ASTI HOLDINGS LIMITED

ANNUAL REPORT 2023

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ABOUT ASTI

CORPORATE OVERVIEW

ASTI Holdings Limited (“**ASTI**” or “**the Group**”), listed on the mainboard of the Singapore Exchange, is a global leader in backend Semiconductor Tape & Reel packaging and Integrated Circuit Programming Services. As one of the largest independent providers in the world, we serve a broad spectrum of integrated device manufacturers, contract manufacturers and component distributors worldwide. On 6 June 2022, ASTI received a delisting notification from SGX-ST and trading in the Company’s securities was ceased on 5 July 2022 and trading will remain suspended until the completion of an exit offer.

INTEGRATED SOLUTIONS AND SERVICES

With a robust and synergistic portfolio, the ASTI Group of companies delivers comprehensive, integrated solutions tailored to meet the diverse needs of our clients. Our extensive reach and capabilities position us as a trusted partner in the semiconductor industry.

GLOBAL OPERATIONS

Headquartered in Singapore, ASTI operates 7 strategically located factories across Southeast Asia, Greater China and the United Kingdom. This expansive network ensures we remain close to our customers, facilitating efficient distribution and exceptional service across key markets in Asia and beyond.

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

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

The current Board of Directors was appointed on 15 and 16 January 2024. Upon our appointment, we took steps to complete the outstanding audit of the financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively the "ASTI Group") starting with financial year ended 31 December 2022 ("FY2022"), and then financial year ended 31 December 2023 ("FY2023"). The Company appointed a new auditor on 15 May 2024 and held its FY2022 Annual General Meeting ("AGM") on 30 September 2024. We now present to the shareholders the audited financial statements for FY2023. The current Board was not involved in the business and strategy of the Group in the course of FY2023[(1)].

Further, as set out in the Company's announcement on 24 January 2024, the Company is in the process of reviewing the corporate and business dealings and transactions of the Group under the previous Board of Directors, and there may be a possibility that findings from such review might not be consistent with the contents of this report.

For FY2023, the ASTI Group recorded revenue of S$51.0 million, a decrease of S$16.0 million or 23.9% from S$67.0 million in FY2022.

Net loss for FY2023 was S$5.0 million, as compared to net profit of S$4.5m in FY2022. As of 31 December 2023, the Group held cash and cash equivalents of S$20.7 million and shareholders' equity of S$36.2 million.

The Group will commence audit for the financial year ended 31 December 2024 ("FY2024") immediately after the conclusion of FY2023 AGM, subject to the auditor being re-appointed at the same AGM, and hold the FY2024 AGM in due course.

OUTLOOK AND STRATEGY FOR FY2025 AND BEYOND

Since the Board took over in January 2024, we have carefully assessed the outlook for ASTI amidst the current global challenges. The sector we serve – assembly, testing and packaging – continues to experience softening demand for standard IC chips. Headwind from the ongoing global economic uncertainties, the US-China chip war and a tough business environment continue to impact our business industries we operate in. This has led to a more cautious stance from our customers, which has resulted in decreasing sales orders and lower volume. Against this backdrop, we anticipate that our sales and profit to be impacted in the near term, including FY2024 and extending into the financial year ending 31 December 2025 ("FY2025").

Given the expected softness in demand in FY2025, the Group will continue to be cautious in executing its strategies to navigate through the challenging environment. We are committed to maintaining our financial health while positioning ASTI for long-term growth. The semiconductor sector remains a key growth driver for the Group, and we believe that by implementing and executing the right strategies, we could be profitable in the coming years.

In light of the rapid changes in technologies and uncertainties globally, it is crucial that we continuously evaluate our business operations, ensuring that we remain agile and reactive to the evolving market landscape. Parts of our business that are no longer aligned with our strategic goals will be restructured to enhance overall efficiency.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my heartfelt thanks to our management and staff for their dedication and contributions during these challenging times. We also deeply appreciate the continued support of our customers, shareholders, business partners, and suppliers.

I am confident that our strong foundation and the resilience of our team will enable us to navigate these challenges and achieve our long-term goals.

Yours Sincerely,

Ng Yew Nam
Chairman and Chief Executive Officer

Disclaimer:
The current Board of Directors as at the date of this report was reconstituted on 16 January 2024. Accordingly, none of the current directors were involved in any of the business and strategy of ASTI Holdings Limited (the "Company" or "ASTI", and together with its subsidiaries, the "Group") and its subsidiaries in the course of the financial year ended 31 December 2023 ("FY2023"). Further, as set out in its announcement dated 24 January 2024, the Company is in the process of reviewing the corporate and business dealings and transactions of the Group under the previous Board of Directors, and there may be a possibility that findings from such review might not be consistent with the contents of this report.

[(1)] *Save that for completeness, Mr Soh Pock Kheng was an independent contractor of the Company pursuant to a service agreement dated 7 September 2022. His service agreement ended on 23 September 2023.*

FINANCIALS REVIEW

STATEMENT OF PROFIT OR LOSS

REVENUE

The Group registered a revenue of S$51.0 million for the financial year ended 31 December 2023 ("FY2023"), a decrease of S$16.0 million or 23.9% from S$67.0 million in the previous year ended 31 December 2022 ("FY2022"), mainly due to lower sale orders across the key customers as the semiconductor industry started to slow down in 2023.

LOSS BEFORE TAX

Other income increased S$0.3 million compared to FY2022 due to higher rental income and write back of payables in FY2023.

Marketing and distribution expenses decreased by S$0.2 million or 13.5% due to lower business activities. Administrative expenses remained at approximately S$10.2 million in FY2023.

Other expenses of S$1.6 million comprised mainly allowance on amounts due from associates and net foreign exchange losses.

Finance costs, net increased by S$0.3 million or 158.2% in FY2023 compared to FY2022 mainly due to higher interest arising from bank loans and trade financing offset by the interest income from loan due from associates.

TAX EXPENSE

The Group recorded tax expense of S$0.5 million in FY2023.

NET LOSS

Overall, the Group reported a net loss after tax of S$5.0 million in FY2023 compared to a profit of S$4.5 million in FY2022.

STATEMENT OF FINANCIAL POSITIONS

NON-CURRENT ASSETS

Non-current assets decreased by S$7.9 million or 21.1% from S$37.5 million in FY2022 to S$29.6 million in FY2023 mainly due to the depreciation and disposal of property, plant and equipment, share of losses from associates and amounts due from associates.

CURRENT ASSETS

Current assets decreased by S$9.4 million or 21.0% from S$44.7 million in FY2022 to S$35.4 million in FY2023. This was in line with the lower revenue resulting in lower receivables and cash and bank balances.

CURRENT LIABILITIES

Current liabilities decreased by S$4.7 million or 19.9% from S$23.7 million in FY2022 to S$19.0 million in FY2023. The decrease in trade and other payables was offset by the increase in loans and borrowings.

NON-CURRENT LIABILITIES

Non-current liabilities decreased from S$13.4 million in FY2022 to S$9.8 million in FY2023 mainly due to the classification of loan from non-current to current.

CASH FLOWS

Net cash generated from operating activities in FY2023 amounted to S$8.2 million. This was mainly due to the operating cash flows before changes in working capital of S$6.4 million, adjusted by changes in net working capital of S$2.8 million and interest and income tax paid of S$1.0 million.

Net cash used in investing activities amounting to S$7.6 million due to the purchase of property, plant and equipment offset by the proceeds from disposal of property, plant and equipment during the financial year.

Net cash used in financing activities amounting to S$5.4 million was due to the repayment of loan and lease liabilities of S$2.4 million and dividend payment of S$2.9 million respectively.

As a result of the above, cash and cash equivalents decreased by S$4.8 million in FY2023. Together with the effect of exchange rate changes, the cash and cash equivalents stood at S$20.7 million as at 31 December 2023.

BOARD OF DIRECTORS

MR. NG YEW NAM, 55

Executive Chairman and Chief Executive Officer

Mr. Ng was appointed as the Executive Director and Chief Executive Officer of ASTI Holdings Limited on 15 January 2024. He was appointed as the Executive Chairman of the board on 12 November 2024.

Mr. Ng is the Managing Director and Founder of iTrue Technologies Pte Ltd, leading the Company from its inception in 2005 until January 2024. Under his direction, iTrue Technologies specialized in automatic machine vision inspection for the Electronic and Passive Components Industries.

With strong business acumen and inspiring leadership, Mr. Ng played a pivotal role in securing numerous business accounts and cultivating a dedicated, high performing team. His critical thinking and foresight proved vital during challenging times, such as the 2008 global financial crisis and the COVID-19 pandemic, ensuring the Company's resilience and continued success.

In addition to his achievements at iTrue Technologies, Mr. Ng was appointed CEO of ASTI, where he was tasked with revitalizing the Company and driving its business forward.

MR. SOH POCK KHENG, 54

Executive Director and Chief Operating Officer

Mr. Soh was appointed as the Executive Director of ASTI Holdings Limited on 15 January 2024.

He was redesignated from Executive Director to Executive Director and Chief Operating Officer of ASTI Holdings Limited on 6 May 2024.

Mr. Soh has a depth of experience in the electronics industry having spent more than 20 years in various disciplines ranging from development of acoustics products use in computing, consumer and communication application. He is a co-founder of two technology companies in Singapore and China.

MR. WAN TAI FOONG, 56

Independent Non-Executive Director
Chairman, Audit Committee
Member, Nominating Committee
Member, Remuneration Committee

Mr. Wan was appointed to the Board as a Independent Non-Executive Director on 12 November 2024 and is the Chairman of the Audit Committee. He is currently the Chief Executive Officer of Qi Capital Pte. Ltd, a boutique advisory firm that advises private corporates on M&A and fund raising transactions.

