings per share in FY2021 stood at 2.0 cents against 3.5 cents in FY2020.

Balance sheet wise, the Group maintained a strong position with total assets of $59.5 million against total liabilities of $8.3 million, as at 30 June 2021. The Group's working capital was higher at $40.7 million in FY2021 as compared to $39.7 million in FY2020. Net assets value per ordinary share remained at 30.0 cents, compared to 30.0 cents in FY2020.

The Group generated positive operating cashflow and closed the financial year with a healthy cash balance of $35.8 million.

REWARDING SHAREHOLDERS DESPITE CHALLENGING OPERATING ENVIRONMENT

In view of the Group's strong balance sheet and net cash position, the Board is proposing a final dividend of 1.0 cent per ordinary share. The total expected payout of $1.7 million in dividend is equivalent to 49% of FY2021's net profit, which is higher than our dividend policy of distributing not less than 30% of the Group's consolidated net profit after tax and excluding nonrecurring, one-off and exceptional items, for that financial period. With the interim dividend of 0.5 cents per ordinary share, the dividend yield for FY2021 is 3.7%[1]. The proposed dividend highlights our continued commitment to providing returns to shareholders, even in a challenging operating environment. Subject to shareholders' approval at the upcoming annual general meeting, the dividend will be paid on 29 November 2021.

STRENTHENING CAPABILITIES FOR STABILITY, INNOVATING FOR GROWTH

We have withstood the challenges of the past year and countered them by improving our operational efficiencies, managing our costs, upgrading our technologies, expanding our markets and capabilities and innovating our businesses. Our efforts on these fronts have produced encouraging results.

During the year, we continued with our digitalisation and automation journey as well as process improvements across all our business segments. We have enhanced our operational and business processes and invested in new machinery, automation and software systems to increase productivity. We have also strengthened our workforce, providing training and upskilling opportunities to equip them for future industry needs and to keep abreast with customer requirements.

Geographically, we were able to expand our customer base into new markets, particularly in the Greater China region, which has led to increased revenue contribution from 'Other Regions'. Our investment in robotics software solutions for deployment in a wide range of industries such as logistics, transport and manufacturing, continued to gain traction and we are looking to further increase our offerings in future growth areas. One exciting area is intelligent and advanced agricultural systems which leverages on technology to attain exponential leaps in productivity. We have begun applying our deep turnkey integration and engineering capabilities to this area of advanced farm management systems which has growth potential in land-scare countries such as Singapore.

FUTURE-PROOFING OUR GROUP

Aside from the continued digitalisation of our businesses, a major initiative which we are proposing is the corporate restructuring of the existing Group. The restructuring is to facilitate greater flexibility for the Group to transform with market needs and the changing business environment. To keep on a sustainable growth path, the Group must continuously explore opportunities for growth which may entail business risks. In order to protect the Group's excess cash and other assets from risk exposure, it is proposed that such excess cash and assets be held by a holding company. New businesses as well as the existing businesses of the Group will be ring-fenced into subsidiaries of this holding company, thus limiting the holding company's exposure to the potential business risks. We urge you to read the accompanying documents to this annual report on the proposed restructuring to understand the rationale for this exercise and give us the mandate needed to undertake it.

OUTLOOK

While the semiconductor supply-demand equilibrium is anticipated to be resolved next year[2], other risks factors remain, such as the uncertain trajectory of the COVID-19 pandemic, inflationary pressures should supply-side challenges persist, as well as other political conflicts which could affect trade and the global economic recovery[3].

There is, however, room for optimism given the gradual reopening of borders, aggressive vaccination roll-out to contain COVID-19 infections and improving consumer and business sentiments. Furthermore, in the longer term, the prospects for the semiconductor market remain strong in view of developments relating to the Internet of Things, electrification and autonomisation of vehicles and digitalisation of industries which are among the key driving factors for the growth and continued importance of semiconductor chips[4]. Our more recent forays into robotics also appear opportune, given the projection of the importance of robotics in the coming years[5]. These factors bode well for our business and we are confident of leveraging on our strong core competencies and financial strength to participate in the identified growth industries.

IN APPRECIATION

It leaves us now to thank our customers, business associates and shareholders for their support. We would also like to express our appreciation to our management and staff for their hard work, commitment and perseverance in the past year. We will continue to work relentlessly for our shareholders and the growth of our Group, proceeding cautiously but confidently in the new year ahead.

Khor Thiam Beng
Non-Executive Chairman and Independent Director

Lim Eng Hong
Chief Executive Officer and Executive Director

1 Based on closing share price of $0.41 as at 30 June 2021.
2 "Infineon production outages compound automotive chip supply crunch". TODAY 3 Aug 21.
3 Ministry of Trade and Industry. "MTI Upgrades 2021 GDP Growth Forecast to "6.0 to 7.0 Per Cent"".
4 Infineon Technologies Third Quarter FY2021 Quarterly Update https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/
5 Boston Consulting Group. "Robotics Outlook 2030: How Intelligence and Mobility Will Shape the Future." https://www.bcg.com/publications/2021/how-intelligence-and-mobility-will-shape-the-future-of-the-robotics-industry. The global robotic market is expected to rise to between US$160 billion and US$260 billion in 2030 from US$25 billion this year.

CORPORATE MILESTONES AND
TRACK RECORD

Incorporated in 1981, Avi-Tech's corporate history spans over 35 years starting as a provider of burn-in solutions. Since then, we have expanded our breadth of capabilities to include manufacturing and printed circuit board assembly ("PCBA") services and engineering services. Today, we are one of the leading total solutions providers for burn-in, manufacturing and PCBA, and engineering services for our global customers in the semiconductor, electronics and life sciences industries. We are proud of the many milestones and achievements we have garnered over the years.

1981-1989

- Incorporated in Singapore
- Commenced operations with 23 personnel and three Burn-In Systems with a total area of 782 sq. m.
- Qualified by our two largest customers, Texas Instruments Singapore and National Semiconductor Pte Ltd, as a burn-in service provider due to our fast turnaround and good engineering support

1990-1999

- Expanded our business to include the provision of engineering services to design and build semiconductor Burn-In Systems
- Formed strategic alliance with Motay Electronics (which was acquired by Unisys Corporation, a US company providing system integration, network engineering, project management, and technical support services)
- Extended our capabilities to provide Tape and Reel Services to semiconductor manufacturers
- Relocated to our own building with a total built-up area of approximately 12,000 sq. m. and equipped with advanced Burn-In Systems, many of which were designed and fabricated in-house
- Awarded the Economic Development Board of Singapore's Enterprise 50 No. 1 ranking in recognition of our business excellence

2000-2010

- Expanded our services to provide distribution of third-party Burn-In and test-related equipment for use in the semiconductor testing environment and provided Test During Burn-In services
- Started a new project with Unisys Corporation which significantly expanded our engineering services in the area of system integration of High Power Burn-In Systems
- Entered into an agreement with another technology partner in system integration of High Power Burn-In Systems
- Mainboard listing on the Singapore Exchange Securities Trading Limited
- Conferred the prestigious Singapore Quality Award
- Successfully ventured into the US for Burn-In Boards business and system integration for the life sciences industry
- Established subsidiary Avi-Tech, Inc. in the US to meet the upsurge in demand for Burn-In boards

2011-2021

- Secured our first front-end semiconductor customer with the award of a multimillion-dollar contract for system integration of Lithography equipment
- Attained ISO 9001:2015 (quality management systems), ISO 14001:2015 (environmental management systems) and ISO 13485:2016 (quality management systems for medical devices)
- Diversified into the provision of services for the medical, mobile communications and aviation industries
- Acquired new customers in the Digital Imaging Systems space
- Successful transfer of Burn-In business from overseas semiconductor customer to support customer's outsourcing strategy
- Recognised by RHB Bank in their 25 Jewels 2017 for good investor returns and by online media Storm's Charger Award 2017 for strong growth prospects
- Conferred the Singapore Corporate Awards 2019 "Best Managed Board (Bronze)" award as a recognition of upholding best practices in corporate governance and transparency
- Named one of Top Singapore Small Cap Companies in RHB 20 Jewels 2020
- Ventured into robotics, autonomous, avionics and agri-tech solutions

BOARD OF DIRECTORS

MR KHOR THIAM BENG
Non-Executive Chairman and Independent Director

MR GOH CHUNG MENG
Non-Executive and Independent Director

MR MICHAEL GRENVILLE GRAY
Non-Executive and Independent Director

MR LIM ENG HONG
Chief Executive Officer and Executive Director

MR LIM TAI MENG ALVIN
Chief Operating Officer and Executive Director

MR KHOR THIAM BENG

Non-Executive Chairman and Independent Director

Background and Working Experience

Mr Khor was an Advocate and Solicitor of the Supreme Court of Singapore and was a member of both the Law Society of Singapore and the Singapore Academy of Law. He had been in private practice for more than 40 years and had retired and resigned as a director of Messrs Khor Law LLC on 2 March 2020. Mr Khor's areas of practice used to include real estate, corporate and banking matters.

Date of last re-election as a director

30 October 2019

Shares in the Company or related corporations

90,000 shares in the Company (Direct Interest)

Committee Memberships

- *Audit and Risk Committee*
- *Nominating Committee*
- *Remuneration Committee*

Academic & Professional Qualifications

- *Bachelor of Laws, University of Singapore*

Present Directorships (as at 30 June 2021)

Listed Companies (excluding the Company)

- *NIL*

Other Non-Listed Companies
(excluding Subsidiaries and Associates of the Company)

- *HB Media Holdings Pte Ltd*
- *Khor Holdings Pte Ltd*

Major Appointments (other than Directorships)

- *NIL*

Past Directorships in listed companies over the last 5 years

(excluding Subsidiaries and Associates of the Company)

- *NIL*

MR LIM ENG HONG

Chief Executive Officer and Executive Director

Background and Working Experience

Mr Lim Eng Hong is the founder of our Group. He has more than 40 years of experience in the semiconductor industry and has been the main driving force behind the growth and business expansion of the Group. Mr Lim oversees the Group's overall business activities and is particularly involved in the development of the strategies behind the Group's diversification into other related business areas.

Date of last re-election as a director

30 October 2019

Shares in the Company or related corporations

61,329,875 shares in the Company (Direct & Deemed Interest)

Committee Memberships

- *NIL*

Academic & Professional Qualifications

- *Diploma in Telecommunication Engineering, Singapore Polytechnic*
- *Diploma in Management Studies, Singapore Institute of Management*

Present Directorships (as at 30 June 2021)

Listed Companies (excluding the Company)

- *NIL*

Other Non-Listed Companies
(excluding Subsidiaries and Associates of the Company)

- *NIL*

Major Appointments (other than Directorships)

- *NIL*

Past Directorships in listed companies over the last 5 years

(excluding Subsidiaries and Associates of the Company)

- *NIL*

BOARD OF DIRECTORS

MR LIM TAI MENG ALVIN

Chief Operating Officer and Executive Director

Background and Working Experience

Mr Lim Tai Meng Alvin was appointed as Executive Director of the Company on 1 August 2018. He is also the Group's Chief Operating Officer. He joined the Group in 2002 and is responsible for overseeing the Group's operations for Burn-In Services, Manufacturing and PCBA Services and Engineering Services. Mr Lim also develops the competitive positioning and strategies of the Group and manages the sales, marketing and business development functions. Mr Lim was the Chief Operating Officer (USA Operations) from 2009 to 2011 and was responsible for strategising and promoting the Group's business in the market. Mr Lim started as a Sales Engineer with the Group, responsible for the sales and marketing team for test equipment and sockets. He was subsequently promoted to Section Manager in the Engineering Services division to manage the manufacturing of System Level Test (SLT), Hybrid System Test (HST) thermal trays and Fusion System build to meet customers' needs, and thereafter became a Special Project Manager. With his vast experience in managing operations, Mr Lim was later promoted to oversee the Manufacturing and PCBA Services division, and Engineering Services manufacturing operations. In May 2013, Mr Lim was appointed Chief Operating Officer of the Group.

Date of last re-election as a director

29 October 2018

Shares in the Company or related corporations

105,000 shares in the Company (Direct Interest)

Committee Memberships

- *NIL*

Academic & Professional Qualifications

- *Bachelor's Degree in Electrical and Computer Engineering, University of Queensland, Australia*
- *Graduate Diploma in Business Administration, Singapore Institute of Management*

Present Directorships (as at 30 June 2021)

Listed Companies (excluding the Company)

- *NIL*

Other Non-Listed Companies
(excluding Subsidiaries and Associates of the Company)

- *NIL*

Major Appointments (other than Directorships)

- *NIL*

Past Directorships in listed companies over the last 5 years

(excluding Subsidiaries and Associates of the Company)

- *NIL*

MR GOH CHUNG MENG

Non-Executive and Independent Director

Background and Working Experience

Mr Goh began his career in 1982 with the management consulting arm of Deloitte & Touche in Singapore. During the period from 1985 to 1990, Mr Goh worked as a senior consultant for Deloitte & Touche Management Consultants where he was involved in a wide variety of consulting assignments for MNC clients including a two-year stint helping to start an insolvency unit during the 1985 recession. In 1990, he joined Carr Indosuez Asia (Merchant Banking unit of Credit Agricole and formerly known as Banque Indosuez) and in 1995, he joined a US$200 million Asian Venture Capital Fund known as Suez Asia Holdings, where he was Director, Investments, of the fund focusing on Southeast Asia and China private equity investments. Mr Goh is currently a director (alternate) of TauRx Pharmaceuticals Ltd (TauRx), a drug discovery company which has completed and published the results of two global phase 3 human clinical trials in Alzheimer's disease in The LANCET and The Journal of Alzheimer's Disease (JAD) with a third clinical trial pending top line results in 2022. Mr. Goh has been a pioneer board member of the TauRx Group since its founding as a startup in 2002. Mr Goh was formerly a Qualified Business Angel of the National Science and Technology Board in 2001 and he had served as a Panel Member (2001 to 2008) of a Singapore government innovation and research fund, The Enterprise Challenge Unit (TEC), PS21 Office, Public Service Division, Prime Minister's Office.

Date of last re-election as a director

29 October 2020

Shares in the Company or related corporations

190,000 shares in the Company (Direct Interest)

Committee Memberships

- *Audit and Risk Committee*
- *Nominating Committee (Chairman)*
- *Remuneration Committee (Chairman)*

Academic & Professional Qualifications

- *Bachelor of Business Administration, National University of Singapore*

Present Directorships (as at 30 June 2021)

Listed Companies (excluding the Company)

- *NIL*

Other Non-Listed Companies
(excluding Subsidiaries and Associates of the Company)

- *TauRx Pharmaceuticals Ltd*

Major Appointments (other than Directorships)

- *Tower Club (Founding Member)*
- *Singapore Institute of International Affairs (Member)*

Past Directorships in listed companies over the last 5 years

(excluding Subsidiaries and Associates of the Company)

- *NIL*

MR MICHAEL GRENVILLE GRAY

Non-Executive and Independent Director

Background and Working Experience

Mr Gray spent ten years in the shipping industry before training as a Chartered Accountant with Coopers & Lybrand in the United Kingdom in 1973. Prior to his retirement at the end of 2004, Mr Gray was a partner in PricewaterhouseCoopers, Singapore and before that, Territorial Senior Partner for PricewaterhouseCoopers Indochina (Vietnam, Cambodia and Laos).

Date of last re-election as a director

29 October 2020

Shares in the Company or related corporations

870,000 shares in the Company (Direct Interest)

Committee Memberships

- *Audit and Risk Committee (Chairman)*
- *Nominating Committee*
- *Remuneration Committee*

Academic & Professional Qualifications

- *Bachelor of Science in Maritime Studies, Plymouth University, United Kingdom*
- *Master of Arts in South East Asian Studies, National University of Singapore*
- *Fellow of Institute of Chartered Accountants in England & Wales*
- *Fellow of Institute of Singapore Chartered Accountants*
- *Fellow of Singapore Institute of Directors*
- *Fellow of Chartered Institute of Transport & Logistics*

Present Directorships (as at 30 June 2021)

Listed Companies (excluding the Company)

- *FSL Trust Management Pte Ltd*
- *GSH Corporation Limited*

Other Non-Listed Companies
(excluding Subsidiaries and Associates of the Company)

- *NIL*

Major Appointments (other than Directorships)

- *PAVE (President)*

Past Directorships in listed companies over the last 5 years

(excluding Subsidiaries and Associates of the Company)

- *Ascendas Property Fund Trustee Pte Ltd*
- *VinaCapital Vietnam Opportunity Fund Limited*

Awards

- *Public Service Star (Bar) – B.B.M. [L] (2010)*

EXECUTIVE MANAGEMENT

MR JOSEPH WANG NIN CHOON

Chief Financial Officer

Mr Joseph Wang is our Chief Financial Officer. He oversees and manages the financial and accounting functions of the Group.

Mr Wang has more than 23 years of finance, corporate treasury management, corporate banking, global market and investment banking experience. Over the course of his career, he has held senior roles as Chief Financial Officer, Treasurer and Vice President of SGX-listed entities and Singapore Temasek linked companies such as Top Global, ST Engineering, PSA International and Singapore Technologies. He has strong banking experience, having held senior roles at Barclays Capital (Barclays Bank) and Deutsche Bank as their Vice President for client management.

In Mr Wang's previous executive roles, he was responsible for finance, corporate treasury, investments, SGX-ST reporting, planning, developing and implementing business strategies across the organisations. While with the banks, he was responsible for supporting corporate clients with a wide range of financial services and products including acquisition financing, capital market financing, loan syndications, treasury and general advisory work; to assist them effectively to manage their corporate financial risks and funding requirements.

Mr Wang holds a Bachelor of Arts (Economics) degree from Simon Fraser University, British Columbia, Canada.

KEY PERSONNEL

MR LAU TOON HAI

Vice President of Quality Assurance

Mr Lau Toon Hai is our Vice President of Quality Assurance. He joined our Group in 1994 and is responsible for setting up and maintaining a functional quality organisation and Business Excellence System for our Group. Areas falling under his duties and responsibilities include overseeing the quality assurance aspects of our entire Group and driving our Group's Business Excellence Management System to keep alongside with current industrial and commercial standards such as Business Excellence, Responsible Business Alliance, Quality, Environmental management system and our customers' requirements.

Mr Lau has over 20 years of experience in the electronics engineering industry. Prior to joining our Group, he worked with companies such as Philips (S) Pte Ltd, Archive (S) Pte Ltd and Conner Peripherals (S) Pte Ltd.

Mr Lau holds a Diploma in Electronics and Communications Engineering from the Singapore Polytechnic.

MR ALLAN NGO YU WEI

Director of Operations (Manufacturing)

Mr Allan Ngo is our Director of Operations (Manufacturing). He joined our Group in 2003 and is responsible for our operations related to Manufacturing and Printed Circuit Board Assembly Services ("PCBA") as well as Engineering Services.

Mr Ngo was in charge of the Burn-In Board Manufacturing Services division where he was the Production Manager managing the planning, process, manufacturing and logistics operations of the department. He was promoted to Director of Operations (Manufacturing), overseeing the operational aspects of Supply Chain Management, Manufacturing and PCBA Services and Engineering Services.

Mr Ngo holds a Diploma in Electronics, Computer and Communication Engineering from Nanyang Polytechnic, Singapore, and a Bachelor of Science degree in Business from Singapore University of Social Sciences.

MR BAMBANG HANDOKO SUTEDJO

Director of Sales

Mr Bambang Handoko Sutedjo is our Director of Sales. He joined our Group in 1993 and is responsible for the sales and marketing of Burn-In Services and Manufacturing and PCBA Services, both locally and overseas. Mr Sutedjo is also in charge of the Manufacturing and PCBA Services design team.

Mr Sutedjo has more than 20 years of experience in the semiconductor industry. He was previously the Senior Manager of Sales and Marketing of our Group, responsible for the management of Burn-In Board Manufacturing-related division's local and overseas sales. Prior to joining our Group, he was a Field Service Engineer with SETA Corporation in Charlotte, North Carolina, USA.

Mr Sutedjo holds a Bachelor of Science in Electrical Engineering degree from the Tennessee Technological University of Cookeville, Tennessee, USA.

MR DESMOND OW YANG CHIEN KHANG

Director of Operations (Services)

Mr Desmond Ow Yang is our Director of Operations (Services). He joined our Group in 1999 and oversees the Group's Burn-In operations. Mr Ow Yang is also responsible for the production, planning, engineering and maintenance support of the Group and is the internal auditor for ISO 9001 and ISO 14001 certifications.

Mr Ow Yang started as a Burn-In Engineer with our Group and was in charge of the set up and introduction of new products and processes in Burn-In operations to meet customers' requirements. He was promoted to Senior Engineer and subsequently, Engineering Manager, to manage the Engineering team in providing technical solutions and support to customers. During that period, he was also responsible for Sales and Customer Services for Burn-In Services, Tape and Reel, Visual Inspection and other services, for both local and overseas customers.

Mr Ow Yang holds a Bachelor of Engineering (Honours) degree from the University of Aberdeen, United Kingdom.