Mr. Wan has a career spanning over 20 years in investment banking, with varied, in-depth exposure and experience in all aspects of mergers and acquisitions, restructuring and fund-raising transactions in different sectors.

Mr. Wan was also on the board of other listed Companies before and is currently a Non-Executive and Lead Independent Director of New Toyo International Holdings Limited.

Mr. Wan holds a Bachelor of Commerce from Murdoch University, Western Australia and is a member of CPA Australia.

BOARD OF DIRECTORS

MR. RAYMOND LAM KUO WEI, 48

Lead Independent Director
Chairman, Remuneration Committee
Member, Audit Committee
Member, Nominating Committee

Mr. Lam was appointed as the Independent Non-Executive Director of ASTI Holdings Limited on 16 January 2024. He was appointed as the Lead Independent Director on 12 November 2024.

Mr. Lam is also the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nominating Committee.

He is also an Independent Director of Nippecraft Limited and XMH Holdings Ltd.

Mr. Lam graduated from the National University of Singapore with a Bachelor of Laws (LLB).

He was admitted to the Singapore Bar in 2002 and admitted as a Solicitor in England & Wales in 2008. He is a Notary Public and a Commissioner for Oaths. Mr. Lam is a Fellow of the Chartered Secretaries Institute of Singapore and is a member on its Management Council.

MR. YAP ALVIN TSOK SEIN, 54

Independent Non-Executive Director
Chairman, Nominating Committee
Member, Audit Committee
Member, Remuneration Committee

Mr. Yap was appointed as the Independent Non-Executive Director of ASTI Holdings Limited on 16 January 2024. He is also the Chairman of the Nominating Committee and a member of both the Audit Committee and Remuneration Committee.

Mr. Yap, is currently a Director in Quan Advisors Pte Ltd, the Mergers & Acquisition (M&A) practice of the SCS-Invictus Financial Services Group, and has held various senior regional M&A and Commercial Finance roles in his previous positions. Mr. Yap graduated from the University of New South Wales Australia with a Bachelor of Commerce (Accounting) and a Bachelor of Laws. He is also a Chartered Accountant (Australia & New Zealand).

KEY MANAGEMENT

MR. TAN SZE LENG

Chief Financial Officer, ASTI Holdings Limited

Mr. Tan joined the Group in May 2024. He oversees the Group's functions in accounting, finance, tax, corporate matters and investor relations. Prior to joining the Group, he was the Chief Financial Officer ("CFO") at Meta Health Limited from September 2022 to April 2024. Mr. Tan has over 20 years of professional experience in auditing, financial reporting, treasury, corporate fundraising and participated in various mergers and acquisitions activities. Mr. Tan obtained his Master of Business Administration from the Warwick Business School. He is a member of the Institute of Singapore Chartered Accountants, and a member of Institute of Valuers and Appraisers, Singapore (IVAS).

MR. ONG YU HUAT

Senior Vice President, Telford Group

Since beginning his career with Texas Instruments Singapore in 1986, Mr. Ong has held various key positions in manufacturing, purchasing, engineering and sales and marketing. Mr. Ong joined the Group in 1999. He holds a Bachelor of Science in Physics from the National University of Singapore.

MR. GARY SMITH

Managing Director, Reel Service Ltd, Scotland

Mr. Smith originally joined Reel Service in 1988 as Engineering Manager, then became Director of the Engineering for the Reel Service Group where he helped set up subsidiaries in Germany, Singapore, USA, Philippines and Israel. Prior to joining Reel Service, he spent 5 years working with Hughes Microelectronics (Now Raytheon) where he gained extensive knowledge and experience in Quality, Project and Process Engineering. In 2002 Mr. Smith set up his own company in Property Development & Project Management. Prior to starting back with Reel Service in August 2015, Mr. Smith was working with charity based Housing Associations dealing with Property Development & Maintenance.

GROUP
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER

Key Financial Data	FY2023 S$'000	FY2022 S$'000	FY2021 S$'000 (restated)
Group revenue	50,960	67,006	54,281
(Loss)/profit before income tax	(4,489)	5,656	(25,297)
(Loss)/profit attributable to owners of the Company	(4,210)	5,401	(11,523)
EBITDA*	4,890	14,911	(17,553)
At Year End			
Shareholders' funds attributable to owners of Company	54,648	63,545	59,294
Total equity/Net assets	36,152	45,121	40,666
Total assets	64,957	82,262	68,761
Per Share			
Net (loss)/earnings (cent)**	(0.64)	0.82	(1.76)
Net Assets Value (cent)***	5.52	6.89	6.21
Financial Ratios			
Return of equity (%)#	-8.4	7.4	-40.7

* EBITDA means earnings before interest expense, interest income, tax, depreciation, amortization, write off/(back) on allowances and impairment losses.

** Earnings/(Loss) per share is based on the weighted average number of shares.

*** Net assets per share is based on the number of issued shares (excluding treasury share) as at year end, net of non-controlling interests and intangible assets.

Calculation of return on equity is based on the profit/(loss) after tax over the average of beginning and closing of shareholders' funds.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Mr. Ng Yew Nam
Executive Chairman and Chief Executive Officer
Mr. Soh Pock Kheng
Executive Director and Chief Operating Officer

Non-Executive:

Mr. Raymond Lam Kuo Wei
Lead Independent Director
Mr. Yap Alvin Tsok Sein
Independent Non-Executive Director
Mr. Wan Tai Foong
Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Wan Tai Foong
(Chairman)
Mr. Raymond Lam Kuo Wei
Mr. Yap Alvin Tsok Sein

NOMINATING COMMITTEE

Mr. Yap Alvin Tsok Sein
(Chairman)
Mr. Raymond Lam Kuo Wei
Mr. Wan Tai Foong

REMUNERATION COMMITTEE

Mr. Raymond Lam Kuo Wei
(Chairman)
Mr. Yap Alvin Tsok Sein
Mr. Wan Tai Foong

COMPANY SECRETARIES

Ms. Lee Puay Lin Sharon
Mr. Lai Kuan Loong, Victor

REGISTERED OFFICE

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#06-72 Vertex
Singapore 408868
Tel: (65) 8687 1566

BUSINESS OFFICE

33 Ubi Avenue 3
#06-72 Vertex
Singapore 408868
Tel: (65) 8687 1566

SHARE REGISTRAR

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

INDEPENDENT AUDITOR

Forvis Mazars LLP
Public Accountants and Chartered Accountants
135 Cecil Street
#10-01
Singapore 069536

AUDIT PARTNER-IN-CHARGE:

Mr. Lai Keng Wei
(Appointed from financial year ended 31 December 2022)

PRINCIPAL BANKER

United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

Financial Year Ended 31 December 2023 ("FY2023")

The board of directors (the "**Board**" or "**Directors**") of ASTI Holdings Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") is pleased to present this Corporate Governance Report ("**Report**") which outlines the corporate governance practices and procedures adopted by the Company with specific reference to the Principles and the Provisions of the Code of Corporate Governance 2018 (the "**Code**") and the Mainboard Rules ("**Listing Rules**") of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

As at the date of this Report, the Directors of the Company are:

Mr Ng Yew Nam – Executive Chairman and Chief Executive Officer ("**CEO**") *(Appointed on 15 January 2024)*
Mr Soh Pock Kheng – Executive Director and Chief Operations Officer ("**COO**") *(Appointed on 15 January 2024)*
Mr Raymond Lam Kuo Wei – Lead Independent Director *(Appointed on 16 January 2024)*
Mr Yap Alvin Tsok Sein – Independent Non-Executive Director *(Appointed on 16 January 2024)*
Mr Wan Tai Foong – Independent Non-Executive Director *(Appointed on 12 November 2024)*

Unless otherwise indicated, all references to the Directors, the Board and Board Committees in this Report refer to the aforesaid current Directors.

This Report describes the corporate governance practices of the Company and the Group that are in place following the appointments of the aforesaid Directors in the financial year ended 31 December 2024 ("**FY2024**"). None of the aforesaid Directors were involved in the business, management, financial affairs and corporate governance practices of the Company and the Group in the financial year ended 31 December 2023 ("**FY2023**") or prior to their appointments*. As set out in its announcement dated 24 January 2024, the Company is in the process of reviewing the corporate and business dealings and transactions of the Group under the previous Board of Directors, and there may be a possibility that findings from such review might not be consistent with the contents of this Report.

For FY2024, the Company has complied with the Principles as set out in the Code and the relevant Listing Rules and to the extent that there are deviations from the Provisions of the Code, explanations have been provided in this Report. For FY2023, disclosures relating to the Company's corporate governance practices are based on available information and records, and to the best of the Board's knowledge and belief.

While it is always the objective of the current Board to ensure all the Provisions of the Code are followed strictly by the Group, however, in view of the current lean cost structure and financial position of the Group, there are situations and reasons where full compliance with the Provisions of the Code may not be feasible or may not be meaningful for the Group at this stage in time. In this regard, where there are areas of the current practices which deviate from the Provisions of the Code, appropriate explanations are provided accordingly, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

* *Mr Soh Pock Kheng was an independent contractor of the Company pursuant to a service agreement dated 7 September 2022. His service agreement ended on 23 September 2023.*

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

Provision 1.1

Board duties and responsibilities

The main role and responsibility of the Board is to provide effective leadership and oversee the business affairs of the Company and to set policies, strategies and goals for the Company and the Group. The Board also sets the tone for the Group where ethics and values are concerned.

The Board has direct responsibility for decision-making in respect of various specific matters, including:

1. Reviewing and approving Management's strategic and business plans, including understanding and questioning the assumptions upon which plans are based, and reaching an independent judgement as to the probability that the plans can be realised;

2. Approving the annual budget, material acquisitions and disposals of assets or investments, major funding proposals, and any other matters which requires the Board's or shareholders' approval pursuant to the Listing Rules, the Singapore Companies Act 1967 ("**Companies Act**") and other applicable rules and regulations;

3. Establishing a framework of prudent and effective controls which enables risks to be properly assessed and managed to safeguard shareholders' interests and the Group's assets;

4. Reviewing the financial performance of the Group and necessary reporting compliance of the Group with all applicable laws, rules and regulations;

5. Approving the nomination and appointment of Directors and appointment of key management personnel ("**KMP**") of the Company;

6. Identifying key stakeholder groups and recognising that their perceptions affect the Group's reputation;

7. Setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met;

8. Assuming responsibility for corporate governance of the Group;

9. Considering sustainability issues as part of the strategic formulation of the Group; and

10. Performing such other functions as are prescribed by law or assigned to the Board in the Company's governing documents.

The Board has in place written terms of reference which clearly sets out the Board's responsibilities in accordance with the Code and Listing Rules.

All Directors exercise due diligence and independent judgement in dealing with business affairs of the Group and are obliged to act in good faith and to make objective decisions in the interest of the Group.

CORPORATE GOVERNANCE REPORT

Conflict of Interests

All Directors of the Company are required to act objectively in the best interests of the Company as fiduciaries at all times. Every Director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company as soon as is practicable after the relevant facts have come to his knowledge.

A Director who has an interest in a matter which may conflict with his duties to the Company must disclose his interests, recuse himself from the discussion and abstain from voting on the matter.

Provision 1.2

Directors' Induction, Training and Development

The Company currently does not have a formal training program for the Directors but on an ongoing basis, the Directors are provided with updates from professional advisers, the internal and external auditors, the Company Secretary and Management on relevant practices, new laws, rules and regulations that are relevant to the performance of their duties and responsibilities as Directors.

Newly appointed Directors will be provided with information about the Group, the relevant governing documents of the Company and contact particulars of senior members of Management. Procedures are in place whereby newly appointed Directors are informed of their terms of appointment, duties and obligations.

Directors who do not have prior experience as a director of a Singapore-listed company will attend the prescribed training courses as required under Listing Rule 210(5)(a). The Board is unable to confirm whether the former Directors in office in FY2023 who had no prior experience as a director of a Singapore-listed company had attended the prescribed training courses as required under Listing Rule 210(5)(a).

As at the date of this Report, Mr Ng Yew Nam, Executive Chairman and CEO, and Mr Yap Alvin Tsok Sein, Independent Non-Executive Director, have completed the prescribed training courses as required under Listing Rule 210(5)(a).

Provision 1.3

Matters Requiring Board Approval

The Company has adopted and documented internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

1. Approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements;
2. Approval of announcements released via SGXNet, including financial results announcements;
3. Approval of corporate plans and budgets, annual and interim reports, financial statements, directors' statement and annual reports;
4. Issuances of shares and other securities, dividends and other returns to shareholders;
5. Authorisation of financing facilities and corporate guarantees;
6. Approval of corporate restructuring and changes in corporate business strategy and direction;
7. Appointment and cessation of Directors and KMP;
8. Convening of general meetings;
9. Interested party transactions; and
10. Any other matters as prescribed under the relevant legislations and regulations and the provisions of the Company's Constitution.

CORPORATE GOVERNANCE REPORT

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

Management is responsible for the day-to-day operations of the Company and implementing the decisions of the Board. Where a subject has been reserved for the Board or a Board Committee's approval in its terms of reference, approval must be obtained before it is implemented.

Provision 1.4

Board Committees

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

A description of, among other things, composition and the written terms of reference of the respective Board Committees is set out in this Report.

Provisions 1.5 and 1.6

Board Processes and Meeting Attendance

Based on the Company's statutory records and to the best of the Board's knowledge and belief, attendance at formal meetings by the former Directors of the Company in FY2023 are set out in the table below.

Directors	Membership	Board	AC	NC	RC	AGM**
		Number of meetings attended in FY2023				
Dato' Michael Loh Soon Gnee[1]	Non-Executive Non-Independent Chairman	1*	1	1	1	–
Dr Daniel Yeoh Ghee Chong[2]	Lead Independent Director	1	1*	1	1	–
Mr Anthony Loh Sin Hock[3]	Executive Director	8	4	3	1	1
Dato' Sri Mohd Sopiyan B Mohd Rashdi[4]	Independent Non-Executive Director	8	4*	3	1*	1
Dato' Ahmad Rasidi B Hazizi[5]	Independent Non-Executive Director	3	2	3*	1	–
Dr Kriengsak Chareonwongsak[6]	Non-Executive Non-Independent Chairman	8*	4	3	1	1
Mr Charlie Jangvijitkul[7]	Independent Non-Executive Director	5	2	–	–	1
Mr Theerachai Leenabanchong[8]	Non-Independent Non-Executive Director	7	3	2	–	1
Number of meetings held in FY2023		**8**	**4**	**3**	**1**	**1**

* Denotes Chairman.

** The AGM held on 31 August 2023 was for the financial year ended 31 December 2021 ("***FY2021***").

1 *Dato' Michael Loh Soon Gnee was appointed as Executive Chairman of the Company on 23 October 2003 and ultimately resigned as Non-Executive and Non-Independent Chairman on 23 February 2023. On 7 April 2019, he tendered his resignation from his initial appointment, providing 12 months' notice (i.e. his last working day being 7 April 2020). On 29 March 2020, he withdrew his resignation and was re-appointed as Non-Executive and Non-Independent Chairman until his subsequent resignation on 23 February 2023.*

2 *Dr Daniel Yeoh Ghee Chong was appointed as an Independent Non-Executive Director and Lead Independent Director of the Company on 1 May 2018 and resigned on 20 March 2023.*

3 *Mr Anthony Loh Sin Hock was appointed as an Executive Director of the Company on 11 November 2022 and resigned on 15 January 2024. He also held the position of Acting Chief Executive Officer ("**CEO**") of the Company from 31 December 2021 to 15 January 2024. He was employed as the Chief Financial Officer ("**CFO**") of the Company from 1 December 2021 to 9 April 2024.*

CORPORATE GOVERNANCE REPORT

4 Dato' Sri Mohd Sopiyan B Mohd Rashdi was appointed as an Independent Non-Executive Director of the Company on 1 May 2018 and resigned on 15 January 2024.
5 Dato' Ahmad Rasidi B Hazizi was appointed as an Independent Non-Executive Director of the Company on 30 November 2021 and resigned on 15 May 2023.
6 Dr Kriengsak Chareonwongsak was appointed as an Independent Non-Executive Director of the Company on 12 August 2011 and resigned on 8 January 2024. He was considered independent up to 1 January 2022. He was redesignated as a Non-Independent Non-Executive Chairman from 23 February 2023 and resigned on 8 January 2024.
7 Mr Charlie Jangvijitkul was appointed as an Independent Non-Executive Director of the Company on 15 May 2023 and resigned on 15 January 2024. Mr Charlie Jangvijitkul was appointed as Chairman of the NC and RC on 15 May 2023, a position he held until he resigned from the Board on 15 January 2024.
8 Mr Theerachai Leenabanchong was appointed as Non-Independent Non-Executive Director of the Company on 23 February 2023 and resigned on 15 January 2024.

Attendance at formal meetings by the Directors of the Company for the period from 16 January 2024 till end of the financial year ended 31 December 2024 are set out in the table below.

Directors	**Membership**	**Board**	**AC**	**NC**	**RC**	**AGM****
		Number of meetings attended				
Mr Chow Wai San[1]	Independent Non-Executive Chairman	2*	2*	2	2	2*
Mr Ng Yew Nam[2]	Executive Chairman & CEO	4*	3	2	2	2
Mr Soh Pock Kheng	Executive Director & COO	4	3	2	2	2
Mr Yap Alvin Tsok Sein	Independent Non-Executive Director	4	3	2*	2	2
Mr Raymond Lam Kuo Wei[3]	Lead Independent Director	4	3	2	2*	2
Mr Wan Tai Foong[4]	Independent Non-Executive Director	2	–	–	–	–
Number of meetings held in FY2024		**4**	**3**	**2**	**2**	**2**

** Denotes Chairman.*
*** The AGM for FY2021, which was held on 31 August 2023, was adjourned and reconvened on 15 May 2024.*
1 Mr Chow Wai San was appointed as Independent Non-Executive Chairman of the Company on 16 January 2024 and retired at the conclusion of the Company's AGM held on 30 September 2024. Accordingly, he also ceased as Chairman of the AC and a member of the NC and RC on 30 September 2024.
2 Mr Ng Yew Nam was appointed as an Executive Director and CEO of the Company on 15 January 2024. On 12 November 2024, he was appointed as Executive Chairman of the Board.
3 Mr Raymond Lam Kuo Wei was appointed as an Independent Non-Executive Director of the Company on 16 January 2024. On 12 November 2024, he was appointed as Lead Independent Director of the Company and remains as the Chairman of the RC and member of the AC and NC.
4 Mr Wan Tai Foong was appointed as an Independent Non-Executive Director of the Company, Chairman of the AC and a member of the NC and RC on 12 November 2024.

During the Company's meetings, Management will provide the Board with updates on the Group's business and operations and the financial performance for that period, and any other significant matters or issues that may have arisen. The Board is apprised of the progress of the Group's business and operations as well as the issues and challenges facing the Group.

Unless a Director is required to recuse himself from the deliberations and abstain from voting on any matter due to a potential conflict of interest, all Directors will participate in the discussions and deliberations at Board and Board Committee meetings. A Director who is not able to attend a Board or Board Committee meeting in person is permitted by the Company's Constitution to participate by way of telephone or video-conferencing.

Management will attend Board and Board Committee meetings to provide any other information required by the Board or the relevant Board Committee, and to answer any queries from the Directors. In addition to scheduled meetings, Management also regularly communicates with the Directors outside of formal Board and Board Committee meetings as appropriate through other means, such as electronic mail, telephone or video-conferencing, or separate physical meetings.