OPERATIONS REVIEW

The Group registered revenue of $29.3 million for the financial year ended 30 June 2021 ("FY2021") which was a marginal decrease of 0.2% from revenue of $29.4 million in the financial year ended 30 June 2020 ("FY2020"). The Manufacturing and Printed Circuit Board Assembly ("PCBA") Services business segment remained the largest contributor to Group revenue, reporting $17.9 million in revenue in FY2021 against $14.1 million in FY2020. Engineering Services business segment also recorded higher revenue of $4.7 million in FY2021, compared to $4.2 million in FY2020. The Burn-In Services business segment's revenue was lower at $6.7 million in FY2021 as compared to revenue of $11.1 million in FY2020.

BURN-IN SERVICES

The Burn-In Services business segment contributed 22.7% of the Group's revenue as compared to 37.8% in FY2020. The weaker performance of the business segment was due to lower demand for burn-in services arising from manufacturing disruptions caused by the global semiconductor chip shortage.

Our focus for the financial year was on cost management through productivity improvement and staff training. Staff were sent for courses such as language upgrading, as well as given cross-training opportunities within the department to increase their skill set, enhance job performance and improve their career paths. Our existing equipment was upgraded and improved upon to meet the stringent technical requirements of our customer. Better utilisation was also made of existing machinery through co-sharing of process equipment. We continued to invest in automation to enable more efficient use of resources. We supported overseas customers on the new product qualification which included the bring-up and maintenance of burn-in related equipment. We also expanded our services to include the assembly and testing of modules.

Given the current semiconductor chip shortage and the uncertain conditions due to the ongoing COVID-19 situation, we will continue to closely monitor developments in the industry and make necessary adjustments to our operations and manpower needs. Digitalisation and automation remain priorities to meet the needs of the current business environment. The short-term challenges arising from supply chain disruptions and reduced manufacturing activity due to the supply crunch in electrical components, notably automotive semiconductor chips, has a direct impact on our performance. Nevertheless, the irreversible and accelerating trends of electrification of vehicles and autonomous driving, the Internet of Things, and the increasing prevalence of data centres and smart technologies will continue to drive the need for semiconductor burn-in services.

MANUFACTURING AND PCBA SERVICES

The Manufacturing and PCBA services business segment contributed 61.2% of the Group's revenue as compared to 47.9% in FY2020. The strong sectoral performance arose from the demand from the automotive, networking, telecommunications and aviation industries.

During the year, we attained new customers especially in the Greater China region. We have achieved qualification and started production builds for these new customers in the networking segment.

Our PCBA services experienced continued demand for our imaging and diagnostic capabilities from our aviation customers. We attained certifications in the electronics assemblies in order to stay relevant to current business need. We continued to focus on enhancing our technological capabilities, maintaining our high standards of workmanship and ensuring we fulfilled our customers' expectations. We invested in machinery such as a new Testing Pre-screen station to enhance our capability and productivity in a new product platform. This is also to ensure the quality of the product for our customers.

Our smart manufacturing initiative which comprises a manufacturing operations management software with mobile shop floor tracking is operational and this will reap benefits for the segment in terms of cost savings, increased productivity and greater efficiency. In particular, it will lighten the dependence on manpower which is opportune given the labour challenges amidst the COVID-19 pandemic. Our tailored, customisable ERP system which encompasses an intelligent enterprise with specialised manufacturing and execution functions and customer sales automation for productivity improvements in the supply chain will also be launched.

We remain optimistic of our performance going forward as our services and solutions are of increasing relevance given the push towards digitalisation and the continued and growing importance of the industries which we serve. With our acquisition of new services, solutions and expertise, we are confident of meeting these fast-growing segments of networking, telecommunications and medical diagnostics.

ENGINEERING SERVICES

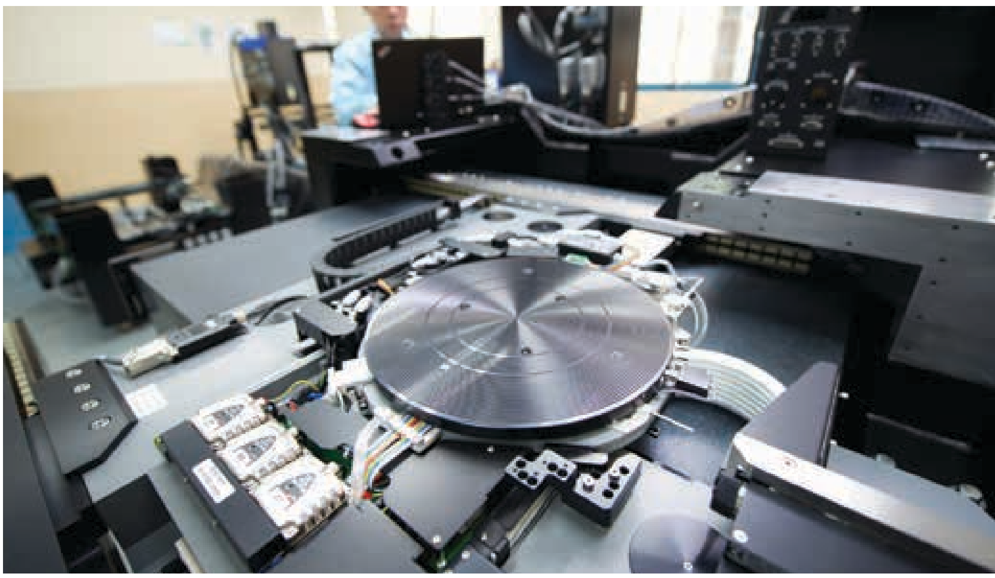
The Engineering Services business segment contributed 16.1% to Group revenue as compared to 14.3% in FY2020. The business segment's increased revenue arose from strong demand from our current and new customers which we expect to continue into 2022. With our continuous cost saving and productivity drive we were able to breakeven in FY2021.

In addition to our traditional design and development, outsourced manufacturing and system integration expertise, the business segment also develops and implements robotic and autonomous systems with powerful navigation, transport and fleet management capabilities. These are deployed in industries such as manufacturing, logistics, healthcare and hospitality, to name but a few. We have also developed capabilities in building data-driven and artificial intelligence enabled advanced agricultural systems which make them more efficacious and space saving and therefore of increasing importance for the future.

The ongoing US-China trade impasse and supply chain challenges will continue to detrimentally impact the electronics and other manufacturing sectors. Hence the demand for our services might correspondingly be affected. We will seek new opportunities in existing as well as new sectors to leverage on our deepening and expanding manufacturing and engineering capabilities to widen our revenue and customer base.

HUMAN RESOURCE AND CORPORATE DEVELOPMENT

We uphold principles of fair employment, diversity and non-discrimination as evidenced by our support of the Employers' Pledge of Fair Employment Practices. We have a diverse workforce of 134 comprising a multitude of races, nationalities, age groups and gender. We provide equal opportunities for training, upskilling and career progression based on merit and potential.



OPERATIONS REVIEW

Despite the challenges wreaked by the COVID-19 pandemic which necessitated measures such as split-shifts, safe distancing, staggered working times among different business units and work-from home, we continued with our training and development programmes such as AIAG VDA Process (PFMEA) for our QA Engineers. In FY2021, three managerial staff were given training opportunities which included productivity and innovation courses and the Leadership Accelerator programme. Non-managerial staff attained workplace endorsed qualifications such as the Integrated Assessment Pathway as well as lifesaving courses such as Occupational First Aid and Automated External Defibrillator in Jul 2021.

We continued to engage our staff through weekly 'Walk-the-lines' sessions to get a better understanding of staff concerns. Due to the COVID-19 restrictions on workplace gatherings, we did not organise any of the usual staff activities and well-being events.

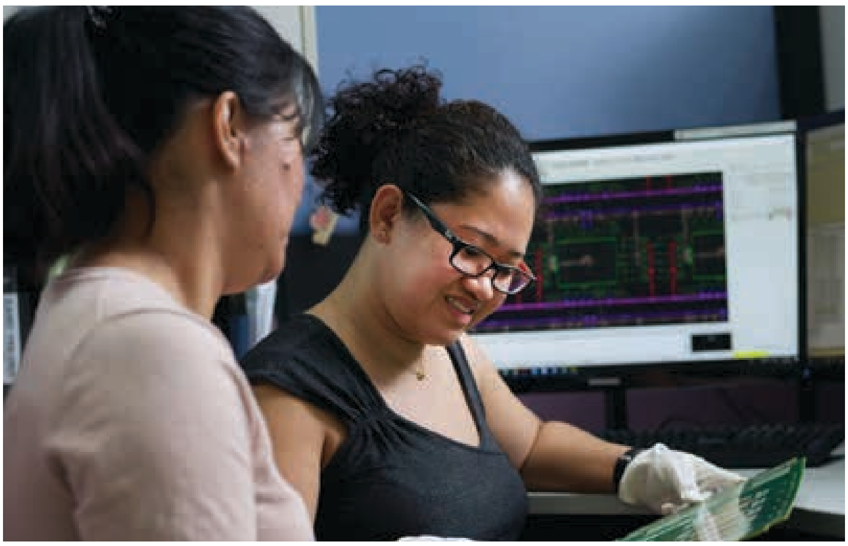
In 2021 we maintained the following international certifications: ISO 13485:2016 (quality management systems for medical devices), ISO 9001:2015 (quality management systems) and ISO 14001:2015 (environmental management systems).

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

We continued to be a benefactor to Bright Vision Hospital for the seventh consecutive year. Bright Vision Hospital is a 317-bed community hospital offering intermediate and long-term holistic care for about 1,500 new patients each year.

We made a monetary donation to YMCA E-Flag Day 2020. Proceeds raised went towards YMCA Special Needs Hospitality Training Programme, a six-month training programme that strengthens and upskills youth with special needs through hospitality-related vocational skills.

The details of our corporate social responsibility and sustainability efforts will be contained in our sustainability report to be uploaded to our website in November this year. The report is prepared in compliance with SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide and according to the Global Reporting Initiative standards: Core option.



FUTURE-FOCUSED

Embracing and investing in technology, future-proofing our business

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Khor Thiam Beng
Non-Executive Chairman and Independent Director

Mr Lim Eng Hong
Chief Executive Officer

Mr Lim Tai Meng Alvin
Chief Operating Officer and Executive Director

Mr Goh Chung Meng
Independent Director

Mr Michael Grenville Gray
Independent Director

AUDIT AND RISK COMMITTEE

Mr Michael Grenville Gray
Chairman

Mr Khor Thiam Beng
Member

Mr Goh Chung Meng
Member

REMUNERATION COMMITTEE

Mr Goh Chung Meng
Chairman

Mr Khor Thiam Beng
Member

Mr Michael Grenville Gray
Member

NOMINATING COMMITTEE

Mr Goh Chung Meng
Chairman

Mr Khor Thiam Beng
Member

Mr Michael Grenville Gray
Member

COMPANY SECRETARY

Mr Adrian Chan Pengee
Lee & Lee
Advocates & Solicitors, Singapore

REGISTERED OFFICE

Avi-Tech Electronics Limited
Company Registration No. 198105976H
Address: 19A Serangoon North Avenue 5 Singapore 554859
Tel: +65 6482 6168
Fax: +65 6482 6123
Website: www.avi-tech.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge of the audit: Ong Bee Yen
Date of appointment: 31 October 2017

PRINCIPAL BANKERS

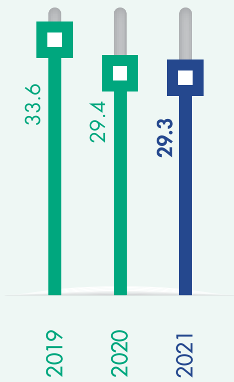
Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre (Tower 1) Level 27
Singapore 018981

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

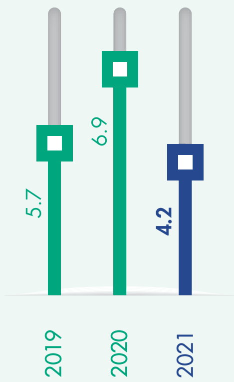
FINANCIAL HIGHLIGHTS

PROFIT AND LOSS ($'M)

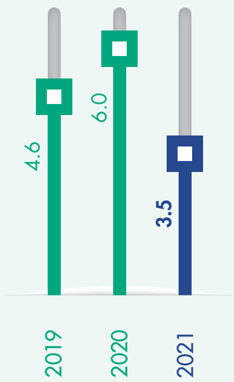
REVENUE



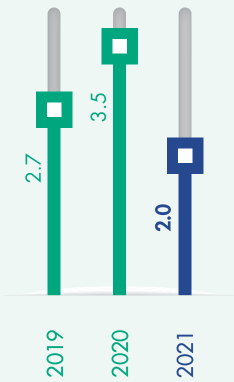
PROFIT BEFORE INCOME TAX



PROFIT FOR THE YEAR

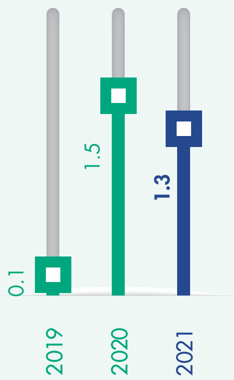


EPS (CENTS)

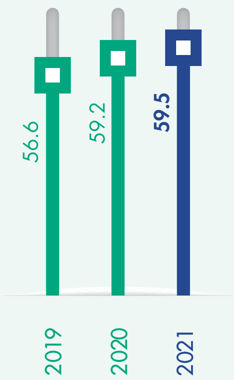


BALANCE SHEET ($'M)

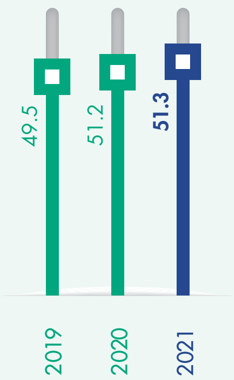
TOTAL DEBT



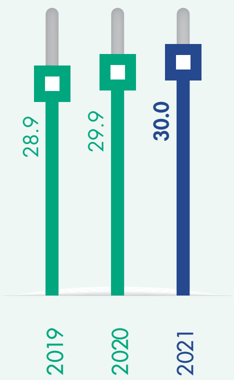
TOTAL ASSETS



SHAREHOLDERS' EQUITY

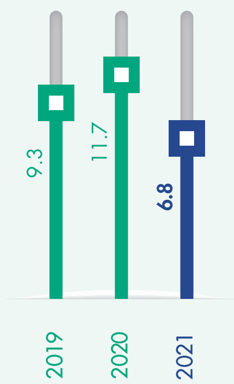


NAV PER SHARE (CENTS)

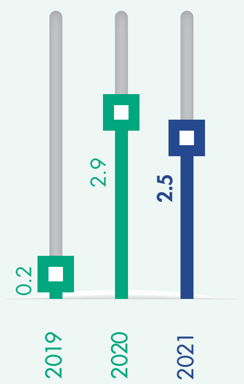


KEY FINANCIAL RATIOS

RETURN ON EQUITY (%)



GEARING (%) (TOTAL DEBT/TOTAL SHAREHOLDERS' EQUITY)



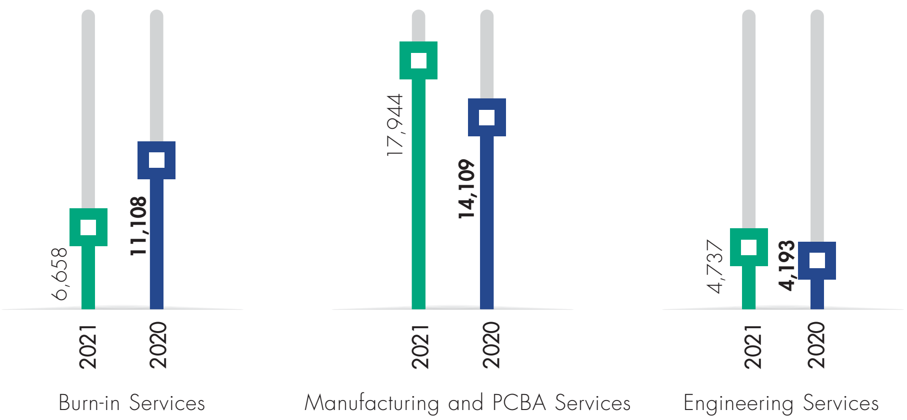
FINANCIAL REVIEW

CONSOLIDATED FINANCIAL PERFORMANCE ($'000)

	FY2021	FY2020	Change %
Revenue	29,339	29,410	(0.2)
Cost of sales	(21,801)	(18,896)	15.4
Gross profit	7,538	10,514	(28.3)
Impairment loss on other financial asset	–	(125)	n.m.*
Share of loss of associate	(90)	–	n.m.*
Administrative expenses	(4,579)	(5,002)	(8.5)
Profit before income tax	4,192	6,945	(39.6)
Income tax expense	(712)	(974)	(26.9)
Profit for the year	**3,480**	**5,971**	**(41.7)**

* Not meaningful

REVENUE BY BUSINESS SEGMENTS ($'000)



The Burn-in Services business segment contributed 22.7% of the Group's revenue in FY2021 (FY2020: 37.8%) with lower contribution of $6.7 million as compared to revenue of $11.1 million in FY2020.

The Manufacturing and PCBA Services business segment continued to be the main contributor to Group revenue, contributing 61.2% to the Group's revenue in FY2021 (FY2020: 47.9%). It reported revenue for the year of $17.9 million, an increase of $3.8 million or 27.2% in revenue. The increase is attributed to higher sales from key customers.

The Engineering Services business segment contributed 16.1% of the Group's revenue in FY2021 (FY2020: 14.3%) with marginal growth to revenue of $4.7 million as compared to revenue of $4.2 million in FY2020.

COST OF SALES ($'000)

	FY2021	FY2020	Change %
Cost of sales	21,801	18,896	15.4
Included in cost of sales:			
Cost of material and equipment	14,112	10,245	37.7
Salary and related cost	5,491	6,242	(12.0)
Depreciation	534	648	(17.6)
Electricity	435	549	(20.8)
Other direct overheads	1,229	1,212	1.4

GROSS PROFIT ($'000)

	FY2021	FY2020	Change %
Gross Profit	7,538	10,514	(28.3)
Gross Margin	25.7%	35.7%	(28.0)

In FY2021, the Group's gross profit declined by 28.3% to $7.5 million from $10.5 million in FY2020 and the gross profit margin also decreased from 35.7% in FY2020 to 25.7% in FY2021 due to the lower contribution in the sales mix from the Burn-In Services business segment.

ADMINISTRATIVE EXPENSES ($'000)

	FY2021	FY2020	Change %
Administrative expenses	4,579	5,002	(8.5)
Included in administrative expenses:			
Salary and related cost	2,337	2,792	(16.3)
Foreign currency exchange loss (gain) – net	192	(82)	n.m.*
Depreciation	721	733	(1.6)

* Not meaningful

Administrative expenses decreased by $0.4 million from $5.0 million in FY2020 to $4.6 million in FY2021.

FINANCIAL REVIEW

PROFIT FOR THE YEAR ($'000)

	FY2021	FY2020	Change %
Profit before income tax	4,192	6,945	(39.6)
Income tax expense	(712)	(974)	(26.9)
Profit for the year	3,480	5,971	(41.7)

Due to lower gross profit in FY2021, the Group registered lower profit for the year of $3.5 million, a 41.7% decrease from $6.0 million in FY2020.

LIQUIDITY AND CAPITAL RESOURCES ($'000)

	FY2021	FY2020	Change %
Cash flow from:			
Operating activities	1,601	9,747	(83.6)
Investing activities	7,278	(4,420)	n.m.
Financing activities	(3,684)	(4,530)	(18.7)
Net change in cash and cash equivalents	5,195	787	n.m.
Cash and cash equivalents at end of year	15,815	10,620	48.9

The Group generated net cash from operating activities of $1.6 million for FY2021. This was primarily due to the profit generated for the year.

Net cash from investing activities was $7.3 million, which was mainly attributed to the withdrawal of fixed deposits placed with financial institutions with over three (3)-month tenures. Net cash used in financing activities was $3.7 million, which was primarily due to the dividend paid.

There was an increase in cash and cash equivalents of $5.2 million for FY2021.

The Group closed FY2021 with cash and cash equivalents of $15.8 million.

CORPORATE GOVERNANCE REPORT

The Board is committed to setting and maintaining high standards of corporate governance to preserve and enhance the interests of all shareholders. The Board has adopted the recommendations of the Code of Corporate Governance 2018 (the "**Code**").

This report describes the Company's corporate governance processes and activities with specific reference to each of the principles and provisions set out in the Code. The Group has materially complied with all the provisions set out in the Code. In areas where the Company's practices vary from any of the provisions of the Code, we have provided the reasons for the variation and explain how the practices the Company's has adopted are consistent with the intent of the relevant principle, where appropriate.