The Board and Board Committees may also make decisions by way of circular resolutions in writing in accordance with the Company's Constitution and the respective terms of references of the Board Committees. Management will, where required, provide any additional information required for the Directors to deliberate on the relevant matter before approving such written resolutions.

CORPORATE GOVERNANCE REPORT

Where necessary, additional Board and Board Committee meetings are convened to address significant transactions or issues that arise. Board papers and related materials (including, where appropriate, relevant background or explanatory information, financial analysis and/or external reports) are provided to the Directors in advance of the relevant Board or Board Committee meetings.

The Board requires Directors to be able to commit sufficient time and attention to the affairs of the Board and their relevant Board Committees. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company. More information on Directors' board representations is set out under Provision 4.5 of Principle 4 entitled "Board Membership", in this Report.

Provision 1.7

Access to Management, Advisors and Information

The Board has separate and independent access to Management, the internal and external auditors and the Company Secretary, and are entitled to request from Management and be provided with additional information as needed to make informed decisions.

The Board takes independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The Directors, whether as a group or individually, may also seek independent professional advice or engage subject-matter experts at the Company's expense in the course of discharging their duties.

Company Secretary

The Company Secretary attends all Board and Board Committee meetings and is responsible for ensuring that Board and Board Committee procedures are followed. The Company Secretary advises the Board on governance and compliance matters and, together with other management staff, assists the Company with compliance with the applicable requirements, rules and regulations.

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

Commitment to Sustainability

The Board reviews the Company's performance, policies and practices in relation to material environmental, social and governance ("**ESG**") topics.

The Board, together with Management, considers ESG matters in its business strategy where applicable. The Board will assess opportunities and risks presented by material ESG topics, which helps the Board to determine the appropriate strategies, policies and practices that will provide the Company with the adaptability and flexibility to seize opportunities to deliver sustainable shared socio-economic value and progress to key stakeholders, while being well-supported by sound risk management.

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.***

Provisions 2.1 to 2.3

Board and Director Independence

In FY2023, there were 8 Directors on the former Board, of which 4 were Independent Directors.

As at the date of this Report, there are 5 Directors on the Board, of which 3 are Independent Non-Executive Directors. There is a strong and independent element on the Board with Independent Non-Executive Directors comprising a majority of the Board, and no individual or small group of individuals dominate the Board's decision-making. As at the date of this Report, the Company complies with Provisions 2.2 and 2.3 of the Code, which requires Independent Directors and Non-Executive Directors to make up a majority of the Board.

CORPORATE GOVERNANCE REPORT

The NC assists the Board to assess the independence of each Director in accordance with the guidance in the Code and the Listing Rules, as well as the disclosure of his other appointments and commitments, personal circumstances, and his conduct in the discharge of his duties.

Based on the Code, the NC considers an "independent director" as 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. Each Independent Director is also required to complete, on an annual basis, a Confirmation of Independence form based on Principle 2 of the Code for the NC's review and recommendation to the Board.

As at the date of this Report, the NC had reviewed the independence of each of the current Independent Non-Executive Directors and is satisfied that they are independent. The Board concurs with the NC's assessment. Each Independent Non-Executive Director had abstained from deliberating on his respective independence.

When the Board was reconstituted on 12 November 2024, Mr Ng Yew Nam was appointed as Executive Chairman of the Board and Mr Raymond Lam Kuo Wei was appointed as the Lead Independent Director. The NC had reviewed the composition of the Board and is satisfied that the Board, with a majority of Independent Directors and the Lead Independent Director, provides independent and objective judgment on the corporate affairs of the Group.

The Board believes that the Executive Chairman and CEO has acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance long-term shareholder value and the financial performance of the Group.

When necessary, led by the Lead Independent Director, the Independent Directors will meet periodically without the presence of Management. The Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Tenure of Independent Directors

In FY2023, one of the former Directors, Dr Kriengsak Chareonwongsak, had served for more than nine years as an Independent Director. He was considered independent up to 1 January 2022 and was redesignated as a Non-Independent Non-Executive Director until he resigned on 8 January 2024.

As at the date of this Report, none of the Directors, independent or executive, have served for more than nine years.

Provision 2.4

Board Composition and Size

The following is information on the Company's board composition and size in FY2023.

Directors	Board Membership	Committee Membership		
		Audit	Remuneration	Nominating
FY2023				
Dato' Michael Loh Soon Gnee[1]	Non-Executive Non-Independent Chairman	–	–	–
Dr Daniel Yeoh Ghee Chong[2]	Lead Independent Director	Chairman	Member	Member
Mr Anthony Loh Sin Hock[3]	Executive Director	–	–	–
Dr Kriengsak Chareonwongsak[4]	Non-Executive Non-Independent Chairman	Member	Member	Member
Dato' Sri Mohd Sopiyan B Mohd Rashdi[5]	Lead Independent Director	Chairman	Chairman	Member
Dato' Ahmad Rasidi B Hazizi[6]	Independent Non-Executive Director	Member	Member	Chairman
Mr Charlie Jangvijitkul[7]	Independent Non-Executive Director	Member	Chairman	Chairman
Mr Theerachai Leenabanchong[8]	Non-Executive Non-Independent Director	–	–	–

CORPORATE GOVERNANCE REPORT

1 Dato' Michael Loh Soon Gnee was appointed as Executive Chairman of the Company on 23 October 2003 and ultimately resigned as Non-Executive and Non-Independent Chairman on 23 February 2023. On 7 April 2019, he tendered his resignation from his initial appointment, providing 12 months' notice (i.e. his last working day being 7 April 2020). On 29 March 2020, he withdrew his resignation and was re-appointed as Non-Executive and Non-Independent Chairman until his subsequent resignation on 23 February 2023.

2 Dr Daniel Yeoh Ghee Chong was appointed as an Independent Non-Executive Director of the Company on 1 May 2018 and resigned on 20 March 2023.

3 Mr Anthony Loh Sin Hock was appointed as an Executive Director of the Company on 11 November 2022 and resigned on 15 January 2024. He also held the position of Acting CEO of the Company from 31 December 2021 to 15 January 2024. He was employed as the CFO from 1 December 2021 to 9 April 2024.

4 Dr Kriengsak Chareonwongsak was appointed as an Independent Non-Executive Director of the Company on 12 August 2011 and resigned on 8 January 2024. He was considered independent up to 1 January 2022. He was redesignated as a Non-Independent Non-Executive Chairman from 23 February 2023 and resigned on 8 January 2024.

5 Dato' Sri Mohd Sopiyan B Mohd Rashdi was appointed as an Independent Non-Executive Director on 1 May 2018 and resigned on 15 January 2024.

6 Dato' Ahmad Rasidi B Hazizi was appointed as an Independent Non-Executive Director of the Company on 30 November 2021 and resigned on 15 May 2023.

7 Mr Charlie Jangvijitkul was appointed as an Independent Non-Executive Director of the Company on 15 May 2023 and resigned on 15 January 2024. Mr Charlie Jangvijitkul was appointed as Chairman of the NC and RC on 15 May 2023, a position he held until he resigned from the Board on 15 January 2024.

8 Mr Theerachai Leenabanchong was appointed as a Non-Independent Non-Executive Director of the Company on 23 February 2023 and resigned on 15 January 2024.

Directors	Board Membership	Committee Membership		
		Audit	Remuneration	Nominating
FY2024				
Mr Chow Wai San[1]	Independent Non-Executive Chairman	Chairman	Member	Member
Mr Ng Yew Nam[2]	Executive Chairman & CEO	–	–	–
Mr Soh Pock Kheng	Executive Director & COO	–	–	–
Mr Yap Alvin Tsok Sein	Independent Non-Executive Director	Member	Member	Chairman
Mr Raymond Lam Kuo Wei[3]	Lead Independent Director	Member	Chairman	Member
Mr Wan Tai Foong[4]	Independent Non-Executive Director	Chairman	Member	Member

1 Mr Chow Wai San was appointed as Independent Non-Executive Chairman of the Company on 16 January 2024 and retired at the conclusion of the Company's AGM held on 30 September 2024. Accordingly, he also ceased as Chairman of the AC and a member of the NC and RC on 30 September 2024.

2 Mr Ng Yew Nam was appointed as an Executive Director and CEO on 15 January 2024. On 12 November 2024, he was appointed as Executive Chairman of the Board.

3 Mr Raymond Lam Kuo Wei was appointed as an Independent Non-Executive Director of the Company on 16 January 2024. On 12 November 2024, he was appointed as Lead Independent Director of the Company and remains as the Chairman of the RC and member of the AC and NC.

4 Mr Wan Tai Foong was appointed as an Independent Non-Executive Director of the Company, Chairman of the AC and a member of the NC and RC on 12 November 2024.

The size and composition of the Board are reviewed from time to time by the NC which strives to ensure that the size of the Board is conducive to effective decision-making and that the Board has an appropriate balance of Independent Directors.

As a group, the Directors bring with them a broad range of industry knowledge, expertise and experiences in areas such as accounting, law, business and management. The diversity of the Directors' experiences allows for the useful exchange of ideas and views and for effective decision-making. Key information regarding the Directors is set out in "Board of Directors and Key Management" and "Appendix 1: Disclosure of Information on Directors Seeking Re-Election" of this Annual Report.

Taking into account the scope and nature of the current operations of the Group, the Board considers that the current board size of 5 Directors is appropriate to facilitate decision-making.

Board Diversity

In accordance with Listing Rule 710A(1), the Board has adopted a Board Diversity Policy. The Board recognises that a diverse Board will enhance the decision-making process by utilising a variety of skills, industry and business experiences, gender, age and other distinguishing qualities of the members of the Board.

The Board, supported by the NC, reviews the Board's diversity. The Board comprises members across diverse backgrounds, with professional skills and experiences in a wide range of fields including legal, finance, investment and corporate management. As such, the Board is of the view that there is diversity in its composition.

The final decision on selection of Directors will be based on merit against the objective criteria set and after giving due regard for the benefits of diversity on the Board. The NC will review the setting of targets for various aspects of diversity but the fundamental principle is that the candidate must be of right fit and meet the relevant needs and vision of the Company. Diversity will be considered in determining the optimum composition of the Board as a whole.

CORPORATE GOVERNANCE REPORT

The Board was reconstituted on 16 January 2024 and 12 November 2024. Given the size and scope of the current operations of the Group, the Board considers that the current board size of 5 Directors is appropriate to facilitate decision-making. No diversity targets had been set as at the date of this Report. As and when there is a need for Board renewal, the Board will abide by the Board Diversity Policy in its search of the new Director candidate.

Provision 2.5

Meeting of Independent Directors without Management

When required, the Independent Directors may meet without the presence of the Executive Directors and Management. Since their appointment to the Board, the Independent Directors had discussions and informal meetings without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes and the Group's operational processes.

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 3.1 and 3.2

Chairman and Chief Executive Officer

In FY2023, the positions of Chairman and CEO were separate. Following the retrenchment of Dato' Michael Loh Soon Gnee as CEO of the Company with effect from 31 December 2021, Mr Anthony Loh Sin Hock, who was also the CFO of the Company, was appointed as Acting CEO of the Company. Dr Kriengsak Chareonwongsak was appointed as Non-Executive Chairman following Dato' Michael Loh Soon Gnee's resignation as Non-Executive and Non-Independent Chairman on 23 February 2023.

As at the date of this Report, Mr Ng Yew Nam is the Executive Chairman of the Board and CEO of the Company. He assumes responsibility for the following:

1. Leading the Board to ensure its effectiveness on all aspects of its role;

2. Setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

3. Promoting a culture of openness and encouraging Board members to engage Management in constructive debate on various matters including strategic issues and business plans;

4. Encouraging constructive relations within the Board and between the Board and Management;

5. Facilitating the effective contribution of all Directors;

6. Ensuring effective communication with shareholders;

7. Overseeing the day-to-day management of the affairs of the Group in accordance with the business plans, approved budgets, policies, practices, procedures and values adopted by the Board;

8. Communicating with the Board on a regular basis to review key developments, issues, opportunities and concerns;

9. Implementing the strategies and policies approved by the Board; and

10. Providing timely updates, reports and information on the Group's business operations to the Board.

CORPORATE GOVERNANCE REPORT

All major proposals by the Executive Chairman and CEO are discussed and reviewed by the Board and Board Committees, and recommended to the Board for its approval.

Provision 3.3

Lead Independent Director

In FY2023, the Company's Lead Independent Director was Dato' Sri Mohd Sopiyan B Mohd Rashdi until his resignation on 15 January 2024.

Following the reconstitution of the Board on 12 November 2024, the Chairman of the Board is not an Independent Director. Mr Raymond Lam Kuo Wei was appointed as the Lead Independent Director of the Company on 12 November 2024 to provide leadership in situations where the Chairman is conflicted. He is also available to shareholders in situations where there are concerns or issues which communication with the Executive Chairman and CEO has failed to resolve or where such communication is inappropriate or inadequate.

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.

Provisions 4.1 and 4.2

Please refer to the table on Page 16 for the composition of the Company's NC in FY2023.

As at the date of this Report, the NC, which was reconstituted on 12 November 2024, comprises the following three Directors, all of whom are Independent Non-Executive Directors.

Mr Yap Alvin Tsok Sein – Chairman
Mr Wan Tai Foong – Member
Mr Raymond Lam Kuo Wei – Member

The composition of the NC is in accordance with the Code, which requires the NC to comprise at least three Directors, the majority of whom, including the NC Chairman, are independent. The Lead Independent Director is also a member of the NC.

Terms of Reference of the NC

The NC's key roles and responsibilities, which are described in its terms of reference, include the following:

1. review Board succession plans for the Directors, CEO and KMP of the Company;
2. development of a process and criteria for evaluation of the performance of the Board, the Board Committees and Directors;
3. review of training and professional development programs for the Board;
4. review the appointment and re-appointment of Directors;
5. evaluate and determine the independence of the Independent Directors; and
6. evaluate whether a Director, with multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

CORPORATE GOVERNANCE REPORT

No Director, including the members of the NC, is involved in discussions concerning his own re-appointment or independence. The NC's recommendations are submitted to the Board for endorsement.

Provisions 4.3 and 4.4

Procedure for Selection and Appointment of New Directors

The selection and appointment of new Directors is based primarily on merit, with due and conscious consideration for the benefits of diversity. The NC, in consultation with Management and the Board, considers various aspects of diversity to address gaps and to maintain an appropriate range and balance of skills, experience, independence and knowledge of Directors, diversity representation on the Board and other relevant factors against the current and future needs of the Board.

Prospective Board candidates are sourced through recommendations from Board members, business associates, advisors, professional bodies and other industry players. These candidates are then reviewed by the NC.

The criteria for assessing the suitability of any candidate are determined by the NC. The NC, in evaluating the suitability of the candidate, will take into account his/her qualifications, business and related experience and ability to contribute effectively to the Board. The NC will also determine if the candidate would be able to commit time to his/her appointment having regard to his/her other Board appointments and principal commitments, and his/her independence. Recommendations of the NC are then put to the Board for consideration.

The Company may, if required, appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skill sets or industry specialisation.

Retirement and Re-election of Directors

The Company's Constitution requires all Directors to submit themselves for re-nomination and re-election at least once every three years; and at least one-third of the Directors for the time being to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the following annual general meeting ("**AGM**") of the Company.

In its deliberation on the nomination of retiring Directors for re-election, the NC takes into consideration the Directors' contribution and performance during the year. No Director is involved in the deliberation and recommendation in respect of his own nomination for re-election.

At the forthcoming AGM, Mr Wan Tai Foong is retiring pursuant to Regulation 88 of the Company's Constitution. Mr Ng Yew Nam and Mr Yap Alvin Tsok Sein are retiring pursuant to Regulation 89 of the Company's Constitution. All the retiring Directors will be seeking re-election at the Company's forthcoming AGM.

Pursuant to Listing Rule 720(6), information relating to the Directors seeking re-election is disclosed in the section "Appendix 1: Disclosure of Information on Director Seeking Re-Election" of this Annual Report.

Alternate Directors

As far as Board is aware, no alternate director was appointed to the Board in FY2023.

Consistent with the principle that each Director is expected to be able to, and to adequately, carry out his duties as a Director, the Board does not encourage the appointment of alternate directors. As at the date of this Report, no alternate director was appointed to the Board.

CORPORATE GOVERNANCE REPORT

NC's Determination of Director Independence

The NC is charged with determining the independence of the Directors as well as the relationships or circumstances which would deem a Director not to be independent.

As noted under the section on Principle 2 under "Board Independence", the NC assesses annually whether a Director is independent in accordance with the guidance in the Code and the Listing Rules. To facilitate this process, Directors are required to disclose, among other things, their relationships 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 Directors' independent business judgement in the best interests of the Company.

An Independent Director shall notify the NC immediately, if as a result of a change in circumstances, he no longer meets the criteria for independence. The NC shall review the change in circumstances and make its recommendations to the Board.

Provision 4.5

Board Representations

In FY2023, the former NC had adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The internal guideline provided that, as a general rule, each Director should hold no more than 10 listed company board representations.

In FY2024, the NC had adopted new internal guidelines that each Director should hold no more than 5 listed company board representations. Where a Director has multiple board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he has been adequately carrying out his duties as a Director. Such assessment is performed on an annual basis or from time to time when the need arises.

BOARD PERFORMANCE

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

Provisions 5.1 and 5.2

The NC has adopted an annual performance evaluation exercise for (a) the Board as a whole; (b) each of the Board Committees; and (c) each of the Directors. The aforesaid performance evaluations shall be carried out with questionnaires and the results shall be collated and anonymised. The findings will then be analysed and discussed by the NC and reported to the Board.

The aforesaid annual performance evaluations exercises provides a platform for the Board members to exchange feedback on the strengths and shortcomings of the Board, Board Committees and each Director, with a view to strengthening the effectiveness of the Board. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvement will be discussed by the Board and, where appropriate, implemented.

The current Board and current NC are not aware of any performance evaluations conducted in respect of FY2023 by the former NC and given that the current Board and NC were appointed in January 2024, the current Board and the current NC are not in a position to assess the performance of the former Board and former Board Committees.

As the Board and Board Committees were reconstituted on 16 January 2024 and 12 November 2024, the NC will conduct the aforesaid performance evaluations for FY2024 before the AGM for FY2024.

CORPORATE GOVERNANCE REPORT

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.***

Provisions 6.1 to 6.3

Please refer to the table on Page 16 for the composition of the Company's RC in FY2023.

As at the date of this Report, the RC, which was reconstituted on 12 November 2024, comprises the following three Directors, all of whom are Independent Non-Executive Directors:

Mr Raymond Lam Kuo Wei – Chairman
Mr Yap Alvin Tsok Sein – Member
Mr Wan Tai Foong – Member

The composition of the RC is in accordance with the Code, which requires the RC to be made up entirely of Non-Executive Directors.

Terms of Reference of the RC

The terms of reference of the RC include the review and recommendation of the following matters by the RC to the Board:

1. Review and recommend to the Board for endorsement, a general framework of remuneration for the Board and KMP. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, the grant of shares and share options and benefits in kind;

2. Review and recommend to the Board, the specific remuneration packages for each Director;

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

4. Implement and administer the Company's share option plan, if any; and

5. Review the Group's obligations arising in the event of termination of the Executive Directors' and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No Director, including the members of the RC, is involved in discussions concerning his own remuneration. The RC's recommendations are submitted to the Board for endorsement.