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		**Disclosure**
1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	All our Directors are tasked to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board has established and functions within a defined set of terms and reference and procedures. According to the Board's terms of reference, the Board has established a clear policy on conflicts of interest in the Company's Directors' Manual, which covers instruction on the duty to avoid conflicts of interest and to give disclosure of conflicting interest, where necessary. The terms of reference also provide that a Director facing conflicts of interest should not vote on the matter under discussion and should recuse himself from the portion of the meeting where there is a potential conflict. A Director should not be counted towards the quorum of any meeting for any resolution where he is recused or debarred from voting. To achieve a high standard of corporate governance, the Company has also implemented a business ethics policy, which establishes the Company's ethical business practice and outlines fundamental principles of ethical business behaviour and the responsibilities of all employees and Company representatives in aligning with them. The Company has also adopted the Responsible Business Alliance (RBA) Supplier Code of Conduct as a corporate social responsibility model in delivering the highlighted standard of product quality and business integrity in dealing with suppliers, subcontractors and other service providers. Please refer to the Company's sustainability report and website at www.avi-tech.com.sg for further details.

CORPORATE GOVERNANCE REPORT

1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	The Board ensures that all incoming directors receive comprehensive and tailored induction on joining the Board, including briefing on their duties as a director (including the differences in roles as an (i) executive director which is to, *inter alia*, provide insights on the Company's day-to-day operations, and provide management's views without undermining management accountability to the Board, as a (ii) non-executive director which is to, *inter alia*, constructively challenge management and help develop proposals on strategy, and as an (iii) independent director, which is to, *inter alia*, provide an independent and objective check on management) and how to discharge those duties, and an orientation programme to ensure that they are familiar with the Group's business and governance practices. The Company also provides training for any new first-time director (who has no prior experience as a director in a listed company) in areas such as accounting, legal and industry-specific knowledge as appropriate. All new first-time directors (who have no prior experience as a director in a listed company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Upon the appointment of any new director, the Company will provide a formal letter to the director, setting out the director's duties and obligations. With the objective of enhancing corporate performance and accountability, as well as protecting the interests of stakeholders, the Board has also taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual of the SGX-ST (the "**Listing Rules**"), by establishing written policies where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control. The Board also reviews legislation and regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements, including requirements under the Listing Rules, with the assistance of the Group's legal advisors. Pursuant thereto and in accordance with the Board's terms of reference, the Board has developed a Directors' Manual that sets out a director's primary and material duties at law, which includes acting in good faith and the best interests of the Company; exercising due care, skills and diligence; and avoiding conflicts of interest.

		All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The Board is mindful of the best practice in the Code to initiate programmes for Directors to meet their relevant training needs. In this regard, the Company is supportive of the Directors' participation in industry conferences and seminars, and will fund the Directors' attendance at any course or training programme in connection with their duties as directors. In the financial year under review, the Directors attended various training programmes and seminars, including seminars organised by the Singapore Institute of Directors ("**SID**"), SGX-ST, the Accounting and Corporate Regulatory Authority ("**ACRA**"), Deloitte Touche Tohmatsu Limited, and the Singapore Semiconductor Industry Association ("**SSIA**") on "CGR – Annual Corporate Governance Roundup", "SID Directors Virtual Conference 2020 – Living with Covid-19: A Singapore Perspective", "ACRA-SGX-SID Audit Committee Seminar 2021", "Overview: COVID-19 related accounting considerations", "SSIA Automation Supplier Day" and "SSIA Summit 2020", among others. As required under Rule 210(5)(a) of the Listing Rules, in the financial year under review, the Board and management of the Company have appropriate experience and expertise to manage the Group's business, taking into account the nature and scope of the Group's operations, requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.
1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	The Board's role is, *inter alia*, to: • provide entrepreneurial leadership, set strategic objectives, with appropriate focus on value creation for shareholders, innovation and sustainability; • ensure that the necessary financial and human resources are in place for the Company to meet its objectives; • establish a framework of sound, prudent and effective controls which enables risks to be effectively monitored, assessed and managed, including safeguarding of shareholders' interests and the Group's assets, and to achieve an appropriate balance between risks and Company performance;

		• constructively challenge management and review management performance; • identify the key stakeholder groups, ensure transparency and accountability to key stakeholder groups and recognise that their perceptions affect the Company's reputation; and • set and instil the Company's corporate culture of values and standards (including ethical standards) and ensure that the Company's values, standards, policies, practices and obligations to shareholders and other stakeholders are consistent with the Company's corporate culture and such culture is understood and met. The Board's terms of reference have set forth the following matters which are specifically reserved to the Board for approval: • material acquisitions and disposal of assets; • corporate or financial restructuring; • share issuances (including stock options or other equity awards), dividends and other capital transactions and returns to shareholders; • approval of annual audited financial statements for the Group and the Directors' Statement thereto; • any public reports or press releases reporting the results of operations; and • matters involving a conflict or potential conflict of interest involving a substantial shareholder or a director. Clear directions have also been given to management that such matters must be approved by the Board.

1.4	Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.	In accordance with the Code, the Board has, without abdicating its responsibility, established Board committees to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board committees comprise the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which have been delegated with specific authority. Each Board committee has written terms of reference which clearly set out the authority and duties of the committees, and functions within its own defined terms of reference and procedures. All committees are chaired by an independent Non-Executive Director. All Board members objectively make decisions in the interests of the Company. The composition and the terms of reference and description of each Board committee, any delegation of the Board's authority to make decisions to the Board committees, and a summary of the activities of each Board committee are set out in this report.
1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	On 13 February 2020, the Company announced that it will not be performing quarterly reporting of its financial results as it is not required to do so in view of the amendments to the Listing Rules, which came into effect on 7 February 2020. Notwithstanding this, the Board continues to conduct regularly scheduled meetings for the first and third quarter of the financial year to receive updates on significant business activities and the overall business environment, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full-year results respectively. Ad-hoc meetings will be held as and when required to address any significant issues that may arise. The constitution of the Company (the "**Constitution**") provides for meetings of directors to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously. Non-Executive Directors are also encouraged to communicate amongst themselves, and with the Company's auditors and legal advisors without the presence of the Executive Director(s) and management.

<table>
<tr><td></td><td></td><td>
Details of each Director's attendance at the Board and Board committee meetings held for the financial year under review are summarised in the table below:
<table>
<tr><th>Meetings of</th><th>Board</th><th>Audit and Risk Committee</th><th>Nominating Committee</th><th>Remuneration Committee</th></tr>
<tr><td>Total held in FY2021</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Khor Thiam Beng</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Lim Eng Hong</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Lim Tai Meng Alvin</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Goh Chung Meng</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Michael Grenville Gray</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
</table>
As Executive Directors, both Mr Lim Eng Hong and Mr Lim Tai Meng Alvin attend the meetings of the ARC, the NC and the RC, by invitation.
Directors with multiple board representations have ensured that sufficient time and attention are given to the affairs of the Company in order to fulfil their responsibilities and duties to the Company and its Shareholders.
</td></tr>
<tr><td>1.6</td><td>Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</td><td>Management recognises that the flow of complete, adequate and timely information on an ongoing basis to the Board is essential to the Board's effective and efficient discharge of its duties. Management provides all members of the Board with management accounts, consisting of, amongst other things, the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit with variance analyses, so as to present a balanced and informed assessment of the Company's and Group's performance, position and prospects on a monthly basis and as the Board may require from time to time. Such reports enable the Directors to keep abreast of the Group's operating and financial performance and position. Any material variances between the projections and actual results are disclosed and explained. As and when the circumstances require, the Board can request management to provide the necessary explanation and/or information on the management accounts of the Group.</td></tr>
</table>

		The Chief Financial Officer ("**CFO**") also provides each member of the Board with appropriate financial accounts and other information detailing the Group's performance, financial position and prospects on a regular basis and provides the Board with meeting and presentation materials in advance of each meeting unless doing so would be deemed to compromise the confidentiality of highly sensitive information. Further enquiries may be made by the Directors to discharge their duties properly. The information provided by the CFO includes Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results is disclosed and explained. The CFO and outside professionals may also be invited to attend the meetings to provide further insight on specific matters or respond to queries from the Directors.
1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	The Directors have separate and independent access to the Company's senior management. The Board is also entitled to request from senior management and is, upon making such request, provided with such additional information needed to make informed decisions. Management provides such additional information to the Board in a timely manner. The Directors also have separate and independent access to the Company Secretary and can seek independent professional advice and assistance from the Company Secretary or external advisers if necessary, and the cost of such advice and assistance will be borne by the Company. The Company Secretary (or his authorised representatives) provides secretarial support to the Board and the responsibilities of the Company Secretary include: • advising the Board on all governance matters; • attending all Board and Board committee meetings and preparing the minutes of these meetings; • ensuring adherence to Board procedures and compliance with relevant Singapore rules and regulations applicable to the Company. Where such rules and regulations relate to foreign jurisdictions, the Company Secretary facilitates liaison between foreign advisors and the Board;

		• working with management to ensure good information flows within the Board and the Board committees and between senior management and Non-Executive Directors; and • facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole.
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 interests of the company.	
Provision		**Disclosure**
2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	More than one-third of the Board is made up of Independent Directors who offer alternative views of the Group's business and corporate activities. The Board has at least 2 Non-Executive Directors who are independent and free of any material business or financial connection with the Company. There is a strong and independent element on the Board, capable of exercising objective judgement on corporate affairs independently of the Group. The Board's views and opinions often provide different perspectives to the Group's business. No individual or small group of individuals dominates the Board's decision-making. The independence of each Independent Director is reviewed and determined by the NC annually with reference to Rule 210(5)(d)(i) and (ii) of the Listing Rules and also based on guidelines set forth in the Code and the individual Director's declaration. Each Director is requested to disclose to the Board if there is any relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company (the "**Associated Relationships**"), as and when it arises.

		Each of Mr Khor Thiam Beng, Mr Michael Grenville Gray and Mr Goh Chung Meng has also disclosed that he is not, nor has any of his immediate family members: (i) in the current financial year or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payment or material services (which may include auditing, banking, consulting and legal services), where such payments or services aggregated over any financial year is or was in excess of S$50,000, other than Directors' fees received by Mr Khor Thiam Beng, Mr Michael Grenville Gray and Mr Goh Chung Meng (after obtaining shareholders' approval) for board service; and (ii) in the current financial year or immediate past financial year, is or was a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), such payments or services aggregated over any financial year is or was in excess of S$200,000. Each of Mr Khor Thiam Beng, Mr Michael Grenville Gray and Mr Goh Chung Meng has also disclosed that: (a) he is not, and has not been employed by the Company or any of its related corporations for the current financial year or any of the past 3 financial years; and (b) none of his immediate family members are or have been employed by the Company or any of its related corporations for the current financial year or any of the past 3 financial years, and whose remuneration is or was determined by the RC of the Company.

		In this report, the term "**immediate family**" shall carry the same meaning as defined in the Listing Rules. Each of Mr Khor Thiam Beng, Mr Michael Grenville Gray and Mr Goh Chung Meng has served on the Board for more than 9 years from the respective date of his first appointment. As such, the Board rigorously reviewed their independence in conduct, character and judgement, including determining whether any of the Directors have any Associated Relationships. This review included an assessment by all the other members of the Board of the independence of judgement of Mr Khor Thiam Beng, Mr Michael Grenville Gray and Mr Goh Chung Meng, in view that they have each served on the Board for more than 9 years. The Board also took into consideration and is highly conscious that these Directors have in their conduct and in the discharge of their duties throughout their respective appointment, continuously and constructively challenged management on business decisions, continued to demonstrate strong independence in character and judgement and have remained objective in the discharge of their respective duties and responsibilities. It is a requirement of the Code that the Board should state its reasons if it determines that a director is independent notwithstanding the existence of an Associated Relationship. After taking into consideration the views of the NC and the Board's review, which determined that none of these Directors has any Associated Relationships and that none of the circumstances stated in Rule 210(5)(d)(i) and (ii) of the Listing Rules apply to any of these Directors, the Board considers each of these Directors to be an Independent Director. Neither Mr Khor Thiam Beng, Mr Michael Grenville Gray nor Mr Goh Chung Meng took part in the review of his own independence.

		On 6 August 2018, the SGX-ST amended the Listing Rules following the publication of the Code by the Monetary Authority of Singapore. As part of the amendments to the Code, certain guidelines from the Code of Corporate Governance 2012 were shifted into the Listing Rules for mandatory compliance. On 28 November 2018, the SGX-ST issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the Listing Rules. Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Rules (which comes into effect on 1 January 2022), to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company had at the annual general meeting of the Company ("**AGM**") held on 30 October 2019 obtained shareholders' approvals for the resolutions for Mr Khor Thiam Beng's continued appointment as an independent director, such resolutions to remain in force until the earlier of Mr Khor Thiam Beng's retirement or resignation as a Director; or the conclusion of the third AGM following the passing of the resolutions, i.e. the AGM in respect of the financial year ending 30 June 2022. At the previous AGM held on 29 October 2020, the Company had obtained shareholders' approvals for the resolutions for Mr Michael Grenville Gray and Mr Goh Chung Meng's continued appointment as independent directors, such resolutions to remain in force until the earlier of Mr Michael Grenville Gray's or Mr Goh Chung Meng's retirement or resignation as a Director (as the case may be); or the conclusion of the third AGM following the passing of the resolutions, i.e. the AGM in respect of the financial year ending 30 June 2023. In respect of the forthcoming AGM of the Company, the NC has recommended the nomination of Mr Khor Thiam Beng to be re-elected as Independent Director and such approval to be sought by way of separate resolutions by (A) all shareholders; and (B) shareholders, excluding the Directors and the CEO (as defined below), and associates of such Directors and the CEO, such resolutions to remain in force until the earlier of (X) the retirement or resignation of the Director; or (Y) the conclusion of the third annual general meeting of the Company following the passing of the resolution. The Board has accepted the NC's recommendation.

<table>
<tr><td>2.2</td><td>Independent directors make up a majority of the Board where the Chairman is not independent.</td><td>It is a requirement of the Code that independent directors should make up the majority of the board where the Chairman of the board: (i) is not an independent director; (ii) is also the Chief Executive Officer ("CEO") of the company (or equivalent); (iii) is an immediate family member to the CEO; (iv) and the CEO have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the nominating committee; or (v) is part of the management team.

Although the Company is not required to comply with this requirement of the Code as the Chairman of the Board: (i) is an Independent Director; (ii) is not the CEO of the Company (or equivalent); (iii) is not an immediate family member to the CEO; (iv) and the CEO do not have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the NC; and (v) is not part of the management team, the Independent Directors do in fact make up the majority of the Board.</td></tr>
<tr><td>2.3</td><td>Non-executive directors make up a majority of the Board.</td><td>Non-Executive Directors make up the majority of the Board as the Company has a total of 5 Board members, of whom 3 are Independent Directors and 2 are Executive Directors. The following details of the Directors are set out below as required under Rule 1207(10B) of the Listing Rules:

<table>
<tr><th>Director</th><th>Board Membership</th><th>Date of First Appointment as Director</th><th>Date of Last Appointment as Director</th><th>ARC</th><th>NC</th><th>RC</th></tr>
<tr><td>Khor Thiam Beng</td><td>Chairman and Independent Director</td><td>30 Oct 2006</td><td>30 Oct 2019</td><td>Member</td><td>Member</td><td>Member</td></tr>
<tr><td>Lim Eng Hong</td><td>CEO</td><td>16 May 1984</td><td>30 Oct 2019</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Alvin Lim</td><td>Executive Director</td><td>1 Aug 2018</td><td>29 Oct 2018</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Goh Chung Meng</td><td>Independent Director</td><td>16 Oct 2001</td><td>29 Oct 2020</td><td>Member</td><td>Chairman</td><td>Chairman</td></tr>
<tr><td>Michael Grenville Gray</td><td>Independent Director</td><td>30 Oct 2006</td><td>29 Oct 2020</td><td>Chairman</td><td>Member</td><td>Member</td></tr>
</table></td></tr>
</table>

2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies, knowledge and experience. The Board considers that the present composition of the Board and of each Board committee provides an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity, taking into account the nature and scope of the Group's operations, requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. The Board also considers the current size of the Board and of each Board committee ideal for effective debate and decision-making. The Directors bring with them a wide spectrum of industry knowledge and skills, experience in accounting, finance, legal and business strategies, management expertise, customer-based experience, knowledge of the Group and objective perspective to effectively lead and direct the Group. Profiles of the Directors are set out in this Annual Report. **Balance and Diversity of the Board**

Core Competencies	Number of Directors	Proportion of the Board
Accounting or finance related	1	20%
Business and management experience	2	40%
Legal or corporate governance	1	20%
Strategic planning experience	1	20%
Gender Diversity		
Male	5	100%
Female	–	–

The Board does not have a written board diversity policy at the moment, which constitutes a variation from Provision 2.4 of the Code. The Board however recognises the importance and value of gender diversity and will take into consideration the skill sets, knowledge and experience, and other aspects of diversity including gender and age, for any future Board appointments. Having said that, gender is but one aspect of diversity and new directors will continue to be selected based on objective criteria set as part of the process for appointment of new directors and Board succession planning. The Company is therefore of the view that the intent of Principle 2 has been met.

		In order to maintain or enhance its balance and diversity, the Board will take the following steps: • annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and will enhance the efficacy of the Board; and • annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.
2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	In the financial year under review, the Non-Executive Directors met regularly and at least once annually without the presence of management and the Executive Directors, to review any matters that they wish to raise privately, constructively challenge and help develop proposals on company strategy, review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. The independent Chairman of the Board provides feedback to the Board as appropriate.
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 has unfettered powers of decision-making.	
Provision		**Disclosure**
3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	The Code advocates that the Chairman and the CEO should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision-making. The Chairman of the Board is Mr Khor Thiam Beng, an Independent Director and the CEO of the Company is Mr Lim Eng Hong. Mr Khor Thiam Beng and Mr Lim Eng Hong are not immediate family members. There is a clear separation of the roles and responsibilities between the Chairman and the CEO in order to maintain effective oversight.

3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	As set out in the Board's written terms of reference, the role of the Chairman is to, *inter alia*: • lead the Board to ensure its effectiveness on all aspects of its role; • set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; • promote a culture of openness and debate at the Board; • ensure effective communication with shareholders; • encourage constructive relations within the Board and between the Board and management; and • promote high standards of corporate governance. and the role of the CEO is to, *inter alia*: • develop, with the Board, a consensus for the Company's vision and mission; • develop and implement the strategic plan set by the Board; • provide strong leadership and effective day-to-day management of the Company to deliver the plan; • drive a culture of compliance and ethical behaviour; • ensure appropriate talent management and remuneration frameworks are established; and • ensure that the Board is informed about key company activities and issues.
3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	The Board does not consider it presently necessary to appoint a lead independent director as the Chairman of the Board: (i) is an Independent Director; (ii) is not the CEO of the Company (or equivalent); (iii) is not an immediate family member to the CEO; (iv) and the CEO do not have close family ties with each other (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the NC; and (v) is not part of the management team.

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		**Disclosure**
4.1	The Board establishes a Nominating Committee ("**NC**") to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).	The NC is regulated by a set of written terms of reference endorsed by the Board, setting out its authority and duties. According to its terms of reference, the responsibilities of the NC include reviewing and making recommendations to the Board relating to: • the structure, size and composition of the Board and the Board Committees; • succession plans for the Board Chairman, Directors, CEO and members of senior management; • the development of a transparent process for evaluating the performance of the Board, its Board Committees and Directors, including assessing whether Directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company Board representations which a Director may hold; • training and professional development programmes for the Board; • appointment and re-appointment of all Directors (including any alternate directors); and • the review and confirmation of the independence of each Director. No alternate directors have been appointed to the Board. In this report, the Company defines the term "**key management personnel**" to mean the CEO and Executive Officers of the Company. The term "**Executive Officers**" carries the same meaning as defined in the Listing Rules.
4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	The NC comprises the following 3 Directors, all of whom are independent: Mr Goh Chung Meng – Chairman; Mr Khor Thiam Beng – Member; and Mr Michael Grenville Gray – Member. As disclosed in respect of Provision 3.3 above, the Board does not consider it presently necessary to appoint a lead independent director.

4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	In the selection and nomination of new Directors, the NC identifies the key attributes that an incoming Director should have, based on the attributes of the existing Board and the requirements of the Group. The NC then taps on the Directors' resources for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made. As recommended by the NC, a new Director can be appointed by way of a Board resolution. Such Directors must present themselves for re-election at the next AGM of the Company as required under the Constitution. Important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. The Directors (including the CEO) submit themselves for re-nomination and re-election at regular intervals of at least once in 3 years in compliance with the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST. The Constitution provides that one-third of the Board is to retire from the office annually by rotation at the AGM. Retiring Directors are eligible to offer themselves for re-election. The NC has recommended the nomination of Mr Michael Grenville Gray and Mr Goh Chung Meng for re-election at the forthcoming AGM. The Board has accepted the NC's recommendation. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, additional information on the Directors seeking election/re-election has been set out in the section titled "Additional Information on Directors Seeking Election/Re-Election" which is appended to the Notice of AGM. Please also refer to our disclosures in respect of Provision 2.1 above with regard to the NC's recommendation of the nomination of Mr Khor Thiam Beng to be re-elected as an Independent Director at the forthcoming AGM. The Company is the view that the current Board member's collection of skills, experience and diversity meets the current needs of the Company. Please refer to the Company's disclosure in respect of Provision 2.4 above for further details.