Remuneration Framework

Broadly, the remuneration policy and framework for fixing Directors' fees, Executive Directors and KMP remuneration adopted by the Company are designed with a view to paying competitive remuneration to attract, retain and motivate the Directors to provide good stewardship of the Company and the KMP to successfully manage the Company for the long-term.

The Non-Executive Directors do not have service contracts or consultancy arrangements with the Company. They are paid Directors' fees based on a structured fee framework reflecting the responsibilities and time commitment of each Director. The fee framework

CORPORATE GOVERNANCE REPORT

comprises a base fee, and additional fees for holding appointment as Chairman of the Board, Chairman/member of Board Committees or Lead Independent Director. The annual quantum of Directors' fees to be paid is also reviewed by the RC and the Board before submission to shareholders for approval at the Company's AGM.

The RC also reviews the remuneration packages of the Executive Directors and KMP and submits its recommendations to the Board for endorsement. The RC will look at the total remuneration provided which comprises a fixed salary, variable bonus and/or other benefits. The variable bonus component is linked to the performance of the Group and the achievement of specific key performance indicators set for the individual. The RC ensures that there is a strong correlation between bonuses payable, and the achievement and performance of the Group and individual staff.

Provision 6.4

RC Access to Expert Professional Advice

The RC may, in reviewing the remuneration of Directors and KMP, seek advice from external professional consultants as and when it deems necessary. The expenses incurred from such advice is borne by the Company.

In FY2023, the former RC did not appoint any remuneration consultants.

In FY2024, the RC appointed remuneration consultants, Willis Towers Watson Consulting (Singapore) Pte. Ltd. ("**WTW**"), to undertake a compensation benchmarking exercise as the Board was newly appointed and the Company's remuneration framework under the former RC and former Board did not provide sufficient details or rationale for how Directors' fees/remuneration was assessed and derived. The compensation benchmarking exercise by the remuneration consultants provided the RC and the Board with a sound basis for the recommendation of remuneration that is fair and reasonable.

LEVEL AND MIX OF REMUNERATION

Principle 7: ***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

Provisions 7.1 to 7.3

The Company's remuneration framework is designed to encourage behaviours that contribute to the Group's long-term success while keeping remuneration competitive to attract, to retain and to motivate employees. Remuneration is commensurate with the performance of the Company, an employee's business unit or function, individual performance and contributions, competencies and alignment of behaviour to Company values. The remuneration package consists of fixed pay, variable bonus and/or benefits.

Performance-based Compensation

In reviewing the remuneration packages of individual Directors, the RC ensures that the remuneration of the Executive Directors is commensurate with their performance and that of the Company. The RC also takes into account their contributions as well as the financial performance conditions, which include both quantitative and qualitative targets to be achieved during the year.

The remuneration packages of the Executive Directors comprise primarily a mix of a fixed component, a variable component and benefits to align Management remuneration with the interests of shareholders and other stakeholders, and to link rewards to corporate and individual performance so as to promote the long-term sustainability Group.

The Executive Directors do not receive Directors' fees. The remuneration packages of Mr Ng Yew Nam, Executive Chairman and CEO of the Company, and Mr Soh Pock Kheng, Executive Director and COO of the Company, are reviewed and recommended to the Board by the RC and endorsed by the Board.

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Remuneration of Non-Executive Directors

The RC reviews the Directors' fees paid to Non-Executive Directors, which is based on a structured fee framework pursuant to a compensation benchmarking exercise undertaken by remuneration consultants in FY2024, to ensure that it is appropriate to the level of contribution and responsibilities and takes into consideration the challenging circumstances of the Company.

Long-term Incentive Scheme

When appropriate, the RC will look into implementing appropriate long-term incentive plans to encourage alignment of Management's interests with that of shareholders.

DISCLOSURE ON REMUNERATION

Principle 8: ***The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

Provision 8.1

Remuneration of Directors and KMP

FY2023

The former RC and the former Board of Directors in FY2023 did not approve or recommend the payment of Directors' fees for FY2023. The amount of S$246,650 proposed as Directors fees for FY2023 to be tabled for shareholders' consideration at the forthcoming AGM had been derived solely based on the recommendations in the compensation benchmarking report prepared by Willis Towers Watson Consulting (Singapore) Pte. Ltd. for the Company in 2024. The current RC and current Board of Directors do not have sufficient details to assess the appropriate Directors' fees payable to the former Board of Directors and accordingly, cannot make any recommendations for the approval of the Directors' fees for FY2023.

FY2024

For FY2024, based on the recommendations in WTW's compensation benchmarking report, the RC had recommended to the Board an amount of S$252,000 as Directors' fees for FY2024, to be paid quarterly in arrears. The Board concurred with the RC that the proposed Directors' fees for FY2024 is appropriate, taking into consideration the compensation benchmarking performed by WTW, higher litigation and reputational risks, additional work performed for the resolution of the Company's issues for FY2022, FY2023 and FY2024 in a single financial year, and the responsibilities and obligations of the Directors in navigating the Company in its current challenging circumstances. This was tabled at the Company's AGM on 30 September 2024 and was duly approved by the shareholders of the Company.

Directors	Remuneration	Directors' Fees	Fixed Salary	Bonus	Share-Based Compensation	Benefits & Allowance	Total
	(S$)	(%)	(%)	(%)	(%)	(%)	(%)
For FY2024							
Mr Anthony Loh Sin Hock[1]	70,711	–	99%	–	–	1%	100%
Mr Ng Yew Nam	337,153	–	86%	7%[2]	–	7%	100%
Mr Soh Pock Kheng	337,186	–	86%	7%[2]	–	7%	100%
Mr Chow Wai San	77,488[3]	100%	–	–	–	–	100%
Mr Yap Alvin Tsok Sein	68,330	100%	–	–	–	–	100%
Mr Raymond Lam Kuo Wei	69,286[4]	100%	–	–	–	–	100%
Mr Wan Tai Foong	12,227[5]	100%	–	–	–	–	100%

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1 The remuneration for Mr Anthony Loh Sin Hock is in respect of his role as Acting CEO from 1 January 2024 to 15 January 2024 and CFO from 1 January 2024 to 15 April 2024.
2 One-month interim bonus paid to the Executive Directors of the Company at the end of FY2024.
3 The remuneration for Mr Chow Wai San is prorated in respect of his role as Independent Non-Executive Chairman, Chairman of the AC and a member of the NC and RC from 16 January 2024 to 30 September 2024.
4 The remuneration for Mr Raymond Lam Kuo Wei is prorated in respect of his role as Lead Independent Director from 12 November 2024 to 31 December 2024.
5 The remuneration for Mr Wan Tai Foong is prorated in respect of his role as Independent Non-Executive Director, Chairman of the AC and a member of the NC and RC from 12 November 2024 to 31 December 2024.

FY2025

The RC has recommended to the Board an amount of S$205,088 as Directors' fees for the financial year ending 31 December 2025 ("**FY2025**"). The Board concurred with the RC that the proposed Directors' fees for FY2025 is appropriate, taking into consideration the higher litigation and reputational risks, additional work performed for the resolution of the Company's issues for FY2023 and FY2024 in a single financial year, and the responsibilities and obligations of the Directors in navigating the Company in the current challenging business environment, the level of contributions, responsibilities and obligations of the Directors. This would be tabled at the Company's forthcoming AGM for shareholders' approval.

Remuneration of KMP

The breakdown of remuneration paid (in remuneration bands) to KMP (who are not Directors or the CEO) is as follows:

Name of Key Management Personnel	Fixed Salary	Variable Bonus	Allowance	Others	Total
For FY2023					
Between S$250,000 to S$500,000					
Mr Larry Lim[1]	82%	10%	3%	5%	100%
Mr Ong Yu Huat	76%	10%	13%	1%	100%
Below S$250,000					
Mr Gary Smith	88%	3%	6%	3%	100%
For FY2024					
Below S$250,000					
Mr Tan Sze Leng[2]	91%	8%	N.A.	1%	100%
Mr Larry Lim[1]	89%	N.A.	2%	9%	100%
Mr Ong Yu Huat	87%	7%	4%	2%	100%
Mr Gary Smith	90%	N.A.	6%	4%	100%

1 Mr Larry Lim, President of Telford Group, retired on 30 June 2024.
2 Mr Tan Sze Leng was appointed as the Company's CFO on 6 May 2024.

The aggregate remuneration paid to KMP in FY2023 was S$786,000.

The aggregate remuneration paid to KMP in FY2024 was S$647,000. There were no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors, CEO or KMP.

There were no employees who are immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeded S$100,000 in FY2023 and FY2024.

Mr Kho Cheow Wah, who was appointed as Director of Corporate Administration of the Company in August 2024, is the brother-in-law of the Company's Executive Director and COO, Mr Soh Pock Kheng.

CORPORATE GOVERNANCE REPORT

Provision 8.2

Employees who are Substantial Shareholders, Immediate Family Members of a Director or the CEO or a Substantial Shareholder

As at the date of this Report, save for Mr Ng Yew Nam and Mr Soh Pock Kheng, who are substantial shareholders of the Company, there are no employees who are substantial shareholders of the Company or immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeds S$100,000.

Provision 8.3

Employee Share Option Scheme

Shareholders' approval was previously obtained for the implementation of the employee share option scheme in 2001 and the employee share option scheme had expired on 22 May 2011. There are no outstanding share options granted under the expired employee share option scheme.

The Company currently does not have any employee share option scheme in place.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: ***The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

Provision 9.1

Implementation and Monitoring of Risk Management and Internal Control Systems

The Board and the AC are responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. They also determine the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

Management is responsible for designing, implementing and monitoring the risk management and internal control systems of the Group. The Board is assisted by the AC, which conducts reviews of the adequacy and effectiveness of the Group's internal controls and risk management systems with the assistance of the internal auditors of the Group. The reviews consider the Group's business and operational environment in order to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The internal control system provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks.

Risk Management Policies and Processes

In FY2024, the AC appointed Baker Tilly TFW LLP as the Company's internal auditors. The Company's internal auditors review material internal controls as part of the Internal Audit Plan to provide independent assurance to the AC and the Board on the adequacy, effectiveness and integrity of the Group's internal controls and risk management systems.

CORPORATE GOVERNANCE REPORT

The Company's internal auditors provide their findings to the AC after conducting internal audits in accordance with the Internal Audit Plan. If any non-compliance or internal control weaknesses are noted during the audit, the corresponding recommendations and Management's responses are reported to the AC.

The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with relevant legislation, regulations and best practices, and the identification and containment of business risks. The effectiveness of the risk management and internal control systems and procedures is to be monitored and reviewed at least annually by the AC and the Board.

The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control system.

Provision 9.2

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board and the AC had reviewed, with the assistance of the internal auditors and external auditors, the adequacy and effectiveness of the Group's current internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

None of the current Directors or the current AC were involved in any of the business, management and financial affairs of the Company and the Group in the course of FY2023 as well as prior to their appointments and continues to be in the process of reviewing the corporate and business dealings and transactions of the Group under the former Board. There may be a possibility that findings from such review might not be consistent with the contents of this Report.

For FY2023, the Board has received written assurances from the current Executive Chairman and CEO and the current CFO that, to the best of their knowledge and belief:

(a) 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 Group's current risk management and internal control systems to address the key financial, operational, compliance and information technology risks affecting the operations are adequate and effective to meet the needs of the Group in its current business environment.

Management will also continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Based on the internal controls established following the reconstitution of the Board on 16 January 2024, work performed by the current internal and external auditors, reviews performed by Management and the various Board Committees and the written assurances, the Board, with the concurrence of the AC, is of the opinion that based on the work done from 16 January 2024 to date and subject to the ongoing review of the corporate and business dealings and transactions of the Group under the former Board, the Group's current internal controls and risk management systems, to the best of their knowledge and belief, were adequate and effective to address financial, operational and compliance risks, including information technology risks, which the Company considers relevant and material to its operations.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

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

Provisions 10.1 to 10.3

Please refer to the table on Page 16 for the composition of the Company's AC in FY2023.

As at the date of this Report, the AC comprises the following three Directors, all of whom are Independent Directors:

Mr Wan Tai Foong – Chairman
Mr Yap Alvin Tsok Sein – Member
Mr Raymond Lam Kuo Wei – Member

The Board is of the view that the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities. Majority of the members of the AC have years of experience in accounting or related financial management expertise to discharge their responsibilities.

The external auditors provide regular updates and periodic briefings to the AC on changes to accounting standards and other regulatory updates to enable the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The AC does not have any member who is a former partner or director of the Company's existing audit firm.

Terms of Reference of the AC

The duties of the AC as set out in its terms of reference include:

1. Reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;

2. Overseeing and reviewing the adequacy and effectiveness of the Company's risk management function;

3. Overseeing Management in establishing the risk management framework of the Company;

4. Reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;

5. Determining the Group's levels of risk tolerance and risk policies;

6. Reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;

7. Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

8. Reviewing assurance from the CEO and CFO (or equivalent personnel) on the financial records and financial statements;

9. Recommending to the Board the appointment, re-appointment and removal of the external auditors, and its remuneration and terms of engagement;

10. Ensuring that the Company has programmes and policies in place to identify and prevent fraud;

CORPORATE GOVERNANCE REPORT

11. Overseeing the establishment and operation of the whistleblowing process in the Company;

12. Reviewing all interested person transactions and related party transactions; and

13. Undertaking such other functions and duties as may be required by the Board under the Code, statute or the Mainboard Rules (where applicable).

Key Audit Matters

During the review of the financial statements for FY2023, the AC had discussed with Management on the accounting principles that were applied as well as to their judgement on items that might affect the integrity of the financial statements for FY2023. The AC also reviewed and discussed the findings presented and related work performed by the external auditors. The AC was satisfied that all material issues have been properly addressed and appropriately adopted and disclosed in the financial statements.

The Company's external auditors, Forvis Mazars LLP ("**Forvis Mazars**"), had issued a qualified opinion on the audited financial statements of the Group and the Company for FY2023. Other than the matters described in the Basis for *Qualified Opinion* section in Forvis Mazars' Report on the Audit of Financial Statements, there are no other key audit matters to be communicated.

Provision 10.4

Authority of the AC

The AC has the authority to investigate any matter relating to the Company's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources, and personnel to enable it to discharge its functions properly; and has full access to and cooperation of Management and the discretion to invite any Director or officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

External Auditors

At the Company's AGM held on 31 August 2023, the ordinary resolution tabled by the Company under the former Board to appoint RT LLP as external auditors in place of the retiring auditor, Ernst & Young LLP, was not carried.

At the Company's extraordinary general meeting held on 15 May 2024, shareholders had approved the appointment of Forvis Mazars as the Company's external auditors.

The Company has complied with Listing Rule 712 in that Forvis Mazars is registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that the resources and experience of Forvis Mazars, the audit engagement partner and the team assigned to the audit of the Group are adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

The Group has engaged Forvis Mazars to audit its Singapore-incorporated subsidiaries. The audit firms engaged for the Company's significant foreign-incorporated subsidiaries are disclosed on Page 91. Accordingly, the Company is in compliance with Rule 715 and 716 of the Listing Manual.

The AC assesses the external auditors based on the requirements of the Listing Rules, and reviews the nature and value of all non-audit services provided to the Group as well as other factors such as the performance and quality of its audit and the independence and objectivity of the external auditors, and recommends its appointment/re-appointment to the Board. For the audit of the FY2023 financial statements, there was no non-audit related work carried out by the external auditors, hence, there was no fee paid in this respect.

In accordance with Listing Rule 1207(6), the audit fees paid and/or payable to Forvis Mazars and its member firm(s) for their services for the FY2023 financial statements is S$215,265. The external auditors have also confirmed their independence in this respect. Based on the review, the AC is of the opinion that Forvis Mazars is independent for the purpose of the Group's statutory audit.

CORPORATE GOVERNANCE REPORT

The Company confirms that it is in compliance with Listing Rules 712, 715 and 716 in relation to the appointment of audit firms for the Group.

The AC and the Board have recommended the nomination of Forvis Mazars for re-appointment at the Company's forthcoming AGM.

Internal Auditors

The AC approves the appointment, removal, evaluation and fees of the Group's outsourced internal audit function. The former AC and former Board did not appoint internal auditors for FY2023. In FY2024, the current AC and current Board had appointed Baker Tilly Consultancy (Singapore) Pte. Ltd. as the Company's internal auditors.

Baker Tilly is an independent member of Baker Tilly International, one of the world's 10 largest accounting and business advisory network. The internal audit engagement partner and the team assigned to the internal audit of the Group have relevant qualifications and experience in internal controls advisory, risk management services, compliance audit and sustainability reporting.

The internal auditors report directly to the AC on internal audit matters and to Management on administrative matters. The internal auditors plan their internal audit in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to implementation. The internal auditors have unfettered access to the AC, the Company's documents, records, properties and personnel.

Resource and Standing of Internal Audit Function

For FY2023, the former AC and former Board did not appoint internal auditors.

The AC approves the Internal Audit Plan annually and reviews the adequacy and effectiveness of the Group internal audit function.

The AC ensures the adequacy of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports, their qualifications and training, their relationship with the external auditors and their independence of the areas reviewed.

Baker Tilly is staffed with professionals with relevant qualifications and experience and executes its internal audit engagement in accordance with internal audit methodology which is aligned with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is satisfied that the internal auditors meet the requisite standards, are effective, adequately resourced, are independent and have appropriate standing within the Group.

Provision 10.5

Meeting with External Auditors and Internal Auditors

The AC meets with the external and internal auditors without the presence of Management, at least annually, to discuss any issues they may have (including suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Group and the Company's operating results or financial position), and Management's response thereof.

For FY2023, no internal auditor was appointed.

For the audit of the financial statements for FY2023, the external auditors had, without the presence of Management, confirmed to the AC that they had access to and received full co-operation and assistance from Management and no restrictions were placed on the scope of their audit.

CORPORATE GOVERNANCE REPORT

Whistle-blowing Policy

The AC is responsible for oversight and monitoring arrangements by which Group employees or external parties may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Company has in place a whistle-blowing policy to ensure independent investigations of such matters and for appropriate follow up action. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation.

The policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that persons making such reports will be treated fairly. Every effort will be made to protect the identity of the employee who files the complaint or expresses his/her concerns, except in very limited circumstances, such as where disclosure of the person's identity is required by law or other regulatory body; or the identity of the person is material to the investigations.

The Company will not tolerate any reprisals, discrimination, harassment or victimisation of any person raising a genuine concern. All reported whistle-blowing incidents or concerns will be independently investigated under the directives of the AC, and remedial actions will be taken to address the whistle-blowing incidents.

As at the date of this Report, the Company's whistle-blowing email channel had been set up for the AC Chairman to be the recipient of any whistle-blowing reports.

The AC and the Board are not aware of any whistle-blowing incidents in FY2023. In FY2024 and up to the date of this Report, no whistle-blowing reports were received.

SHAREHOLDERS' 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.

Shareholder Rights

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all shareholders are treated fairly and equitably, and information is communicated to shareholders on a timely basis through annual reports, financial results and announcements of significant transactions that are released on SGXNet.