4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	Please refer to our disclosure in respect of Provision 2.1 above.
4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	Please refer to our disclosures in respect of Provision 1.2 above with regard to new Directors' induction into the Board, briefing on their duties and the receipt of mandatory training as prescribed by the SGX-ST. Key information regarding the Directors' profiles, including directorships or chairmanships both present and those held over the preceding 5 years in other listed companies, and other principal commitments, are set out in this Annual Report. The shareholdings in the Company of the Directors are set out in the Directors' Statement.

		The NC determines annually whether each Director with multiple directorships or other principal commitments outside of the Group is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the attendance and contributions of the Directors at Board and Board committee meetings, level of commitment required of the Director's other principal commitments, degree of complexity of the other listed companies where the Director holds directorships, expectations of the Director's obligations in the capacity as director in other organisations, results of the assessment of the effectiveness of the Board as a whole and Board committees, and the respective Directors' actual conduct and participation on the Board and its Board committees, in making the determination. In respect of the financial year under review, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director effectively. The NC noted that based on the attendance of Board and Board committee meetings during the financial year under review, all the Directors were able to participate in all of such meetings to carry out their duties. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties notwithstanding their multiple directorships where applicable and other principal commitments. Nonetheless, to ensure that the Directors continue to give sufficient time and attention to the affairs of the Company, the Board has, subject to annual review, determined that the maximum number of directorships and principal commitments which any Director may hold shall be maintained at 5. If the NC considers it necessary, it shall make recommendations to the Board on the guidelines to be implemented to address the competing time commitments faced by Directors serving on multiple boards and with other principal commitments.
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.	
Provision		**Disclosure**
5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	The NC has implemented a formal Board evaluation process, approved by the Board, to be carried out annually to assess the effectiveness of the Board as a whole and its Board committees, namely, the ARC, NC and RC. For the financial year under review, an evaluation of the performance of the Board and its Board committees, and the contribution by the Chairman and each Director to the effectiveness of the Board and its Board committees (where applicable), was conducted.

5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	The objective of the evaluation process is to assess and identify areas for continuous improvement to the Board's overall effectiveness. The assessment of the Board as a whole is conducted by way of a Board evaluation questionnaire completed by the Directors, which assesses the Board as a whole on several parameters, namely, the Board composition, maintenance of independence, Board information, Board processes, Board accountability, communication with top management and standard of conduct. An evaluation of the performance of the Board committees was also undertaken with the assistance of self-assessment checklists completed by the members of each Board committee collectively. Directors were also required to complete appraisal forms to assess the contributions made by each of the other Directors towards the effectiveness of the Board. The NC assesses the effectiveness of the Board as a whole and its Board committees, and the contribution by each Director to the effectiveness of the Board, with input from the CEO. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, Board effectiveness and training, the provision of information to the Board, Board standards of conduct and financial performance indicators. Such performance criteria are recommended by the NC and approved by the Board and they address how the Board has enhanced long-term shareholder value. The performance criteria allow for comparison with industry peers and do not change from year to year unless circumstances deem it necessary and a decision to change them would be justified by the Board. The assessment parameters for each Director include attendance record at the meetings of the Board and the Board committees and quality of participation at meetings as well as special contributions. The consolidated findings are reported and recommendations are made to the Board for consideration of further improvements to help the Board to discharge its duties more effectively. Where appropriate, the Chairman will act on the results of such evaluation and, in consultation with the NC and if necessary, propose new members to be appointed to the Board or seek the resignation of directors.

		The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review. No external facilitator was appointed for the evaluation of the Board and the Board committees during the financial year under review. Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.
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		**Disclosure**
6.1	The Board establishes a Remuneration Committee ("**RC**") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.	The RC is regulated by a set of written terms of reference endorsed by the Board setting out its authority and duties. According to its terms of reference, the responsibilities of the RC include reviewing and making recommendations to the Board on: • a framework of remuneration for Directors and Executive Officers, and determining the specific remuneration packages for each Director as well as for the Executive Officers, such recommendations to cover all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind, and termination payments; • performance-related elements of remuneration to align interests of Executive Directors and Executive Officers with those of shareholders and link rewards to corporate and individual performance; and considering whether Directors should be eligible for benefits under long-term incentive schemes.
6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The RC comprises 3 Directors, all of whom are non-executive and independent: Mr Goh Chung Meng – Chairman; Mr Khor Thiam Beng – Member; and Mr Michael Grenville Gray – Member.

6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	The aim of the RC is to motivate and retain Directors and Executive Officers without being excessive, and ensure that the Company is able to attract and retain the best talent in the market to drive the Group's businesses forward in order to maximise long-term shareholder value. During the financial year under review, the RC reviewed and made recommendations in relation to the general remuneration framework for the Board as well as regarding the specific remuneration packages of the Directors and Executive Officers and submitted them for endorsement by the entire Board. Each member of the RC will abstain from voting and discussing on any resolutions in respect of his own remuneration package. The RC reviews the Company's obligations arising in the event of termination of the contracts of service of Executive Directors and Executive Officers to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance when setting the remuneration packages of the Executive Director and Executive Officers.
6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	While none of the members of the RC specialise in the field of executive compensation, the members of the RC do possess broad knowledge in this area and have access to external professional advice. The RC is competent in reviewing and recommending to the Board the appropriate remuneration framework for Directors and Executive Officers in accordance with the terms of reference duly adopted by the Board. No external remuneration consultants were appointed for the financial year under review. However, in reviewing and recommending to the Board the appropriate remuneration framework for Directors and Executive Officers, the RC had reviewed remuneration surveys published by consulting groups and the government. As and when deemed appropriate by the RC, independent expert advice on the remuneration of Directors will be sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

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.	
Provision		**Disclosure**
7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	The remuneration components of the Executive Directors and Executive Officers comprise the annual fixed cash, annual performance incentives and, where applicable, long-term incentives. The annual review of compensation is carried out by the RC to ensure that the remuneration components are market competitive and commensurate with the performance of each Executive Director and Executive Officer and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The annual fixed cash component comprises the annual basic salary plus fixed allowances which the Company benchmarks against relevant industry market data, where available. The annual performance incentive variable bonus is tied to the performance of the Company, business unit and individual employee. Performance conditions to which entitlement to such annual and short-term incentives are subject include benchmarking performance against industry business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-à-vis industry performance. For the financial year under review, the performance conditions for the short-term incentives were generally met. In respect of long-term incentives, the Company previously implemented the Avi-Tech Employee Share Option Scheme ("**ESOS**"), which expired in July 2017. The Board has, in consultation with the RC, considered and weighed the benefits of implementing another employee stock option scheme against the costs and other charges to the Company of such a long-term incentive plan and has, after taking into account various factors, including but not limited to the historical 10-year performance in terms of the effectiveness of the ESOS in aligning the long-term interest of various stakeholders (including employees, management and ultimately, the shareholders of the Company) and influencing significant growth potential improvement, determined that it may be more beneficial to consider other more effective alternatives of long-term incentive implementation, including share award schemes, to promote better alignment of interests between various stakeholders and contributing to the long-term success of the Group. The Board is currently in the midst of considering such other more effective alternatives of long-term incentive implementations.

7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	The Non-Executive Directors are paid Directors' fees based on their level of contributions, taking into account factors such as effort and time spent, and responsibilities of each Non-Executive Director in the Board and Board committees. The RC will ensure that the Non-Executive Directors are not over-compensated to the extent that their independence may be compromised. The recommendations made by the RC in respect of the Non-Executive Directors' fees for the financial year under review are subject to shareholders' approval at the forthcoming AGM.
7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	The RC exercises broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders, promote the long-term success of the Company, and recognise the performance, potential and responsibilities of each individual. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role. The performance-related remuneration structure is directly linked to corporate and individual performance. The RC also recognises the need for reasonable alignment between risk and performance-related remuneration to discourage excessive risk taking. As such, in determining the performance-related remuneration structure, the RC had taken into account the risk policies and risk tolerance of the Group, and whether such remuneration is symmetric with risk outcomes and sensitive to the time horizon of risks. The Company has 2 Executive Directors. The remuneration package of Mr Lim Eng Hong is based on terms stipulated in his service contract. His remuneration includes a profit-sharing scheme that is performance-related to align his interests with those of the shareholders. His service contract with the Company is for a fixed period and he does not receive any Directors' fee. The remuneration package of Mr Lim Tai Meng Alvin is based on terms stipulated in his service contract. His service contract contains an annual performance incentive variable bonus as described in our disclosures in respect of Provision 7.1 above and does not contain a profit-sharing scheme. His service contract with the Company is for a fixed period and he does not receive any Directors' fee. The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company, as the Executive Directors owe fiduciary duties to the Company and the Company should be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties.

		The Company is of the view that the variable component of the remuneration packages of the Executive Officers is moderate and not at risk of jeopardising good stewardship. At present, there is no necessity for the Company to institute contractual provisions in the service agreements to reclaim incentive components of remuneration paid in prior years from the Executive Officers in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to 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		**Disclosure**
8.1	The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	Provisions 7.1 and 7.3 above describes the components of each Executive Director and Executive Officer's remuneration, comprising the fixed salary and annual performance incentives, as well as explains how the annual review of compensation is carried out by the RC to ensure that the remuneration components are market competitive and commensurate with the performance of each Executive Director and Executive Officer and that of the Company. In reviewing the annual performance incentive variable bonus, considerations are tied to the performance of the Company, business unit and individual employee, and entitlement to such annual and short-term incentives are subject to benchmarking performance against industry business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-à-vis industry performance. It is also disclosed that the RC exercises judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The Company sees value creation as improving the revenue and profits, thereby increasing the return to shareholders. Please refer to our disclosure in respect of Principle 7 above for further details on the Company's policy and criteria for setting remuneration for Directors and Executive Officers. The RC has recommended to the Board an amount of S$150,000 as Directors' fees for the financial year under review. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

A breakdown, showing the level and mix of each individual Non-Executive Director's remuneration for the financial year under review, is as follows:

Directors	Fee[1] (S$)	Salary (S$)	Variable Bonus & Profit Sharing (S$)	Benefits in kind (S$)	Total (S$)
Khor Thiam Beng	50,000	–	–	–	50,000
Goh Chung Meng	50,000	–	–	–	50,000
Michael Grenville Gray	50,000	–	–	–	50,000

Note:
(1) These fees are subject to shareholders' approval at the forthcoming AGM

For the financial year under review, the Company wishes to disclose the remuneration of the Executive Directors in bands of S$250,000, which constitutes a variation from Provision 8.1(a) of the Code. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Directors are described above in our disclosures in respect of Principle 7, the level and mix of remuneration is disclosed in the table below and disclosures in the financial statements of the Company provides sufficient overview of the remuneration of the Group. Moreover, the RC and the Board are of the opinion that the remuneration packages of the Executive Directors are of a confidential and sensitive nature, the disclosure of which would place the Group in a competitively disadvantageous position, and hence have chosen to make disclosures in relation thereto in bands of S$250,000. A breakdown, showing the level and mix of each individual Executive Director's remuneration for the financial year under review, is as follows:

Directors	Fee	Salary	Variable Bonus & Profit Sharing	Benefits in kind	Total
Band C[1]	%	%	%	%	%
Lim Eng Hong	–	74	18	8	100
Band A[2]	%	%	%	%	%
Lim Tai Meng Alvin[3]	–	82	15	3	100

Notes:
(1) Band C means from S$500,000 up to S$749,999
(2) Band A means from S$1 up to S$249,999
(3) Mr Lim Tai Meng Alvin is the son of Mr Lim Eng Hong, the Company's CEO, Director and controlling shareholder. In incremental bands no wider than S$100,000, Mr Lim Tai Meng Alvin's total remuneration falls within the S$200,000 to S$249,999 band.

<table>
<tr><td></td><td></td><td>
As required under Provision 8.1(b) of the Code, a breakdown, showing the level and mix of the top Executive Officers' remuneration (in bands of S$250,000) for the financial year under review, is as follows:
<table>
<tr><th>Name</th><th>Salary</th><th>Variable Bonus</th><th>Benefits in kind</th><th>Total</th></tr>
<tr><td>Band B[1]</td><td>%</td><td>%</td><td>%</td><td>%</td></tr>
<tr><td>Joseph Wan Nin Choon</td><td>84</td><td>16</td><td>–</td><td>100</td></tr>
<tr><td>Band A[2]</td><td>%</td><td>%</td><td>%</td><td>%</td></tr>
<tr><td>Lau Toon Hai</td><td>85</td><td>15</td><td>–</td><td>100</td></tr>
</table>
Notes:
(1) Band B means from S$250,000 up to S$499,999
(2) Band A means from S$1 up to S$249,999
The Company considers the heads of the corporate functions and the Vice Presidents to be the Executive Officers and top key management personnel of the Company (who are not Directors or the CEO) for the financial year under review and pursuant thereto, there were only two key management personnel in the financial year under review. The total remuneration paid to the above Executive Officers is not more than S$500,000 in the financial year under review. The Company is of the view that the disclosure of the upper limit of the total remuneration paid to the two key management personnel is substantially in compliance with Provision 8.1(b) of the Code, as it sufficiently informs that the total remuneration paid does not specifically exceed the amount stated.
In view of the foregoing, the Company believes that the Annual Report, taken as a whole, has sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, which is consistent with the intent of Principle 8 of the Code.
</td></tr>
<tr><td>8.2</td><td>The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</td><td>Save as disclosed in respect of Provision 8.1 above, the Group did not employ any employees who are substantial shareholders of the Company, or are immediate family member of any Director, the CEO or a substantial shareholder of the Company. "Immediate family" means a spouse, child, adopted child, step-child, brother, sister or parent. In respect of Mr Lim Tai Meng Alvin's total remuneration in incremental bands no wider than S$100,000, he falls within the S$200,000 to S$249,999 band.</td></tr>
</table>

8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	Please refer to our disclosure in respect of Provision 8.1 above for the Company's disclosure of all forms of remuneration and other payments and benefits paid by the Company to Directors and top key management personnel. Persons appointed as directors of the Company's subsidiaries comprise only Mr Lim Eng Hong and Mr Lim Tai Meng Alvin, who apart from receiving their remuneration from the Company, do not receive any further remuneration from any other companies within the Group. As disclosed in respect of Provision 7.1 above, the Company presently does not have any employee share schemes. As disclosed on page 109 of the Company's prospectus dated 11 July 2007, the CEO does not receive any benefits upon the termination of his service contract. His service contract contains non-competition and non-solicitation clauses which are binding on the CEO for a period of 12 months from the date of cessation of employment with the Company. These obligations of non-competition and non-solicitation shall be conditional upon: (i) shareholders' approval pursuant to Rule 906 of the Listing Rules (if applicable) for the making by the Company to the CEO of 12 monthly payments of S$40,000 each from the Company (totalling S$480,000), (the "**Payment(s)**"); and (ii) the receipt of the Payment(s) by the Executive, the first payment of which shall be paid not later than the first day of the month immediately following the cessation date of employment with the Company, and, thereafter on the first day of each following month, time being of the essence. The Company is not obliged to make any Payment(s), or having made Payment(s) or parts thereof, to continue making such Payment(s) to the CEO, in the event the Company decides at any time, in its sole discretion, that the Company does not require the CEO to perform or continue performing the said noncompetition and non-solicitation obligations. Save as disclosed above, no other employees or Directors of the Company are entitled to any termination, retirement or post-employment benefits.

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		**Disclosure**
9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Board is responsible for risk governance, establishing risk management policies and tolerance strategies that set the appropriate tone and direction, and also overseeing the implementation of the Company's risk management framework to ensure that risks are identified and managed. The ARC has been established by the Board to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies. In addition, the Company has established a risk management committee comprised of senior executives and co-chaired by the CEO and CFO of the Company, which meets at least once annually, including attendance at a workshop on the Company's risk management framework and policies. Directors are invited to provide their views and input at the workshop. The ARC reviews the findings from the workshop before making recommendations to the Board on the Company's risk management framework and policies. The Company has put in place a risk management and internal control system in areas such as financial, operational, compliance and information technology controls. Risk management and internal controls are detailed in formal instructions, standard operating procedures and financial authority limits policies. The principal aim of the internal control system is the management of business risks with a view to safeguarding shareholders' investments and the Group's assets. In particular, the Company's Risk Governance and Internal Control ("**RGIC**") framework was developed to realise the value of risk management by providing an integrated enterprise-wide perspective of the risks involved in the Company's businesses, and institutionalising a systematic risk assessment methodology for the identification, assessment, management, reporting and monitoring of risks on a consistent and reliable basis. The RGIC Manual sets out, *inter alia*, the Board's approved Risk Appetite and Risk Tolerance guidance, Authority and Risk Control Matrix, Key Control Activities and Key Reporting and Monitoring Activities to manage and mitigate risks.

		The Company's RGIC framework is constantly refined, ensuring relevance in a dynamic operating environment. The Company keeps abreast of the latest developments and best practices by participating in industry seminars and interacting with risk management practitioners. Continuous training is conducted to build risk awareness and competencies, and systems and tools are put in place to operationalise the risk management framework to support the Company's RGIC framework. The management maintains the risk management and internal control systems and the Board monitors the Group's risks through the ARC and internal auditors. In designing these controls, the Company has considered the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. The Board is committed to maintaining adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems to safeguard shareholders' interests and investments, and the Group's assets. The Board recognises the importance of establishing sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems, including financial, operational, compliance and information technology controls, on an annual basis. On an ongoing basis, the Board periodically monitors and assesses the adequacy of the risk management systems that it has put in place and the system of internal controls, and ensure that management takes the appropriate steps to manage and mitigate risks. During the financial year under review, the Board reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management framework and systems, conducted dialogue sessions with the management to understand the process, and to identify, assess, manage and monitor risks within the Group.

		The Company has established and maintains, on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits, as required under Rule 719(3) of the Listing Rules. The Board has engaged RSM Risk Advisory Pte Ltd, the outsourced internal auditor for the Group, during the financial year under review, to conduct an internal audit on selected key risk areas of the Group and to make recommendations to enhance the internal controls and risk management framework and systems. During the financial year under review, the management updated the ARC and the Board on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas: • identification of specific "risk owners" who are responsible for the risks identified; • assessment of the Group's key risks by major business units and risk categories; • description of the processes and systems in place to identify and assess risks to the business and how risk information is collected on an ongoing basis; • ongoing gaps in the risk management process such as system limitations in capturing and measuring risks, as well as action plans to address the gaps; • status and changes in plans undertaken by the management to manage key risks; and • description of the risk monitoring and escalation processes and also systems in place. The Board also considered any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the financial year under review.

		The Board relies on internal audit reports and the management letter prepared by the external auditors to report on any material non-compliance or internal control weaknesses. In line with the requirements under Rule 1207(10) of the Listing Rules, for the financial year under review, based on the risk management systems and internal controls established and maintained by the Group, work performed by the internal and external auditors, review of the internal audit plan and the internal auditors' evaluation of the system of internal controls and reviews performed by management, various Board committees and the Board, the Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 30 June 2021 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment. The system of risk management and internal controls established by the Group is designed to manage, rather than eliminate, the risk of failure in achieving the Group's goals and objectives. The Board wishes to state that the system of internal controls provides reasonable, but not absolute, assurance as to financial, operational, compliance and information technology risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board. In the financial year under review, many industries were caught up in and affected by macro uncertainty and geopolitical challenges, given the risks of escalating US-China trade tensions. Then in 2021, the world was and continues to be severely impacted by the global effects of the coronavirus epidemic. Subsequently, we are also experiencing an oil-price war was launched, causing global stock markets to suffer, the weakening of market sentiments and the fading of business confidence. As the global pandemic situation prolongs, businesses across different sectors continues to grapple with uncertainties and the threat of a downward revenue trend. In the midst of this, the Group remains cautious on its business outlook in the next financial reporting period and is committed to continue working towards strengthening its core competencies and extending its customer base while at the same time, exploring new opportunities for growth, including mergers and acquisitions, to aid the business and enhance shareholder value. While the near-term visibility is low, the longer-term growth prospects of the semiconductor industry remain unaffected with the rapid advancement and deployment of Internet of Things (IoT) and smart technologies in industries and cities, and the evolution of automotive-related semiconductors due to the irreversible macrotrends of electromobility and autonomous driving. These will create opportunities and may drive demand for our services and augur well for the Group. Please also refer to the "Letter to Shareholders" portion of the annual report on the Chairman's and CEO's commentary of the significant trends and competitive conditions of the industry in which the Group operates in.

9.2	The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	The Board has also received assurances from the CEO and the CFO that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and based on the work performed by the internal and external auditors, the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 June 2021.
AUDIT COMMITTEE		
Principle		
10.	The Board has an Audit Committee ("AC") which discharges its duties objectively.	
Provision		**Disclosure**
10.1	The duties of the AC include: (a) reviewing the 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; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;	The ARC is regulated by a set of written terms of reference endorsed by the Board, setting out its authority and duties. The ARC has full access to, and co-operation from the management, and has full discretion to invite any Director, executive officer of the Company or other persons to attend its meetings. It may require any such Director, executive officer or other person in attendance to leave the meeting (temporarily or otherwise) to facilitate open discussion should they have an interest in the matter under discussion. The ARC also has explicit authority to investigate any matter brought to its attention, within its terms of reference, with the power to obtain professional advice at the Company's expense. The ARC has reasonable resources to enable it to discharge its functions properly. The members of the ARC also take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements as and when the ARC, or the Board or the Company, deems necessary and appropriate. Changes to the various accounting standards are monitored closely by management. Where these changes have an important bearing on the Company's disclosure obligations, the Directors (including members of the ARC) are kept informed of such changes from time to time through circulation of the relevant changes which are also tabled during Board meetings.

	(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangement for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	According to its terms of reference, the responsibilities of the ARC include: • reviewing significant financial reporting issues and judgements so as to ensure the integrity of financial statements and announcements on the company's financial performance, and making recommendations, if any, to the Board, and in particular, monitoring the integrity of the financial reports prepared by the Company and reviewing the application and consistency of the accounting standards used; • reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the risk management and internal control systems (including financial, operational, compliance and information technology controls), and state whether the ARC concurs with the Board's comment on adequacy and effectiveness of the Company's internal controls and risk management systems; • reviewing the assurance provided by the CEO and CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the company's operations and finances; • reviewing the performance of the external auditors and facilitating its selection, appointment, reappointment, and removal by considering such factors including an assessment of their effectiveness through the level of errors identified, accuracy in handling key accounting and audit judgements, and response to queries from the ARC and then recommending to the Board the appointment, reappointment and removal of the external auditors and its remuneration and terms of engagement; • reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors, in particular, monitoring and assessing annually whether the external auditors' independence or objectivity is impaired by considering such factors including the amount of fees paid to the external auditors for the financial year, and the breakdown of aggregate fees for audit and non-audit services provided by the external auditors; • reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function by, *inter alia*, monitoring and assessing the role and effectiveness of the internal audit function, including the internal audit charter, plans, activities, staffing, budget, resources, and organisational structure of the internal audit function; and

		• overseeing the establishment and operation of the whistleblowing process in the Company and ensuring that policies and arrangements are in place by which staff may safely raise concerns about possible improprieties in financial reporting or other matters and there are appropriate arrangements for an independent investigation and appropriate follow-up on concerns raised. During the financial year under review, the ARC performed the following main functions (amongst other duties) in accordance with its written terms of reference: • reviewing the terms of reference for the ARC annually; • recommending to the Board the appointment or reappointment of the internal and/or external auditors, and approving the remuneration and terms of engagement of the internal and/or external auditors, after taking into account, amongst other things, the auditors' performance for the financial year under review and the requirements of the Group; • reviewing the scope and results of the external audit as well as the internal audit plan and process to determine that it meets the requirements of the Group; • evaluating the independence and objectivity of the external auditors; • reviewing the Group's periodic financial statements (as required under the Listing Rules) and related notes and announcements relating thereto, accounting principles adopted, and the external auditors' reports to ensure proper disclosure and compliance prior to recommending to the Board for approval; • reviewing and evaluating, having regard to input from external and internal auditors, the adequacy and effectiveness of the Group's system of internal controls and risk management functions, which include internal financial controls, operational, compliance and information technology controls and risk management policies and systems; • reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;

		• reviewing any significant financial reporting issues and judgments and estimates made by the management, so as to ensure the integrity of the financial statements of the Group; and • reviewing the independence, adequacy and effectiveness of the Group's internal auditors. During the financial year under review, the ARC also reviewed: • the periodic results announcement (as required under the Listing Rules) together with the external auditors of the Company prior to its recommendations to the Board for approval for release on SGXNET and any changes to accounting standards and issues which have a direct impact on financial statements will be raised at such meetings; • the audit plan and scope of examination of the external auditors and the assistance given by the Group's officers to the external auditors and noted that no restriction was imposed by the management on the scope and extent of the external audit; • the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for the financial year under review prior to its recommendations to the Board for approval; and • the statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" which is found in this Annual Report. *Key Audit Matters* The ARC reviewed the key audit matter on allowance for slow-moving and obsolete inventories, included in the independent auditor's report for the financial year ended 30 June 2021. The ARC discussed in detail with management the amounts, value and age of older inventory and the approach and methodology applied in the assessment of making allowance for slow-moving and obsolete inventory as well as the reasonableness of the key sources of estimation uncertainty used as disclosed in Note 3 to the financial statements. The ARC concluded that the Company's accounting treatment in the allowance for slow-moving and obsolete inventories was appropriate.

External Auditors

Before confirming an external auditors' re-appointment, the ARC will conduct an annual review of the independence of the Company's external auditors and the total fees for non-audit services compared with audit services, and satisfy itself that the nature and volume of any non-audit services will not prejudice the independence and objectivity of the Company's external auditors. During the financial year under review, the remuneration paid/payable to the Company's external auditors, Deloitte & Touche LLP, is set out below:

Service Category	**Fees Paid/Payable (S$'000)**
Audit Services	133.5
Non-Audit Services	10.5
Total	**144.0**

In line with the requirements under Rule 1207(6) of the Listing Rules, the ARC has reviewed the non-audit services provided by the external auditors, Deloitte & Touche LLP for the financial year under review, and is of the opinion that the provision of such services did not affect the independence or objectivity of the external auditors.

In respect of the financial year under review, the external auditors have confirmed that they are in compliance with the independence requirements set out in the Code of Professional Conduct and Ethics under the Accountants (Public Accountants) Rules of the Singapore Accountants Act and have affirmed their independence in this respect.

The ARC had recommended the reappointment of Deloitte & Touche LLP as external auditors of the Company at the forthcoming AGM. The external auditors re-appointed for the Company's subsidiaries are set out in the notes to financial statements found in this Annual Report.

		In proposing to shareholders the re-appointment of Deloitte & Touche LLP as the external auditors to the Company and in line with the requirements under Rule 712 of the Listing Rules and after taking into consideration the Audit Quality Indicators (AQI) Disclosure Framework published by ACRA in respect of Deloitte & Touche LLP, the Board and the ARC considered and are satisfied with the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of our Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit. Deloitte & Touche LLP has confirmed that it is registered with ACRA. The Company is also in compliance with Rule 715 of the Listing Rules in relation to the appointment of the auditors of the Company and its subsidiaries. *Whistle-blowing Policy* To achieve a high standard of corporate governance for the operations of the Group, the Group has implemented a whistle-blowing policy. This policy will provide arrangements by which staff can raise concerns on financial improprieties and other reporting matters. The whistle-blowing policy enables staff of the Group and any other persons, in confidence, to raise concerns about possible improprieties in matters of financial reporting and questionable accounting practices or other matters such as criminal offences, unlawful acts, fraud, corruption, bribery and blackmail, failure to comply with legal or regulatory obligations, unsafe work practices or substantial wasting of Company resources, and concealment of any of the foregoing. The whistle-blowing policy is intended to conform to the guidance set out in the Code and aims to: (i) support the Group's values and help detect and address unacceptable conduct; (ii) provide an avenue for Directors, employees and contractors of the Group and their staff to raise concerns without fear of suffering retribution and offer reassurance that staff of the Group and any other persons making such reports will be treated fairly and protected from reprisals for whistle-blowing in good faith within the limits of the law; and (iii) provide a transparent and confidential process for dealing with concerns.

		The ARC exercises the overseeing functions over the administration of the whistle-blowing policy. All reports including unsigned reports, reports weak in details and verbal reports will be considered. Such reports will be directed to the CEO or the Chairman of the ARC and the ARC will be informed immediately of any whistle-blowing reports received. To ensure independent investigation into such matters and for appropriate follow-up action, all whistle-blowing reports are reviewed by the ARC. In the event that the whistle-blowing report is about a Director, that Director shall not be involved in the review and any decisions with respect to that whistle-blowing report. Periodic reports will be submitted by the ARC to the Board stating the number and the complaints received, the results of the investigations, the follow-up actions taken, and the unresolved complaints (if any). All employees who make a disclosure or raise a concern in accordance with such policy will be protected from reprisal if such employee (a) discloses the information in good faith; (b) has reasonable grounds to believe such disclosure or concern is substantially true; (c) does not act maliciously; and (d) does not seek any personal or financial gain. The identity of the whistle-blower will also be kept confidential. While employees are strongly encouraged to disclose their identity when lodging complaints, efforts will be made to ensure confidentiality as far as reasonably practicable. Furthermore, anonymous complaints will not be disregarded and will be considered. The ARC has independent oversight and monitoring of the whistle-blowing policy and is committed to ensuring that the whistle-blower's identity is kept confidential and protection of the whistle-blower against detrimental or unfair treatment. The ARC has reviewed and has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. Details of the whistle-blowing policy have also been made available to the Directors, employees and contractors of the Group and their staff. There were no whistle-blowing reports received by the ARC in the financial year under review.
10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	The ARC comprises 3 Directors, all non-executive and all of whom are independent: Mr Michael Grenville Gray – Chairman; Mr Khor Thiam Beng – Member; and Mr Goh Chung Meng – Member. The members of the ARC are appropriately qualified to discharge their responsibilities, with Mr Michael Grenville Gray having been a former partner in PricewaterhouseCoopers, Mr Goh Chung Meng having a wide financial management experience, and Mr Khor Thiam Beng being a retired senior lawyer.

10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	The ARC's terms of reference provide that the members of the ARC shall not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of 2 years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. None of the ARC members fall into any of the above categories.
10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The Company has outsourced the internal audit function to RSM Risk Advisory Pte Ltd. The internal auditors report to the Chairman of the ARC and the scope of work will be agreed with the ARC on an annual basis. The internal auditors have access to all the Company's documents, records, properties and personnel, including access to the ARC. The ARC approves the hiring, removal, evaluation and compensation of the internal auditors. In line with the requirements under Rule 1207(10C) of the Listing Rules, following the review of the internal audit plan and the internal auditors' resources to conduct the internal audit plan, the internal auditors' objectivity in the assessment of issues and taking into account that the internal auditors have access to all the Company's documents, records, properties and personnel, including access to the ARC and having the co-operation of management, the ARC is satisfied with the independence of the internal auditors, and is of the view that the internal audit function is independent, effective, adequately resourced and has the appropriate standing within the Group. In considering the hiring, removal, evaluation and compensation of the internal auditors, the ARC has considered and is satisfied with the adequacy of the qualifications and experience of the internal auditors. The internal audit performed by RSM Risk Advisory Pte Ltd. is guided by the International Standards for the Professional Practice of Internal Auditing.
10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	The ARC meets, at least once annually, with the Group's external and internal auditors, in each case without the presence of management, in order to have free and unfiltered access to information that it may require, to discuss the results of their examinations and the evaluation of the Group's system of risk management and internal controls, and to discuss any problems and concerns which they may have.

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.	
Provision		**Disclosure**
11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board provides shareholders with periodic financial reports within the legally-prescribed periods and under the Listing Rules. In presenting financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position, prospects and industry conditions. The responsibility to provide a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators (if required). Financial and other price-sensitive public information are primarily disseminated to shareholders on a timely basis through announcements via SGXNET and may also be disseminated through press releases, the Company's website, media and analyst briefings. In particular, the Company's website provides shareholders with information on the performance of the Company's shares through the use of, *inter alia*, interactive charts (line, candlestick and OHLC) and historical price charting. The Company's annual report is sent to all shareholders and is also accessible on the Company's website. In order to provide ample notice to shareholders, the notice of general meeting, together with the relevant annual report or circular, is despatched to all shareholders before the scheduled date of the general meeting. The notice of general meeting is also advertised in the newspaper and made available via SGXNET and on the Company's website. The notice period for all general meetings complies with the requirements under the Companies Act and the Listing Rules.

		In view of the COVID-19 pandemic, the forthcoming AGM will be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the notice of general meeting and the proxy form for the forthcoming AGM will not be sent to shareholders nor published in The Business Times. Alternative arrangements relating to attendance at the forthcoming AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance, addressing of substantial and relevant questions at the forthcoming AGM and voting by appointing the chairman of the meeting as proxy, are set out in the Notice of the forthcoming AGM. The AGM is the principal forum for dialogue with shareholders. The Board welcomes questions and comments relating to the Group's business and performance from shareholders at AGMs. Shareholders are given an opportunity to air their views and direct questions to the Board and management on matters affecting the Group. The Chairman facilitates constructive dialogue between shareholders and the Board, management, external auditors and other relevant professionals and from time to time, directs other Directors to answer queries on matters related to their roles. Shareholders will be informed of the rules, including voting procedures that govern general meetings of shareholders. The Constitution allows a shareholder to appoint a proxy to attend and vote in his place at general meetings. Nominee companies and relevant intermediaries, as defined in Section 181 of the Companies Act, may appoint more than 2 proxies to speak, attend and vote at general meetings. According to the Constitution, all resolutions at general meetings shall be voted by poll. With poll voting, shareholders present in person or represented by proxy at general meetings will be entitled to vote on a 'one-share, one-vote' basis. The detailed procedures for poll voting will be explained at the general meetings. Detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET and made available on the Company's website after the conclusion of the general meetings. The Company relies on the advice of the independent scrutineers to determine the need for electronic voting, taking into consideration the logistics involved, costs, and number of shareholders, amongst other factors.

<table>
<tr>
<td>11.2</td>
<td>The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.</td>
<td>The Company practises having separate resolutions at general meetings for each substantially separate issue. "Bundling" of resolutions will be done only where resolutions are interdependent and linked so as to form one significant proposal.

Pursuant to Rule 720(6) of the Listing Rules, additional information on the Directors seeking election/re-election has been set out in the section titled "Additional Information on Directors Seeking Election/ Re-Election" which is appended to the Notice of AGM. Please also refer to the section entitled "Board of Directors" of the annual report above and the explanatory notes to the Notice of AGM, which set out detailed information about these Directors, including the board and committee positions they are expected to hold upon election and their current directorships in other listed companies and other principal commitments held.</td>
</tr>
<tr>
<td>11.3</td>
<td>All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.</td>
<td>The Company requires all Directors (including the respective chairman of each of the Board committees) to be present at all general meetings of shareholders to address shareholders' queries at these meetings, except where there are exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

Details of Directors' attendance at all general meetings of shareholders held for the financial year under review are summarised in the table below:

<table>
<tr><th>Meetings of Shareholders</th><th>Extraordinary General Meetings</th><th>Annual General Meetings</th></tr>
<tr><td>Total held in FY2021</td><td>0</td><td>1</td></tr>
<tr><td>Khor Thiam Beng</td><td>0</td><td>1</td></tr>
<tr><td>Lim Eng Hong</td><td>0</td><td>1</td></tr>
<tr><td>Lim Tai Meng Alvin</td><td>0</td><td>1</td></tr>
<tr><td>Goh Chung Meng</td><td>0</td><td>1</td></tr>
<tr><td>Michael Grenville Gray</td><td>0</td><td>1</td></tr>
</table>
</td>
</tr>
</table>

11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	The Company's Constitution provides that the Board may, in its sole discretion approve and implement, and subject to such security measures as may be deemed necessary or expedient, such voting methods to allow shareholders who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile. Nevertheless, voting in absentia and by electronic mail is not presently available, which constitutes a variation from Provision 11.4 of the Code. The Board is looking into resolving the issues on security and integrity satisfactorily before implementing such absentia-voting methods. The Company is of the view that the intent of Principle 11 was met, as the existing arrangement whereby shareholders have the opportunity to vote by proxy is adequate in enabling shareholders to exercise their rights and have the opportunity to vote. Moreover, to allow voting in absentia by mail, facsimile or email would require careful consideration of various factors, including the integrity of information and authentication of the identity of shareholders.
11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	Minutes of general meetings are prepared by the Company and made available to shareholders upon their request in accordance with applicable laws. The minutes of these general meetings include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board and management. The Company currently does not publish such minutes on the Company's corporate website, which constitutes a variation from Provision 11.5 of the Code. The Company takes the view that, notwithstanding such variation, the Company's current practice is consistent with the intent of Principle 11 of the Code to treat 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 and give shareholders a balanced and understandable assessment of the Company's performance, position and prospects, as the minutes of general meetings are available to any shareholder upon request. In view of the COVID-19 pandemic, minutes of the AGM may be accessed on the Company's website and SGXNet within one (1) month from the date of the general meeting.
11.6	The company has a dividend policy and communicates it to shareholders.	The Company has announced to shareholders on 8 February 2017 the current policy on payment of dividends, which will see the Company distributing in respect of any one financial year, a total annual dividend amount of not less than 30% of the Company's consolidated net profits after tax and excluding non-recurring, one-off and exceptional items for that financial year, on condition of a regular operating environment and taking into account the Company's earnings, financial position, capital expenditure requirements, cash flow, future expansion, investment plans, and other factors which the Board may deem appropriate.

		Dividends declared are subject to shareholders' approval (where applicable), applicable laws and the Constitution. The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividends and/or in no way obligates the Company to declare a dividend at any time or from time to time. The dividend policy is not indicative in any way of, and should not be construed in any manner as, a forecast statement or projection made by the Company or the Board on the future financial results and performance of the Company. In particular, no inference should or can be made from any of the foregoing statements as to the actual future profitability of the Company or the ability of the Company to pay dividends in any of the periods discussed. In the past where dividends are not paid, the Company has communicated to shareholders in the relevant annual report and in results announcements the reasons why dividends were not paid.
ENGAGEMENT WITH SHAREHOLDERS		
Principle		
12.	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	
Provision		**Disclosure**
12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. The Board is aware of its obligations to shareholders in providing information on changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares. In line with the continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act, the Board's policy is that all shareholders should be equally and sufficiently informed in a comprehensive manner and on a timely basis of all material developments that impact the Group, and in particular, changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

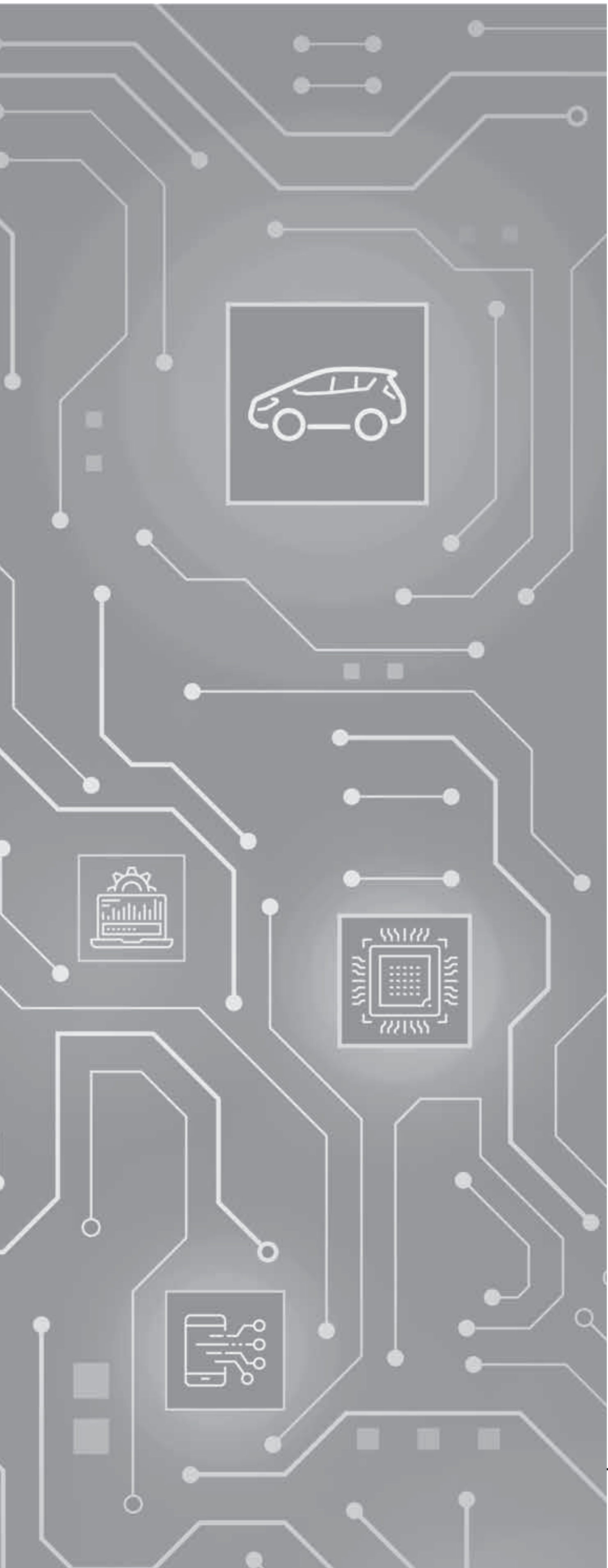
		All announcements including the periodic financial results announcements as required under the Listing Rules, distribution of notices, press releases, presentations and announcements on major developments are communicated to shareholders through public announcements via SGXNET and the Company's website, news releases (where appropriate) and annual reports or circulars that are sent to all shareholders, and notices of general meeting which are advertised. The Board approves the results announcements after review and authorises their release to the shareholders via SGXNET The Company does not practise selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released via SGXNET before, or concurrently with, such meetings. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. The Company has also devised investor relations policies to provide regular, effective and fair communication and convey pertinent information to shareholders. This is achieved by providing shareholders, through the Company's website, avenues to request for information via subscribing for email updates and providing shareholders with an investor relations contact, including email address and telephone/fax numbers, for shareholders to contact the Company. The investor relations contract person can be reached at ir@avi-tech.com.sg, by telephone at +65 6482 6168, or by fax at +65 6482 6123.
12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Company does not currently have a written investor relations policy, which constitutes a variation from Provision 12.2 of the Code. The Company is of the view that the intent of Principle 12 is met, as there is a section on "Investor Relations" on the Company's website. From this section, the Company's latest annual reports, financial results, corporate announcements and stock information can be assessed. Shareholders and investors may also communicate with the Company and, as the case may be, submit any request for information, notices of interests or questions, via the Company's investor relations email address at ir@avi-tech.com.sg, through which shareholders may contact the Company with questions and through which the Company may respond to such questions. Moreover, the Board endeavours to establish and maintain regular dialogue with shareholders (including institutional and retail investors), to solicit and understand their views or gather inputs, and address shareholders' concerns. When circumstances permit and where appropriate, the Company undertakes regular analyst briefings to provide market updates on the Group's business and plans.

12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	Please refer to our disclosure in respect of Provisions 12.1 and 12.2 above.
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		**Disclosure**
13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	Stakeholder engagement forms an integral part of the Company's sustainability approach. The Company's stakeholders have an interest in the Company's business and influences the Company's operations, products and services, business approach and strategies. The Company's stakeholders have been identified as its customers, business partners and suppliers, shareholders, employees, government/regulatory agencies and the community. The Company proactively engages with its stakeholders on a regular, continuing basis through various channels and means to gain insights to their expectations and concerns and use these learnings to make informed management decisions in shaping the Company's business policies and strategies, so as to create sustainable business growth and value for all stakeholders.
13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	How the Company engages with its diverse stakeholders, their expectations and concerns, and how the Company responds to them are detailed in the Company's sustainability report. The Company published its first sustainability report for the financial year ended 30 June 2018 and will publish its latest annual sustainability report within 5 months of the end of the financial year under review (the "**Sustainability Report**"), in accordance with Rule 711A and Practice Note 7.6, paragraph 5.1 of the Listing Rules and the same will be uploaded on the Company's website as well as on SGXNET.

		In defining the Company's sustainability reporting content, the Company applies the Global Reporting Initiative (GRI) standards by considering the Group's activities, impact and substantive expectations and interests of its stakeholders. The Sustainability Report will be on a "*comply or explain*" basis in accordance with Practice Note 7.6 of the Listing Rules. Corresponding to GRI's emphasis on materiality, the Sustainability Report will highlight the key economic, environmental, social and governance related initiatives carried out throughout the financial year under review. Further details on the Company's sustainability practices will be contained in the Sustainability Report. A copy of the Company's sustainability report is available for download at www.avi-tech.com.sg and feedback from all stakeholders are welcomed. All questions, comments, suggestions or feedback can be sent to the Company at ir@avi-tech.com.sg.
13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	Please refer to our disclosure in respect of Provisions 12.1 and 13.2 above.
GENERAL		
14.	Securities Transactions	On 13 February 2020, the Company announced that it will not be performing quarterly reporting of its financial results as it is not required to do so in view of the amendments to the Listing Rules with effect from 7 February 2020. In line with the requirements under Rule 1207(19) of the Listing Rules, the Group has issued policies on share dealings by Directors and key officers of the Company, setting out the implications of insider trading and recommendations of best practices. Directors and all Executive Officers are advised not to deal in the Company's shares on short-term considerations or when they are in possession of material unpublished price-sensitive information. The Company also prohibits its officers from dealing in the Company's shares, during the periods commencing one month before the announcement of the Group's half-year and full-year results and, ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

15.	Interested Person Transactions	The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC. According to the ARC's terms of reference, the ARC shall, *inter alia*, review all interested person transactions and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders, and determine methods or procedures for checking that the transaction prices are adequate for transactions to be carried out on normal commercial terms and that they will not prejudice the Company or its minority shareholders. The Board confirms that there is no material interested person transaction entered into during the financial year under review which fall under Rule 907 of the Listing Rules. The Company has no shareholder mandate pursuant to Rule 920 of the Listing Rules.
16.	Material Contracts	There are no material contracts (including loans) of the Group involving the interests of the CEO, any Director or controlling shareholder which are either still subsisting at the end of the financial year under review or if not then subsisting, entered into since the end of the previous financial year, that is required to be disclosed under Rule 1207(8) of the Listing Rules.
17.	Corporate Social Responsibility	The Group is committed to enhancing the well-being of the community and maintaining a sustainable environment in the location that it operates. The Group does not have a fixed corporate social responsibility policy. However, the Group understands that as a responsible corporate citizen, the Group aims to leave its footprint in a positive way on the environment and the community. The Group is committed to being a responsible corporate citizen and contributing to community development. The Group has been supporting charities and not-for-profit organisations such as Bright Vision Hospital, a community hospital offering intermediate and long-term holistic care, since 2015. Employee volunteers, including Management, took part in the outreach programme which included organising games, arts and crafts events and Patient Birthday Celebrations to celebrate some of the patients' birthdays. Over the years, the Group has also raised funds for disaster relief such as for Typhoon Haiyan disaster in the Philippines.

18.	Status Report on use of IPO Proceeds	The Group successfully raised approximately S$29.0 million from its initial public offering ("IPO") on 25 July 2007. As at the end of the financial year under review, the total net proceeds of approximately S$26.7 million (after deducting the IPO expenses of approximately S$2.3 million, as disclosed on page 33 of the Company's prospectus dated 11 July 2007) from the IPO were used for the following purposes: **$ million** Expansion of our customer base and widen our portfolio of services 6.0 Potential mergers and acquisitions 3.3 Expansion of our overseas operations 3.0 Working capital 9.7 Total 22.0 Management has confirmed that the above use of proceeds was in line with the Company's planned utilisation of funds.



CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 81 to 128 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 30 June 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and 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.

1 DIRECTORS

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

Lim Eng Hong
Goh Chung Meng
Khor Thiam Beng
Michael Grenville Gray
Lim Tai Meng Alvin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the names of directors			**Shareholdings in which directors are deemed to have an interest**		
Names of directors and company in which interests are held	**At beginning of the year**	**At end of the year**	**At 21 July 2021**	**At beginning of the year**	**At end of the year**	**At 21 July 2021**
The Company (Ordinary shares)						
Lim Eng Hong	48,194,875	48,194,875	48,194,875	13,135,000	13,135,000	13,135,000
Goh Chung Meng	190,000	190,000	190,000	–	–	–
Khor Thiam Beng	90,000	90,000	90,000	–	–	–
Michael Grenville Gray	870,000	870,000	870,000	–	–	–
Lim Tai Meng Alvin	105,000	105,000	105,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Mr Lim Eng Hong was deemed to have an interest in all the ordinary shares of the subsidiary of the Company.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the "Committee"), consisting all non-executive and independent directors, is chaired by Mr Michael Grenville Gray and includes Mr Goh Chung Meng and Mr Khor Thiam Beng. The Committee has met 4 times and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the external auditor's audit plans;

(b) the audit plan and results of the internal auditor's examination and evaluation of the Group's systems of internal accounting controls;

(c) the Group's financial and operating results and accounting policies;

(d) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditor's report on those financial statements;

(e) the quarterly, half-yearly and annual as well as the related press releases on the results and financial position of the Group;

(f) the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules;

(g) the cooperation and assistance given by the management to the Group's external auditors;

(h) the re-appointment of the external auditors of the Group; and

(i) the independence of external auditors.

5 AUDIT AND RISK COMMITTEE (CONTINUED)

The Committee has full access to and has the cooperation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Committee.

The Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting ("AGM") of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....

Lim Eng Hong

....

Khor Thiam Beng

30 September 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Avi-Tech Electronics Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 81 to 128.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Allowance for slow-moving and obsolete inventories
[Refer to Note 11 to financial statements]

Background:

As at 30 June 2021, the Group's inventories of $2,953,000 accounted for approximately 6.3% of total current assets of the Group. Allowance for inventory obsolescence as at 30 June 2021 amounted to $1,356,000.

Management's assessment of allowance for slow-moving and obsolete inventories involves significant estimation with consideration in relation to possible future use of the aged inventory items as well as the demand for on-going production and the ability to sell the products at prices above costs.

Allowance for slow-moving and obsolete inventories (Continued)

Our response:

We have performed procedures to evaluate the design of the relevant controls for assessment of allowance for slow-moving and obsolete inventories and determine whether those relevant controls have been implemented.

We obtained an understanding of the profile of inventories, management's controls over inventory levels, purchasing policy and expected usage for ongoing production.

We evaluated management's assumptions used in the assessment of inventory allowance, checked the calculations supporting the allowance and tested the ageing reports used as a basis to assess the allowance.

We assessed the reasonableness of management's estimation of future utilisation and saleability of the inventories in the current economic conditions, taking into consideration the nature of the inventories and the industry in which the entity operates, in determining the recoverability of the inventory balances.

We made enquiries with warehouse personnel during the physical inventory count regarding the presence of damaged inventories. On a sample basis, we tested the valuation of inventories by comparison with latest purchase and selling prices.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)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 skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ong Bee Yen.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2021

FINANCIAL POSITION

30 JUNE 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and bank balances	6	**9,815**	8,620	**9,815**	8,620
Fixed deposits	7	**26,000**	29,644	**26,000**	29,644
Trade receivables	9	**7,890**	4,633	**7,890**	4,633
Other receivables and prepayments	10	**149**	574	**149**	574
Inventories	11	**2,953**	2,000	**2,953**	2,000
Other financial asset at amortised cost	12	**–**	–	**–**	–
Total current assets		**46,807**	45,471	**46,807**	45,471
Non-current assets					
Subsidiary	13	**–**	–	**–**	–
Associate	14	**410**	500	**410**	500
Property, plant and equipment	15	**11,081**	11,477	**11,081**	11,477
Intangible assets	16	**–**	255	**–**	255
Right-of-use asset	17	**1,244**	1,461	**1,244**	1,461
Total non-current assets		**12,735**	13,693	**12,735**	13,693
Total assets		**59,542**	59,164	**59,542**	59,164
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	18	**3,724**	1,653	**3,820**	1,720
Other payables	19	**1,496**	2,534	**1,496**	2,534
Lease liabilities	20	**241**	262	**241**	262
Income tax payable		**655**	1,302	**649**	1,302
Total current liabilities		**6,116**	5,751	**6,206**	5,818
Non-current liabilities					
Lease liabilities	20	**1,034**	1,255	**1,034**	1,255
Deferred tax liabilities	21	**1,103**	928	**1,103**	928
Total non-current liabilities		**2,137**	2,183	**2,137**	2,183
Capital and reserves					
Share capital	22	**31,732**	31,732	**31,732**	31,732
Treasury shares	22	**(973)**	(973)	**(973)**	(973)
Reserves		**20,530**	20,471	**20,440**	20,404
Total equity		**51,289**	51,230	**51,199**	51,163
Total liabilities and equity		**59,542**	59,164	**59,542**	59,164

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2021

	Note	Group	
		2021	**2020**
		$'000	**$'000**
Revenue	23	**29,339**	29,410
Cost of sales		**(21,801)**	(18,896)
Gross profit		**7,538**	10,514
Other operating income	24	**1,427**	1,658
Impairment loss on other financial asset		**–**	(125)
Distribution costs		**(70)**	(62)
Administrative expenses		**(4,579)**	(5,002)
Share of loss of associate	14	**(90)**	–
Finance costs	25	**(34)**	(38)
Profit before income tax		**4,192**	6,945
Income tax expense	26	**(712)**	(974)
Profit for the year	27	**3,480**	5,971
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**–**	(10)
Other comprehensive loss for the year, net of tax		**–**	(10)
Total comprehensive income for the year		**3,480**	5,961
Earnings per share	28		
Basic (cents)		**2.03**	3.49
Diluted (cents)		**2.03**	3.49

See accompanying notes to financial statements.

	Share capital $'000	Treasury shares $'000	<------------ Reserves ------------> Currency translation reserve $'000	Retained profits $'000	Total reserves $'000	Total $'000
Group						
Balance at 1 July 2019	31,732	(973)	10	18,775	18,785	49,544
Total comprehensive income for the financial year						
Profit for the financial year	–	–	–	5,971	5,971	5,971
Other comprehensive loss for the financial year	–	–	(10)	–	(10)	(10)
Total	–	–	(10)	5,971	5,961	5,961
Transactions with owners, recognised directly in equity						
Dividends (Note 29)	–	–	–	(4,275)	(4,275)	(4,275)
Balance at 30 June 2020	31,732	(973)	–	20,471	20,471	51,230
Profit for the financial year, representing total comprehensive income for the financial year	–	–	–	3,480	3,480	3,480
Transactions with owners, recognised directly in equity						
Dividends (Note 29)	–	–	–	(3,421)	(3,421)	(3,421)
Balance at 30 June 2021	**31,732**	**(973)**	**–**	**20,530**	**20,530**	**51,289**

See accompanying notes to financial statements.

STATEMENTS OF
CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2021

	Share capital $'000	Treasury shares $'000	<------- Reserves -------> Retained profits $'000	Total reserves $'000	Total $'000
Company					
Balance at 1 July 2019	31,732	(973)	18,193	18,193	48,952
Profit for the financial year, representing total comprehensive income for the financial year	–	–	6,486	6,486	6,486
Transactions with owners, recognised directly in equity					
Dividends (Note 29)	–	–	(4,275)	(4,275)	(4,275)
Balance at 30 June 2020	31,732	(973)	20,404	20,404	51,163
Profit for the financial year, representing total comprehensive income for the financial year	–	–	3,457	3,457	3,457
Transactions with owners, recognised directly in equity					
Dividends (Note 29)	–	–	(3,421)	(3,421)	(3,421)
Balance at 30 June 2021	**31,732**	**(973)**	**20,440**	**20,440**	**51,199**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

YEAR ENDED 30 JUNE 2021

	Group	
	2021	**2020**
	$'000	**$'000**
Operating activities		
Profit before income tax	**4,192**	6,945
Adjustments for:		
Share of loss of associate	**90**	–
Depreciation of property, plant and equipment	**1,017**	1,146
Depreciation of right-of-use asset	**238**	235
Impairment loss on other financial asset	**–**	125
Gain on disposal of property, plant and equipment	**–**	(1)
Allowance for inventories obsolescence	**217**	218
Interest expense	**34**	38
Interest income	**(183)**	(623)
Operating cash flows before movements in working capital	**5,605**	8,083
Trade receivables	**(3,257)**	1,991
Other receivables and prepayments	**425**	(164)
Inventories	**(1,170)**	818
Trade payables	**2,071**	(1,294)
Other payables	**(1,038)**	535
Cash generated from operations	**2,636**	9,969
Income tax paid	**(1,184)**	(807)
Interest paid	**(34)**	(38)
Interest received	**183**	623
Net cash from operating activities	**1,601**	9,747
Investing activities		
Additions to property, plant and equipment	**(366)**	(558)
Additions to intangible asset	**–**	(255)
Proceeds from disposal of property, plant and equipment	**–**	1
Proceeds from maturity of other financial assets at amortised cost	**–**	503
Investment in an associate	**–**	(500)
Withdrawals from (Placement of) fixed deposits	**7,644**	(3,611)
Net cash from (used in) investing activities	**7,278**	(4,420)
Financing activities		
Dividends paid	**(3,421)**	(4,275)
Repayment of lease liabilities	**(263)**	(255)
Net cash used in financing activities	**(3,684)**	(4,530)
Net increase in cash and cash equivalents	**5,195**	797
Cash and cash equivalents at beginning of the financial year	**10,620**	9,833
Effects of exchange rate changes on the balance of cash held in foreign currencies	**–**	(10)
Cash and cash equivalents at end of the financial year (Note 8)	**15,815**	10,620

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 198105976H) is incorporated in Singapore with its principal place of business and registered office at 19A Serangoon North Avenue 5, Singapore 554859. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

The principal activities of the Company consist of the provision of burn-in and related services, design and manufacture of burn-in boards and boards related products, engineering services and equipment distribution, and trading of imaging equipment and energy efficient products. The principal activities of its subsidiary are set out in Note 13.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2021 were authorised for issue by the Board of Directors on 30 September 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF NEW AND REVISED STANDARDS – On 1 July 2020, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

STANDARDS ISSUED BUT NOT EFFECTIVE – Management anticipates that the adoption of the new SFRS(I) pronouncements that were issued but not effective at the date of authorisation of these financial statements in future periods will not have a material impact on the financial statements of the Group and the Company.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group and Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are measured initially at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual 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.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "administrative expenses" line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group and Company recognises a loss allowance for expected credit losses ("ECL") on debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12 months ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

The Group considers a financial asset to have low credit risk when it has an external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

When information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group), the Group considers this as constituting an event of default for internal credit risk management purposes, as historical experience indicates that receivables that meet this criteria are generally not recoverable.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or past due event; or

(c) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss in the "administrative expenses" line item.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

LEASES

The Group as lessee

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 12 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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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.

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

* fixed lease payments (including in-substance fixed payments), less any lease incentives; and

* variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (Continued)

The Group as lessee (Continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

* the lease term has changed 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 in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; 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 modification.

The right-of-use assets comprise 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. 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 in the 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.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (Continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its property.

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

INVENTORIES – Inventories are stated at the lower of cost (weighted-average method) and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method on the following basis:

Building	–	60 years
Leasehold improvements	–	5 years
Plant and equipment	–	3 to 10 years
Computer software	–	3 years

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS – Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

ASSOCIATE – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSOCIATE (Continued)

Investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognises revenue from the following major sources when it transfers control of a product or service to a customer.

Burn-In and Related Services

The Group provides Static Burn-In, Dynamic Burn-In, Test During Burn-In and High Power Burn-In for semiconductor manufacturers. The Group serves the segment of the industry that requires fail-safe or high reliability semiconductor devices, including automotive and microprocessor products. Revenue is recognised at the point in time upon completion of services.

Burn-In Boards and Boards Related Products

The Group is involved in the designing and manufacturing of a wide range of Burn-In boards for the various types of Burn-In systems as well as boards for other types of reliability tests such as High Temperature Operating Life Test and Highly Accelerated Stress Test.

Revenue is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the Boards to the customer's specific location.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (Continued)

Engineering Services and Equipment Distribution

The Group provides services ranging from design, development and full turnkey outsourced manufacturing and system integration of semiconductor equipment to lab automation systems for the life sciences and biotech industries.

Revenue is recognised at the point in time when control of the assembled equipment/system is transferred to the customer, generally on delivery of the equipment/system to the customer's specific location.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at bank and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

Management is of the view that no critical judgement was made in the process of applying the Group's accounting policies that would have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

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

Allowance for inventories

The Group reviews the carrying value of its inventories so that they are stated at the lower of cost and net realisable value. In assessing net realisable value, management identifies inventories where there has been a significant decline in price or cost, aged inventory items and inventory items that may not be realised as a result of certain events, and estimates the recoverable amount of such inventory based on values at which such inventory items are expected to be realised at the end of the reporting period. Management also reviews the possible future use of the aged inventory items as well as the demand for on-going production and the ability to sell the products at prices above costs, taking into consideration the widespread impact of COVID-19 on the general economic conditions and market demand.

The carrying amount of inventories of the Group and Company at the end of the reporting period was $2,953,000 (2020: $2,000,000), net of allowance amounted to $1,356,000 (2020: $1,146,000). Allowance for inventories of $217,000 (2020: $218,000) was made during the year.

Calculation of loss allowance for trade receivables

The Group uses provision matrix to calculate 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 historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information, where appropriate.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Despite the current market conditions with uncertainties and volatility caused by the COVID-19 pandemic, the Group has observed payments from customers continue to be forthcoming and therefore, the Group expects the probability of default to remain low.

The carrying amount of trade receivables of the Group and Company at the end of the reporting period is disclosed in Note 9.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment and useful lives of property, plant and equipment

The Group assesses at the end of each reporting period whether property, plant and equipment have any indication of impairment. If there are indicators of impairment, the recoverable amount of property, plant and equipment will be determined based on higher of value in use calculations or the fair value less costs to sell.

A considerable amount of judgement is required in determining the recoverable amount of the property, plant and equipment, which among other factors, the recent transaction prices for similar assets, the condition, utility, age, wear and tear and/or obsolescence of the property, plant and equipment.

Management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the financial year, management determined that there were no changes to the useful lives of the property, plant and equipment. The carrying amount of property, plant and equipment of the Group and Company at the end of the reporting period is disclosed in Note 15.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at end of the reporting period:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	**43,807**	43,161	**43,807**	43,161
Financial liabilities				
Financial liabilities at amortised cost	**5,220**	3,831	**5,316**	3,898

(b) Financial risk management policies and objectives

The Group's overall financial risk management strategy is to minimise potential adverse effects of financial performance of the Group. The board of directors reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk), credit risk, liquidity risk, use of derivative financial instruments and investing excess cash. These are reviewed quarterly by the board of directors. Risk management is carried out by the finance department under the oversight by the board of directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group.

The Group's and Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and Company due to failure to discharge an obligation by the counterparties arises from the carrying amounts of the respective recognised financial assets as stated in the statements of financial position.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses ("ECL")**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables: Lifetime ECL – not credit-impaired Other receivables: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(i) Credit risk management (Continued)

The table below details the credit quality of the Group's and Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group and Company						
2021						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	**7,890**	**–**	**7,890**
Other receivables	10	Performing	12-month ECL	**102**	**–**	**102**
Other financial asset at amortised cost	12	In default	Lifetime ECL – credit-impaired	**500**	**(500)**	**–**
2020						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	4,633	–	4,633
Other receivables	10	Performing	12-month ECL	264	–	264
Other financial asset at amortised cost	12	In default	Lifetime ECL – credit-impaired	500	(500)	–

(i) The Group and Company determine the expected credit losses on trade receivables by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions, where relevant.

Cash and fixed deposits are held with creditworthy financial institutions and are subject to immaterial credit loss.

Before accepting any new customer, management assesses the potential customer's credit quality and defines credit limits by customer. Limits granted to customers are reviewed periodically. The Group's and Company's exposure to credit risks and the credit limits to counterparties are continuously monitored. The Group and Company monitor collections due and follow up with debtors as part of the credit management process.

The Group and Company is exposed to concentration of credit risk given that its revenue is generated mainly from four (2020: four) major customers, which accounted for 72% (2020: 74%) of the carrying amount of trade receivables. Management believes that the risk of default is mitigated by the good financial standings of these customers.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management

Details of the interest-earning and interest-bearing financial assets and financial liabilities of the Group are disclosed in Notes 7 and 20 respectively. The Group does not use derivative financial instruments to mitigate this risk.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Foreign exchange risk management

The Group and Company have foreign exchange risk due to business transactions denominated in foreign currencies.

The largest currency exposure is United States dollar.

The exposure to the foreign exchange risk is managed as far as possible by natural hedges of matching assets and liabilities.

The carrying amounts of significant monetary assets and monetary liabilities denominated in the United States dollar at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Group and Company				
United States dollar	**8,938**	7,746	**3,112**	1,081

Foreign currency sensitivity

If the United States dollar strengthens/weakens by 5% against Singapore dollar, the Group's and Company's profit before tax would increase/decrease by $291,000 (2020: $333,000). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management

The Group has sufficient cash resources and maintains adequate lines of credit to finance its activities. The current market uncertainty as a result of the COVID-19 pandemic has increased liquidity risk as the future operating cash flows may be impacted. However, with strong working capital and cash reserve, the Group has assessed liquidity risk to be sufficiently mitigated.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Group and Company may be required to pay.

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2021						
Non-interest bearing	**–**	**5,220**	**–**	**–**	**–**	**5,220**
Lease liabilities (fixed interest rate)	**2.10**	**266**	**1,036**	**41**	**(68)**	**1,275**
Total		**5,486**	**1,036**	**41**	**(68)**	**6,495**
2020						
Non-interest bearing	–	3,831	–	–	–	3,831
Lease liabilities (fixed interest rate)	2.11	295	1,027	300	(105)	1,517
Total		4,126	1,027	300	(105)	5,348

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities (Continued)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Company						
2021						
Non-interest bearing	**–**	**5,316**	**–**	**–**	**–**	**5,316**
Lease liabilities						
(fixed interest rate)	**2.10**	**266**	**1,036**	**41**	**(68)**	**1,275**
Total		**5,582**	**1,036**	**41**	**(68)**	**6,591**
2020						
Non-interest bearing	–	3,898	–	–	–	3,898
Lease liabilities						
(fixed interest rate)	2.11	295	1,027	300	(105)	1,517
Total		4,193	1,027	300	(105)	5,415

4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and Company anticipate that the cash flows will occur in a different period.

	Effective interest rate %	On demand or within 1 year $'000	Adjustment $'000	Total $'000
Group and Company				
2021				
Non-interest bearing	**–**	**17,807**	**–**	**17,807**
Fixed interest rate instruments	**0.15 – 0.55**	**26,048**	**(48)**	**26,000**
Total		**43,855**	**(48)**	**43,807**
2020				
Non-interest bearing	–	13,517	–	13,517
Fixed interest rate instruments	0.95 – 2.09	29,948	(304)	29,644
Total		43,465	(304)	43,161

(v) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities and the interest rates approximating market rates.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (lease liabilities disclosed in Note 20 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group's overall strategy remains unchanged from prior year.

5 RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements of the Group are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. Unless otherwise stated, the balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and key management during the year is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term benefits	**1,778**	2,033
Post-employment benefits	**94**	92
	1,872	2,125

6 CASH AND BANK BALANCES

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Cash at bank	**9,811**	8,616
Cash on hand	**4**	4
	9,815	8,620

7 FIXED DEPOSITS

The deposits bear effective interest in the range of 0.15% to 0.55% (2020: 0.95% to 2.09%) per annum and mature within 1 to 12 months (2020: 1 to 12 months).

Included in the fixed deposits are $6,000,000 (2020: $2,000,000) with maturity of less than 3 months (Note 8).

Included in the fixed deposits are $20,000,000 (2020: $27,644,000) with maturity of more than 3 months.

8 CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2021	**2020**
	$'000	**$'000**
Cash and bank balances (Note 6)	**9,815**	8,620
Fixed deposits that are readily convertible to a known amount of cash (Note 7)	**6,000**	2,000
Cash equivalents in the consolidated statement of cash flows at end of year	**15,815**	10,620

9 TRADE RECEIVABLES

	Group and Company	
	2021	2020
	$'000	$'000
Outside parties	**7,890**	4,633

As at 1 July 2019, trade receivables from contracts with customers of the Group and Company amounted to $6,624,000 and $6,618,000 respectively.

Trade receivables are non-interest bearing and are generally on 60 days (2020: 60 days) credit terms.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and considering general economic conditions of the industry in which the debtors operate at the reporting date, where applicable.

There has been no change in the estimation techniques during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts. As the Group's and Company's historical loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the different customer base.

	Trade receivables – days past due					
	Not past due	Within 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company						
2021						
Expected credit loss rate	*	*	*	*	*	*
Estimated total gross carrying amount at default	**5,827**	**1,783**	**149**	**80**	**51**	**7,890**
Lifetime ECL	**–**	**–**	**–**	**–**	**–**	**–**
2020						
Expected credit loss rate	*	*	*	*	*	*
Estimated total gross carrying amount at default	3,889	619	95	–	30	4,633
Lifetime ECL	–	–	–	–	–	–

* The expected credit loss rate is assessed as negligible.

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Deposits	**4**	4
Prepaid expenses	**47**	36
Grant receivables	**–**	274
Others	**98**	260
	149	574

11 INVENTORIES

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Work-in-process	**828**	433
Raw materials	**3,481**	2,713
	4,309	3,146
Less: Allowance for inventories	**(1,356)**	(1,146)
	2,953	2,000

Movement in allowance for inventories:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Balance at beginning of the year	**1,146**	928
Charge to profit or loss for the year	**217**	218
Written off	**(7)**	–
Balance at end of the year	**1,356**	1,146

The cost of inventories recognised as an expense includes allowance made for inventories obsolescence of $217,000 (2020: $218,000).

12 OTHER FINANCIAL ASSET AT AMORTISED COST

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Bond, at amortised cost	**500**	500
Less: Loss allowance	**(500)**	(500)
	–	–

The bond has nominal value amounting to $500,000 with coupon rate of 4.25% per annum and had matured on 7 September 2018.

For purpose of impairment assessment, the investments in debt security is assessed for any significant increase in credit risk since initial recognition. Accordingly, the loss allowance is measured either at an amount equal to 12-month expected credit losses (ECL) or at an amount equal to lifetime ECL.

In determining the ECL, management has taken into account the financial position of the counterparty, any default or past due event, as well as the future prospects of the industries in which the counterparty operates which are obtained from financial analyst reports and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of this financial asset occurring within its loss assessment time horizon, as well as the loss upon default in each case.

Impairment loss on financial instrument measured at amortised cost is recognised in profit or loss, with a corresponding adjustment to its carrying amount through the loss allowance account. The following table shows the movement in ECL that has been recognised for the financial asset.

	Lifetime ECL – credit-impaired $'000
Balance as at 1 July 2019	375
Loss allowance recognised in current year	
– issuer under debt restructuring	125
Balance as at 30 June 2020 and 2021	500

At the end of the reporting period, the fair value of the bond is $64,000 (2020: $207,000) based on indicative pricing from the financial institution (Level 2).

13 SUBSIDIARY

	Company	
	2021	**2020**
	$'000	**$'000**
Unquoted equity shares, at cost[1]	**–**	–

(1) Less than one thousand

13 SUBSIDIARY (CONTINUED)

Details of the Company's subsidiary at the end of the reporting periods are as follows:

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interest and voting power held 2021 %	2020 %	Principal activity
AVT Connect Pte. Ltd.[1]	Singapore	**100**	100	Business support activities

(1) Audited by Deloitte & Touche LLP, Singapore.

14 ASSOCIATE

	Group and Company 2021 $'000	2020 $'000
Cost of investment	**500**	500
Share of loss of associate	**(90)**	–
	410	500

Details of the Group's associate at the end of the reporting periods are as follows:

Name of associate	Country of incorporation and operations	Proportion of ownership interest and voting power held 2021 %	2020 %	Principal activity
Movel AI Pte Ltd[1]	Singapore	**9**	9	AI-Based Autonomous Navigation Software

(1) The Group has significant influence over Movel AI Pte Ltd by virtue of its contractual right to appoint one out of three directors to the board of that company, based on definition under SFRS(I) 1-28.

Summarised financial information in respect of the Group's associate is set out below.

	2021 $'000	2020 $'000
Current assets	**386**	1,078
Non-current assets	**28**	12
Current liabilities	**(5)**	(1)
Non-current liabilities	**–**	–
Revenue	**230**	2
Loss for the period	**(680)**	(343)

14 ASSOCIATE (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in these consolidated financial statements:

	2021 $'000	2020 $'000
Net assets of the associate	**409**	1,089
Proportion of the Group's ownership interest in associate	**9%**	9%
Goodwill	**373**	402
Carrying amount of the Group's interest in associate	**410**	500

15 PROPERTY, PLANT AND EQUIPMENT

	Building and leasehold improvements $'000	Plant and equipment $'000	Computer software $'000	Total $'000
Group and Company				
Cost:				
At 1 July 2019	15,226	27,758	815	43,799
Additions	–	393	165	558
Disposals	–	(87)	–	(87)
At 30 June 2020	15,226	28,064	980	44,270
Additions	–	243	123	366
Reclassification from intangible assets	–	–	255	255
Disposals	–	(38)	–	(38)
At 30 June 2021	15,226	28,269	1,358	44,853
Accumulated depreciation:				
At 1 July 2019	5,106	25,185	810	31,101
Depreciation for the year	259	773	114	1,146
Disposals	–	(87)	–	(87)
At 30 June 2020	5,365	25,871	924	32,160
Depreciation for the year	259	647	111	1,017
Disposals	–	(38)	–	(38)
At 30 June 2021	5,624	26,480	1,035	33,139
Impairment:				
At 30 June 2020 and 2021	–	633	–	633
Carrying amount:				
At 30 June 2020	9,861	1,560	56	11,477
At 30 June 2021	9,602	1,156	323	11,081

The Group and the Company have certain plant and equipment with carrying amount of $6,000 (2020: $81,000) held under finance lease arrangement (Note 20).

The Group and the Company's building and leasehold improvements are mortgaged as security for undrawn credit facilities.

16 INTANGIBLE ASSETS

	IT software $'000
Group and Company	
Cost:	
At 1 July 2019	–
Additions	255
At 30 June 2020	255
Reclassification to property, plant and equipment	(255)
At 30 June 2021	–
Accumulated amortisation:	
At 1 July 2019	–
Amortisation for the year	–
At 30 June 2020	–
Amortisation for the year	–
At 30 June 2021	–
Carrying amount:	
At 30 June 2020	255
At 30 June 2021	–

The intangible asset included above is the development costs incurred for a new SAP system that has been fully implemented during the year and was reclassified to property, plant and equipment.

17 RIGHT-OF-USE ASSET

The Group and Company leases land for use of office premises with lease term of 30 years with an extension of the lease for a further 30 years at market rent subject to certain conditions.

Lease payments are subject to annual revision.

	Land $'000
Group and Company	
Cost:	
At 1 July 2019	1,609
Revision of lease payments	87
At 30 June 2020	1,696
Revision of lease payments	21
At 30 June 2021	1,717
Accumulated depreciation:	
At 1 July 2019	–
Depreciation for the year	235
At 30 June 2020	235
Depreciation for the year	238
At 30 June 2021	473
Carrying amount:	
At 30 June 2020	1,461
At 30 June 2021	1,244

18 TRADE PAYABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Outside parties	**3,724**	1,653	**3,725**	1,653
Subsidiary (Note 5)	**–**	–	**95**	67
	3,724	1,653	**3,820**	1,720

The average credit period on purchases of goods is 45 days (2020: 45 days). No interest is payable on the overdue trade payables.

19 OTHER PAYABLES

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Deposits received	**145**	117
Accrued expenses	**1,086**	1,404
Accrued directors' fees and accrued bonus to directors	**265**	653
Deferred grant income	**–**	356
Others	**–**	4
	1,496	2,534

20 LEASE LIABILITIES

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Maturity analysis:		
Year 1	**266**	295
Year 2	**259**	262
Year 3	**259**	255
Year 4	**259**	255
Year 5	**259**	255
Year 6 onwards	**41**	300
	1,343	1,622
Less: Unearned interest	**(68)**	(105)
	1,275	1,517
Analysed as:		
Current	**241**	262
Non-current	**1,034**	1,255
	1,275	1,517

The Group and Company do not face a significant liquidity risk with regard to their lease liabilities.

20 LEASE LIABILITIES (CONTINUED)

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 July 2020 $'000	Financing cash flows $'000	Revision of lease payments $'000	30 June 2021 $'000
Lease liabilities	1,517	(263)	21	1,275

	1 July 2019 $'000	Financing cash flows $'000	Revision of lease payments $'000	30 June 2020 $'000
Lease liabilities	1,685	(255)	87	1,517

21 DEFERRED TAX LIABILITIES

The deferred tax liability mainly relates to the excess of tax over book depreciation of property, plant and equipment. The movements thereon, during the current and prior reporting periods are as follow:

	Group and Company	
	2021 **$'000**	**2020** **$'000**
At the beginning of year	**928**	928
Charged to profit or loss (Note 26)	**175**	–
At the end of year	**1,103**	928

22 SHARE CAPITAL

	Group and Company			
	2021 **'000**	**2020** **'000**	**2021** **$'000**	**2020** **$'000**
	Number of ordinary shares			
Issued and paid up:				
At the beginning and end of year	**175,200**	175,200	**31,732**	31,732

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

22 SHARE CAPITAL (CONTINUED)

TREASURY SHARES

This pertains to ordinary shares of the Company bought back by the Company. The total amounts paid to acquire the shares were deducted from shareholders' equity. These shares repurchased are held as treasury shares which have no rights to dividends.

	Group and Company			
	2021 '000	2020 '000	2021 $'000	2020 $'000
	Number of ordinary shares			
At the beginning and end of year	**4,154**	4,154	**973**	973

23 REVENUE

The Group derives its revenue from the transfer of goods and services at a point in time in the following major revenue streams which is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 31).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2021 $'000	2020 $'000
Burn-In and Related Services	**6,658**	11,108
Burn-In Boards and Boards Related Products	**17,944**	14,109
Engineering Services and Equipment Distribution	**4,737**	4,193
	29,339	29,410

24 OTHER OPERATING INCOME

	Group	
	2021 $'000	2020 $'000
Interest income	**183**	623
Rental income	**469**	344
Grant income	**681**	620
Gain on disposal of assets	**–**	1
Others	**94**	70
	1,427	1,658

During the current and previous years, the Group received wage support for local employees under the Jobs Support Scheme and foreign worker levy rebate from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss over the periods in which the related salary costs for which the grant is intended to compensate is recognised as expenses.

25 FINANCE COSTS

	Group	
	2021	**2020**
	$'000	**$'000**
Interest on lease liabilities	**29**	33
Interest on obligations under finance leases	**5**	5
	34	38

26 INCOME TAX EXPENSE

	Group	
	2021	**2020**
	$'000	**$'000**
Current tax expense	**664**	1,199
(Over) Under provision in respect of prior years:		
– Current tax	**(128)**	(387)
– Deferred tax	**175**	–
Withholding tax	**1**	162
	712	974

The income tax expense varied from the amount of income determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit before income tax as a result of the following differences:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before income tax	**4,192**	6,945
Tax at the domestic income tax rate of 17% (2020: 17%)	**713**	1,181
Tax effect of items that are not taxable in determining taxable profit	**(70)**	(35)
Effect of tax exemption	**(17)**	(17)
Under (over) provision of tax in respect of prior year	**47**	(387)
Withholding tax	**1**	162
Others	**38**	70
	712	974

27 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2021	2020
	$'000	$'000
Employee benefits expense (including directors' remuneration)	**7,828**	9,034
Costs of defined contribution plans (included in employee benefits expense)	**573**	622
Directors' remuneration	**863**	1,145
Directors' fees	**150**	150
Depreciation of property, plant and equipment	**1,017**	1,146
Depreciation of right-of-use asset	**238**	235
Impairment loss on other financial asset	**–**	125
Gain on disposal of property, plant and equipment	**–**	(1)
Foreign currency exchange loss (gain) – net	**192**	(82)
Audit fees:		
Auditors of the Company	**123**	128
Non-audit fees:		
Auditors of the Company	**15**	11
Other auditors	**11**	12
Cost of inventories recognised as expense (including allowance for inventories obsolescence)	**14,112**	10,245

28 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Group	
	2021	2020
	$'000	$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**3,480**	5,971
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**171,046**	171,046
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	**171,046**	171,046
Earnings per share (cents):		
– Basic	**2.03**	3.49
– Diluted	**2.03**	3.49

29 DIVIDENDS

	Group and Company	
	2021	2020
	$'000	$'000
Dividends on ordinary shares in respect of the financial year ended 30 June 2019:		
– Final one-tier tax exempt dividend of 1.0 cent per share	**–**	1,710
– Special one-tier tax exempt dividend of 0.5 cent per share	**–**	855
Dividends on ordinary shares in respect of the financial year ended 30 June 2020:		
– Interim one-tier tax exempt dividend of 1.0 cent per share	**–**	1,710
– Final one-tier tax exempt dividend of 1.0 cent per share	**1,710**	–
– Special one-tier tax exempt dividend of 0.5 cent per share	**856**	–
Dividends on ordinary shares in respect of the financial year ended 30 June 2021:		
– Interim one-tier tax exempt dividend of 0.5 cent per share	**855**	–
	3,421	4,275

Subsequent to the end of the reporting period, the Company proposed a final one-tier tax exempt dividend of 1.0 cent per ordinary share totalling $1,710,000 in respect of the financial year ended 30 June 2021.

30 OPERATING LEASE ARRANGEMENTS

The Group and Company as lessor

The Group and Company rent out part of the office premise to third parties with lease terms ranging from 2 to 3 years with extension options of 1 to 2 year(s). Rental is fixed for the duration of the lease.

Maturity analysis of operating lease payments:

	Group and Company	
	2021	2020
	$'000	$'000
Year 1	**535**	643
Year 2	**307**	295
Year 3	**–**	122
Total	**842**	1,060

31 SEGMENT INFORMATION

The Group is primarily engaged in three main operating divisions namely, Burn-In and related services, Burn-In boards and boards related products, and engineering services and equipment distribution. Management monitors performance by the three main operating divisions and the division results are provided to the chief operating decision maker.

Principal activities of each reportable segment are as follows:

Burn-In and Related Services ("Burn-In Services")

Burn-In is a process whereby the individual integrated circuit ("IC") chips is stressed at high temperature to weed out any defects caused during the assembly process.

Burn-In Boards and Boards Related Products ("Manufacturing and PCBA Services")

Manufacturing comprises the design and assembly of printed circuit boards used for Burn-In and reliability testing of IC chips.

Engineering Services and Equipment Distribution ("Engineering")

This includes system integration projects, equipment manufacturing, provision of technical services and distribution of third party products.

(a) Segment revenue and expenses

Segment revenue and expenses are revenue and expenses reported in the consolidated financial statements that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs, rental income, interest revenue and interest expense, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are all operating liabilities that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the assets attributable to each segment.

All assets are allocated to reportable segments other than financial assets of cash, fixed deposits, other receivables, and investments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

31 SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Burn-In Services		Manufacturing and PCBA Services		Engineering		Eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue										
External revenue	**6,658**	11,108	**17,944**	14,109	**4,737**	4,193	**–**	–	**29,339**	29,410
Inter-segment revenue	**–**	–	**670**	633	**–**	–	**(670)**	(633)	**–**	–
Total revenue	**6,658**	11,108	**18,614**	14,742	**4,737**	4,193	**(670)**	(633)	**29,339**	29,410
Segment results	**1,848**	4,953	**2,090**	2,154	**48**	(513)	**–**	–	**3,986**	6,594
Interest expense									**(34)**	(38)
Interest income									**183**	623
Rental income									**469**	344
Unallocated income									**86**	142
Unallocated expense									**(498)**	(720)
Profit before income tax									**4,192**	6,945
Income tax expense									**(712)**	(974)
Profit for the year									**3,480**	5,971

31 SEGMENT INFORMATION (CONTINUED)

Assets and liabilities and other segment information

	Burn-In Services		Manufacturing and PCBA Services		Engineering		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Segment assets								
Segment assets	**4,649**	6,774	**14,320**	9,939	**4,199**	3,113	**23,168**	19,826
Unallocated corporate assets							**36,374**	39,338
Total assets							**59,542**	59,164
Segment liabilities								
Segment liabilities	**1,494**	2,167	**3,962**	2,738	**1,039**	799	**6,495**	5,704
Unallocated corporate liabilities							**1,758**	2,230
Total liabilities							**8,253**	7,934
Other information								
Additions to non-current assets	**48**	186	**292**	574	**26**	52	**366**	812
Depreciation								
Allocated	**289**	525	**765**	663	**201**	193	**1,255**	1,381

31 SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group operates in four principal geographical areas namely, Singapore, USA, Malaysia and Philippines.

The revenue by geographical segments are based on location of customers. Segment assets (non-current assets excluding financial assets) are based on the geographical location of the assets and capital expenditure which is in Singapore (country of domicile).

	2021 $'000	2020 $'000
Revenue from external customers		
Singapore	**9,322**	17,213
USA	**8,387**	6,103
Philippines	**4,526**	1,894
Malaysia	**2,161**	2,637
Others[1]	**4,943**	1,563
	29,339	29,410

(1) Includes Germany, Thailand, Taiwan, Vietnam and China.

Information about major customers

Included in revenues of $29,339,000 (2020: $29,410,000) are revenues of $8,036,000 (2020: $7,164,000), $4,401,000 (2020: $9,056,000) and $3,129,000 (2020: $2,392,000) arising from sales to three major customers from the Burn-in Services and Manufacturing and PCBA Services business segments, and revenues of $3,768,000 (2020: $3,234,000) arising from sales to a major customer from the Engineering business segment. These revenues account for approximately 66% (2020: 74%) of the Group's revenue.

STATISTICS OF SHAREHOLDINGS

AS AT 14 SEPTEMBER 2021

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	14	0.84	796	0.00
100 – 1,000	232	13.87	149,268	0.09
1,001 – 10,000	638	38.16	4,024,247	2.35
10,001 – 1,000,000	768	45.93	52,354,513	30.61
1,000,001 AND ABOVE	20	1.20	114,517,217	66.95
TOTAL	**1,672**	**100.00**	**171,046,041**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM ENG HONG	48,194,875	28.18
2	LOH ZEE LAN NANCY	10,295,000	6.02
3	CITIBANK NOMINEES SINGAPORE PTE LTD	7,901,429	4.62
4	DBS NOMINEES (PRIVATE) LIMITED	5,466,703	3.20
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,459,400	2.61
6	TSIA HAH TONG	4,270,650	2.50
7	PROVIDENCE INVESTMENTS PTE LTD	4,082,500	2.39
8	PHILLIP SECURITIES PTE LTD	4,077,500	2.38
9	SAN TAI CONSTRUCTION (S) PTE LTD	3,000,000	1.75
10	FONG CHING LOON	2,900,000	1.70
11	LIM WEI LING ELAINE	2,840,000	1.66
12	KGI SECURITIES (SINGAPORE) PTE. LTD.	2,821,100	1.65
13	CHEW LIAN KWEI	2,700,100	1.58
14	ABN AMRO CLEARING BANK N.V.	2,238,900	1.31
15	YONG SER SEN	1,768,610	1.03
16	KOH CHOON NAM	1,767,300	1.03
17	KHO BOON PENG	1,690,050	0.99
18	ESTATE OF NG YONG HOCK, DECEASED	1,640,000	0.96
19	LEW WING KIT	1,285,500	0.75
20	HSBC (SINGAPORE) NOMINEES PTE LTD	1,117,600	0.65
	TOTAL	**114,517,217**	**66.96**

STATISTICS OF SHAREHOLDINGS

AS AT 14 SEPTEMBER 2021

SUBSTANTIAL SHAREHOLDING

Substantial Shareholdings	Direct Interest	%	Deemed Interest	%
Name				
Lim Eng Hong	48,194,875	28.18	13,135,000	7.68
Loh Zee Lan Nancy	10,295,000	6.02	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 63.25% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

TREASURY SHARES

Number of treasury shares: 4,154,000
Percentage of treasury shares held against total number of issued shares (excluding treasury shares): 2.43%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Avi-Tech Electronics Limited (the "**Company**") will be convened and held by electronic means on Thursday, 28 October 2021 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 30 June 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect as Director Mr Lim Tai Meng Alvin who is retiring pursuant to Article 99 of the Company's Constitution and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").
[See explanatory note (i)] **(Resolution 2)**

3. To re-elect as Director Mr Khor Thiam Beng who is retiring pursuant to Article 99 of the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST.
[See explanatory note (ii)] **(Resolution 3)**

4. That contingent upon the passing of Ordinary Resolution 3 above, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, shareholders to approve Mr Khor Thiam Beng's continued appointment as an Independent Director, this Resolution to remain in force until the earlier of his retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution.
[See explanatory note (iii)] **(Resolution 4)**

5. That contingent upon the passing of Ordinary Resolution 4 above, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, shareholders (excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer) to approve Mr Khor Thiam Beng's continued appointment as an Independent Director, this Resolution to remain in force until the earlier of his retirement or resignation as a Director or the conclusion of the third AGM following the passing of this Resolution.
[See explanatory note (iii)] **(Resolution 5)**

6. To approve the payment of Directors' fees of S$150,000 for the year ended 30 June 2021. (FY2020: S$150,000) **(Resolution 6)**

7. To approve the final one-tier tax exempt dividend of 1.0 cent per ordinary share for the year ended 30 June 2021. **(Resolution 7)**

8. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

9. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

10. **Authority to allot and issue shares in the capital of the Company**

    That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**") and the Listing Manual ("**Listing Manual**") of the SGX-ST, authority be and is hereby given to the Directors of the Company to allot and issue:

    (a) shares; or

(b) convertible securities; or

(c) additional convertible securities issued pursuant to Rule 829 of the Listing Manual (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the additional securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive); or

(d) shares arising from the conversion of the securities in (b) and (c) above (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the shares are to be issued),

in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that:

(i) the aggregate number of shares and convertible securities to be allotted and issued pursuant to this Resolution must be not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (calculated in accordance with (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (calculated in accordance with (ii) below); and

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the number of shares and convertible securities that may be issued pursuant to (i) above, the percentage of issued shares shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (c) any subsequent bonus issue, consolidation or subdivision of shares. Adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution approving the mandate.

Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this Resolution shall remain in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.
[See explanatory note (iv)] **(Resolution 9)**

By Order of the Board
Adrian Chan Pengee
Company Secretary

Singapore
6 October 2021

Explanatory Notes:

(i) Resolution 2 – Detailed information about Directors of the Company can be found in the "Board of Directors" section of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Please also refer to the section titled "Additional Information on Directors Seeking Election/Re-Election" appended to this Notice of Annual General Meeting for additional information on Mr Lim Tai Meng Alvin. Mr Lim Tai Meng Alvin will, upon re-election as a Director of the Company, continue to serve as Executive Director of the Company.

(ii) Resolution 3 – Detailed information about Directors of the Company can be found in the "Board of Directors" section of the Company's Annual Report, including their current directorships in other listed companies and other principal commitments held. Please also refer to the section titled "Additional Information on Directors Seeking Election/Re-Election" appended to this Notice of Annual General Meeting for additional information on Mr Khor Thiam Beng. Mr Khor Thiam Beng will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Board and a member of the Audit and Risk, Remuneration and Nominating Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual. Save that he is an Independent Director of the Company, Mr Khor Thiam Beng has no relationships including immediate family relationships with any of the Directors, the Company or its 5% shareholders.

(iii) Resolutions 4 and 5 – On 6 August 2018, the SGX-ST amended the SGX-ST Listing Rules (Mainboard) following the publication of the Code of Corporate Governance 2018 by the Monetary Authority of Singapore. As part of the amendments to the Code of Corporate Governance 2018, certain guidelines from the Code of Corporate Governance 2012 were shifted into the SGX-ST Listing Rules (Mainboard) for mandatory compliance. On 28 November 2018, the SGX-ST issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the SGX-ST Listing Rules (Mainboard). Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company has been seeking to obtain shareholders' approval for a relevant director's continued appointment as independent director prior to 1 January 2022. Rule 210(5)(d)(iii) provides that continued appointment as independent director, after an aggregate period of more than 9 years on the board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding directors, chief executive officer, and their associates.

(iv) Resolution 9 – If passed, this Resolution will empower the Directors from the date of the above meeting until the date of the next AGM, to allot and issue shares and convertible securities in the Company up to an amount not exceeding 50% of the total number of issued shares in the capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro rata basis.

Notes:

1. The Annual General Meeting of the Company will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), as amended, modified or supplemented from time to time or re-enactment thereof for the time being in force. Further to the Order, printed copies of this Notice of Annual General Meeting, the Proxy Form and the Annual Report for the financial year ended 30 June 2021 (the "**FY2021 Annual Report**") will **NOT** be sent to Shareholders. Instead, this Notice of Annual General Meeting, the Proxy Form and the FY2021 Annual Report may be accessed at the Company's website at the URL http://www.avi-tech.com.sg. This Notice of Annual General Meeting and the FY2021 Annual Report are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Nonetheless, a limited number of the FY2021 Annual Report has been printed for shareholders. Shareholders who wish to obtain a printed copy of the FY2021 Annual Report are to contact the Company at ir@avi-tech.com.sg and make their own arrangements to collect a copy of the FY2021 Annual Report from the registered office of the Company at 19A Serangoon North Avenue 5 Singapore 554859 (subject to availability)

2. Alternative arrangements relating to attendance at the Annual General Meeting of the Company via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Company's accompanying announcement dated 6 October 2021. This announcement may be accessed at the Company's website at the URL http://www.avi-tech.com.sg and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

   In particular, a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only stream via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio-only stream must pre-register via the following link: https://globalmeeting.bigbangdesign.co/avitech2021agm/ by no later than 11:00 a.m. on Monday, 25 October 2021. Following the verification, authenticated members will receive an email by 11:00 a.m., Wednesday, 27 October 2021 with instructions to access the live audio-visual webcast or the telephone number to access the live audio-only stream (the "Confirmation Email"). Members, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 11:00 a.m. on Wednesday, 27 October 2021 should contact the Company's webcast provider Big Bang Design at webcast@bigbangdesign.co.

Members will not be able to ask questions "live" during the broadcast of the Annual General Meeting. All members may submit questions related to the resolutions to be tabled for approval at the Annual General Meeting by email to ir@avi-tech.com.sg, or in hard copy by post to the office of the registered office of the Company at 19A Serangoon North Avenue 5 Singapore 554859, by no later than 11:00 a.m. on Monday, 25 October 2021.

3. **Due to the current COVID-19 situation in Singapore, the AGM of the Company will be held by way of electronic means and members will NOT be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** Please note that a member may not vote at the Annual General Meeting otherwise than by way of appointing the Chairman of the Meeting as the member's proxy. Printed copies of the Proxy Form for the Annual General Meeting will be sent to members. The proxy form for the Annual General Meeting may also be accessed at the Company's website at the URL http://www.avi-tech.com.sg and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11:00 a.m. on 18 October 2021.

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

5. The Proxy Form must be submitted to the Company in the following manners:

   (i) if submitted by post, be deposited at registered office of the Company at 19A Serangoon North Avenue 5 Singapore 554859; or

   (ii) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at ir@avi-tech.com.sg.

   in either case, at least **48 hours** before the time fixed for holding the Annual General Meeting. A member who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.

   In view of the current COVID-19 restriction orders and the related safe distancing measures in Singapore which may make it difficult for members to submit the completed Proxy Forms by post, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.

6. Save for members of the Company which are nominee companies or Relevant Intermediaries (as defined below), a member of the Company entitled to participate and vote at a meeting of the Company shall not be entitled to appoint more than two proxies to attend and vote on his behalf. Where a member of the Company (other than a Relevant Intermediary) appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

7. Pursuant to Section 181 of the Companies Act, any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

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

9. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the meeting in order for the Depositor to be entitled to participate and vote at the meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents of service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Additional Information on Directors Seeking Election/Re-Election
Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr Lim Tai Meng Alvin and Mr Khor Thiam Beng are the retiring Directors who are seeking re-election at the forthcoming AGM to be convened on 28 October 2021 under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 6 October 2021. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Directors, in accordance with Appendix 7.4.1 to the Listing Manual of the SGX-ST, is set out below:

	Lim Tai Meng Alvin	**Khor Thiam Beng**
Date of initial appointment	9 September 2011	30 October 2006
Date of last re-appointment (if applicable)	29 October 2018	30 October 2019
Age	45	79
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nominating Committee's recommendation and assessment on Mr Lim Tai Meng Alvin's commitment in the discharge of his duties as a Director, *inter alia*, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Khor Thiam Beng's independence and commitment in the discharge of his duties as a Director, *inter alia*, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Lim Tai Meng Alvin oversees the Group's operations for the Burn-In Services, Manufacturing and PCBA Services and Engineering Services business segments, and also seeking out new business opportunities.	N.A.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Operating Officer and Executive Director	Non-Executive Chairman and Independent Director Member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee
Professional qualifications	Please refer to the section of the Company's Annual Report entitled "Board of Directors" for further details.	
Working experience and occupation(s) during the past 10 years	Please refer to the section of the Company's Annual Report entitled "Board of Directors" for further details.	
Shareholding interest in the in the listed issuer and its subsidiaries	Please refer to the section of the Company's Annual Report entitled "Board of Directors" for further details.	
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Lim Eng Hong, an Executive Director and the Chief Executive Officer of the Company, is the father of Mr Lim Tai Meng Alvin.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the form set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes.	Yes.

Other Principal Commitments including Directorships		
Past (for the last 5 years)	Please refer to the section of the Company's Annual Report entitled "Board of Directors" for further details.	
Present	Please refer to the section of the Company's Annual Report entitled "Board of Directors" for further details.	
Information required		
Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No.	No.
Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No.	No.
Whether there is any unsatisfied judgment against him?	No.	No.
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No.	No.
Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No.	No.
Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No.	No.
Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No.	No.
Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No.	No.
Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No.	No.

Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No.	No.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No.	No.
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No.	No.
(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,	No.	No.
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No.	No.

NOTICE OF RECORD DATE AND DIVIDEND PAYMENT DATE

FINAL DIVIDEND

NOTICE HAS BEEN GIVEN in the Company's announcement of 17 August 2021 that the Transfer Books and Register of Members of the Company will be closed on 15 November 2021 for the preparation of the one-tier tax exempt final dividend to be proposed at the Annual General Meeting of the Company to be held on 28 October 2021.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 12 November 2021 will be registered to determine shareholders' entitlements to the one-tier tax exempt final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 November 2021 will be entitled to the proposed final dividend.

The proposed final dividend, if approved at the Annual General Meeting, will be paid on 29 November 2021.

PROXY FORM
2021 ANNUAL GENERAL MEETING

AVI-TECH ELECTRONICS LIMITED
(Company Registration Number 198105976H)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1 The Annual General Meeting of the Company ("AGM" or the "Meeting") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. The Notice of AGM and this Proxy Form is also accessible (a) via publication on the Company's website at the URL http://www.avi-tech.com.sg; and (b) via publication on the SGXNET at the URL https://www.sgx.com/securities/company-announcements.
3. Alternative arrangements relating to, among others, attendance, submission of question in advance and/or voting by proxy at the AGM are set out in the Notice of AGM and the accompanying Company's announcement dated 6 October 2021 which has been uploaded together with the Notice of AGM on SGXNET on the same day.
4. Due to the current COVID-19 situation in Singapore, the AGM of the Company will be held by way of electronic means and members will not be allowed to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.
5. 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 at least seven (7) working days before the AGM.
6. By submitting this Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 October 2021.
7. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We, ____ (Name)

of ____ (Address)

being a member/members of AVI-TECH ELECTRONICS LIMITED (the "**Company**") hereby appoint the Chairman of the Meeting as my/our proxy to attend and to 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 Thursday, 28 October 2021 at 11.00 a.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	For	Against	Abstain
1.	Adoption of Directors' Statement and Audited Financial Statements together with the Auditor's Report thereon			
2.	Re-election of Mr Lim Tai Meng Alvin as a Director			
3.	Re-election of Mr Khor Thiam Beng as a Director			
4.	Approval of Mr Khor Thiam Beng's continued appointment as an Independent Director by shareholders			
5.	Approval of Mr Khor Thiam Beng's continued appointment as an Independent Director by shareholders (excluding directors, chief executive officer, and their associates)			
6.	Approval of Directors' Fees			
7.	Approval of proposed final dividend			
8.	Re-appointment of Deloitte & Touche LLP as Auditors			
9.	General Mandate to Directors to issue shares			

If you wish to appoint the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** a resolution, please tick with "√" in the **For** or **Against** box in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box in respect of that resolution. If you wish to appoint the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please tick with "√" in the **Abstain** box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting, as your proxy, is directed to abstain from voting in the **Abstain** box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Voting will be conducted by poll.

Dated this __________ day of ________________ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. The Annual General Meeting of the Company will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), as amended, modified or supplemented from time to time or re-enactment thereof for the time being in force. Further to the Order, printed copies of this Notice of Annual General Meeting, the Proxy Form and the Annual Report for the financial year ended 30 June 2021 (the "**FY2021 Annual Report**") will **NOT** be sent to Shareholders. Instead, this Notice of Annual General Meeting, the Proxy Form and the FY2021 Annual Report may be accessed at the Company's website at the URL http://www.avi-tech.com.sg. This Notice of Annual General Meeting, the Proxy Form and the FY2021 Annual Report are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Nonetheless, a limited number of the FY2021 Annual Report has been printed for shareholders. Shareholders who wish to obtain a printed copy of the FY2021 Annual Report are to contact the Company at ir@avi-tech.com.sg and make their own arrangements to collect a copy of the FY2021 Annual Report from the registered office of the Company at 19A Serangoon North Avenue 5 Singapore 554859 (subject to availability).
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting of the Company, addressing of substantial and relevant questions at the Annual General Meeting of the Company and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting of the Company, are set out in the Company's accompanying announcement dated 6 October 2021. This announcement may be accessed at the Company's website at the URL http://www.avi-tech.com.sg and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

   In particular, a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only stream via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio-only stream must pre-register via the following link: https://globalmeeting.bigbangdesign.co/avitech2021agm/ by no later than 11:00 a.m. on Monday, 25 October 2021. Following the verification, authenticated members will receive an email by 11:00 a.m., Wednesday, 27 October 2021 with instructions to access the live audio-visual webcast or the telephone number to access the live audio-only stream (the "**Confirmation Email**"). Members, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 11:00 a.m. on Wednesday, 27 October 2021 should contact the Company's webcast provider Big Bang Design at webcast@bigbangdesign.co.

   Members will not be able to ask questions "live" during the broadcast of the Annual General Meeting. All members may submit questions related to the resolutions to be tabled for approval at the Annual General Meeting by email to ir@avi-tech.com.sg, or in hard copy by post to the office of the registered office of the Company at 19A Serangoon North Avenue 5 Singapore 554859, by no later than 11:00 a.m. on Monday, 25 October 2021.
3. Please insert the total number of shares held by you. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If no number is inserted, this Proxy Form shall be deemed to relate to all the shares held by you.
4. **Due to the current COVID-19 situation in Singapore, the AGM of the Company will be held by way of electronic means and members will NOT be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** Please note that a member may not vote at the Annual General Meeting otherwise than by way of appointing the Chairman of the Meeting as the member's proxy. Printed copies of the Proxy Form for the Annual General Meeting will be sent to members. The Proxy Form for the Annual General Meeting may also be accessed at the Company's website at the URL http://www.avi-tech.com.sg and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11:00 a.m. on 18 October 2021.
5. The Chairman of the Meeting, acting as proxy, need not be a member of the Company.
6. The Proxy Form must be submitted to the Company in the following manners:

   (i) if submitted by post, be deposited at registered office of the Company at 19A Serangoon North Avenue 5 Singapore 554859; or

   (ii) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Company at ir@avi-tech.com.sg.

   in either case, at least **48 hours** before the time fixed for holding the Annual General Meeting. A member who wishes to submit the Proxy Form must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.

   In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.
7. 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, Cap. 289 of Singapore) (the "**SFA**"), 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 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.
8. Save for members of the Company which are nominee companies or Relevant Intermediaries (as defined below), a member of the Company entitled to participate and vote at a meeting of the Company shall not be entitled to appoint more than two proxies to attend and vote on his behalf. Where a member of the Company (other than a Relevant Intermediary) appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
9. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**"), any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.
10. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
11. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
12. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act.
13. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
14. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the meeting in order for the Depositor to be entitled to participate and vote at the meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents of service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

AVI-TECH ELECTRONICS LIMITED
Company Registration No. 198105976H
19A Serangoon North Avenue 5
Singapore 554859
www.avi-tech.com.sg