Shareholders are also able to access investor-related information on the Group from the Company's corporate website at www.astigp.com.

Provision 11.1

Shareholder Participation at General Meetings

The Company welcomes the views of shareholders on matters concerning the Company and encourages shareholders' participation at general meetings. All shareholders are entitled to attend the general meetings and are given ample opportunity and time to participate effectively and vote at the meetings. All notices of general meetings, along with the related information, is sent to every shareholder.

CORPORATE GOVERNANCE REPORT

The Company will comply with its Constitution, the Companies Act and the Listing Rules in respect of the requisite notice periods for convening general meetings. In line with the Company's continuing sustainability efforts to protect the environment, the Company uses electronic communication for the transmission of its annual reports and other documents to shareholders. The annual report, notice of AGM and accompanying documents are released via SGXNet and are also made available on the Company's website at www.astigp.com.

Shareholders are informed of the rules, including voting procedures that govern the general meetings. The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote on behalf of the shareholder. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

All resolutions at general meetings of the Company are voted by way of poll. An independent scrutineer, who is in attendance at every general meeting, validates the voting results, which are announced on SGXNet on the same day after the conclusion of the general meetings.

Provision 11.2

Separate Resolutions at General Meetings on Each Substantially Separate Issue

The Company does not practice bundling of resolutions at general meetings. Each proposal is tabled as a separate and distinct resolution and not bundled or made conditional to other resolutions. Relevant information relating to each resolution is provided in the notice of general meeting. In the event where the nature of the resolutions have to be "bundled", the Company will explain the reasons and material implications.

Provision 11.3

Attendance at General Meetings

All Directors, including the Chairman of the Board and the respective Chairmen of the AC, NC and RC, as well as the external auditors and the Company Secretary, are present at general meetings to address shareholders' queries.

Provision 11.4

Absentia Voting

If any shareholder is unable to attend a shareholders' meeting, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms which are sent together with the Annual Reports or Circulars (as the case may be). As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Provision 11.5

Minutes of General Meetings

The Company Secretary prepares minutes of general meetings which include substantial and relevant comments or queries from shareholders, and responses from the Board and Management. The Company releases its minutes of general meetings via its corporate website and SGXNet within one month after the general meetings.

CORPORATE GOVERNANCE REPORT

Provision 11.6

Dividend Policy

The Company currently does not have a formal dividend policy. The amount and frequency of dividend payments would depend on, inter alia, the Group's financial performance and financial position, its expansion plans and working capital needs, and other factors as the Board may deem appropriate.

The Company declared tax-exempt one-tier interim dividend of S$0.0045 per ordinary share of the Company totalling approximately S$2,946,000 in the respect of the financial year ended 31 December 2022. The dividend amount was fully paid out to the shareholders on 5 May 2023.

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 12.1

Shareholder Engagement

The Company recognises that effective communication leads to transparency and enhances accountability. Shareholders are invited to ask questions and seek a better understanding of the Group's business operations, performance, strategies and outlook at general meetings. The Company provides information to its shareholders via SGXNet announcements. The Company does not practise selective disclosure and ensures timely and adequate disclosure of price and/or trade sensitive and material information to shareholders of the Company via SGXNet.

Provisions 12.2 and 12.3

Investor Relations

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

MANAGING STAKEHOLDER RELATIONS 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.***

Provisions 13.1 and 13.2

Managing Stakeholder Relations

The Company has arrangements in place to engage with its material stakeholder groups and to manage its relationships with such groups, which forms parts of its sustainability practices. The Company's material stakeholders include its shareholders and investors, customers, contractors and suppliers, regulatory authorities, employees and workers, and local communities. The Company engages its key stakeholders through various formal and informal channels to ensure that the business interests of the Group are balanced against the needs and interests of its materials stakeholders.

CORPORATE GOVERNANCE REPORT

The Company is committed to integrating its stakeholders' concerns in its business strategies and policies. Therefore, it continuously seeks to explore effective communication channels and strengthen its relationships with stakeholders.

Further information on how the Company engages its stakeholders and its approach to materials topics will be detailed in the Company's Sustainability Report.

Provision 13.3

Corporate Website

The Company maintains a corporate website at www.astigp.com, to communicate and engage with key stakeholders. The corporate website contains various information pertaining to the Group and the Company which serves as an important resource for investors and all key stakeholders. The website is updated from time to time.

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSON TRANSACTIONS ("IPTs")

In FY2024, the Company had established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. All IPTs are subject to review by the AC on a quarterly basis to ensure compliance with established procedures in accordance with Chapter 9 of the Listing Manual.

The Company did not obtain any IPT mandate from shareholders pursuant to Chapter 9 of the Listing Manual.

Based on available information and to the best of the knowledge and belief of the Board, the following were IPTs in FY2023:

Name of interested person	Nature of relationship	Aggregate value of all IPT during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Dragon Group International Limited ("**DGI**")	Dato Michael Loh Soon Gnee's (controlling shareholder of the Company) indirect interest in DGI held through the Company	*Expenses recharged:* S$31,800	Nil
Advanced Systems Automation Limited ("**ASA**")	Dato Michael Loh Soon Gnee's (controlling shareholder of the Company) interest in ASA	*Corporate Support Services fees:* S$120,000 *Interest charged:* S$592,923	Nil

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

CORPORATE GOVERNANCE REPORT

DEALINGS IN THE COMPANY'S SECURITIES

The Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Group during the period commencing one month before the announcement of the Company's quarterly and full year financial statements, and ending on the date of announcement of the relevant results. Directors and employees are also required to observe at all times the insider trading rules stipulated in the Securities and Futures Act, Cap. 289 and are discouraged from dealing in the Company's securities on short-term considerations.

The shares of the Company have been suspended from trading on the SGX-ST since 5 July 2022.

For the period from 16 January 2024 to the date of this Report, the Company had complied with Rule 1207(19) of the Listing Manual.

MATERIAL CONTRACTS

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the following additional information on Mr. Wan Tai Foong, Mr. Yap Alvin Tsok Sein and Mr. Ng Yew Nam, all of whom are seeking re-election as a Director of the Company at the Annual General Meeting for FY2023 is set out below:

	Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
Date of Appointment	12 November 2024	16 January 2024	15 January 2024
Date of Last Re-Appointment (if applicable	Not applicable	30 September 2024	30 September 2024
Age	56	54	55
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on the re-appointment	Based on the recommendation of the Nominating Committee, the Board has accepted the recommendation, after taking into consideration his expertise, performance, overall contributions and competencies in fulfilling his responsibilities. The Board proposes to the Company's shareholders to approve the re-election of Mr. Wan Tai Foong as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board has accepted the recommendation, after taking into consideration his expertise, performance, overall contributions and competencies in fulfilling his responsibilities. The Board proposes to the Company's shareholders to approve the re-election of Mr. Yap Alvin Tsok Sein as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board has accepted the recommendation, after taking into consideration his expertise, performance, overall contributions and competencies in fulfilling his responsibilities. The Board proposes to the Company's shareholders to approve the re-election of Mr. Ng Yew Nam as Director of the Company.
Whether the appointment is executive, and if so the area of responsibility	Non-Executive	Non-Executive	Executive
Job Title	Non-Executive, Independent Director • Chairman of Audit Committee. • Member of Remuneration Committee • Member of Nominating Committee.	Non-Executive, Independent Director • Chairman of Nominating Committee. • Member of Remuneration Committee • Member of Audit Committee.	Executive Chairman and Chief Executive Officer

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
Professional Qualifications	• CPA Australia • Bachelor of Commerce, Murdoch University	• University of New South Wales (Australia) – Bachelor of Commerce, Majoring in Accounting (Merit) and Bachelor of Laws • Member of Chartered Accountants Australia and New Zealand • Barrister of the Supreme Court of New South Wales (non-practicing)	• University Higher Diploma – Staffordshire University
Working Experience and occupation(s) in the past 10 years	• Chief Executive Officer of Qi Capital Pte. Ltd.	• Sep 2018 to present: Quan Advisors, Director • Jun 2018 to Aug 2018: Family Office, Consultant • Jun 2008 to Dec 2017: Syngenta Asia Pacific, roles held were APAC Head of M&A, ASEAN (Commercial) Finance Lead (Seeds Division), APAC (Commercial) Finance Lead (Lawn & Garden Division) and APAC Production & Supply Finance Lead (Seeds Division)	• 2005 to Jan 2024 Managing Director ITrue Technologies Pte. Ltd. • 2019 to present: Legal representative, 东莞市爱图检测科技有限公司
Shareholding interest in the listed issuer and its subsidiaries	None	None	• ASTI Holdings Limited Direct Interest 45,171,700 shares Deemed Interest 31,326,900 shares • Dragon Group International Limited (in creditors' voluntary liquidation) Direct Interest 5,000,000 shares

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiary.	None	None	None
Conflict of Interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes	Yes
Past (for the last 5 years)	OneApex Limited	None	iTrue Technologies Pte. Ltd.
Present	Directorship: • ASTI Holdings Limited • New Toyo International Holdings Ltd • Qi Capital Pte. Ltd.	Directorship: • ASTI Holdings Limited • Quan Advisors Pte. Ltd.	Directorship: • APA Capital Advisory Co. Ltd. • ASTI HK Limited • ASTI Holdings Limited • Dragon Equipment & Material Technology Limited • Dragon Ventures Limited • DTB Limited • EoPlex Limited • Reel Service Limited • Telford Service (Melaka) Sdn Bhd. • Telford Service Sdn. Bhd. • Telford Service (Thailand) Co.Ltd. • 东莞市爱图检测科技有限公司 (legal representative)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
Information required pursuant to Listing Rule 704(7)				
a	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c	Whether there is any unsatisfied judgment against him?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
d	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
f	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
i	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes Around year 1999-2000, Mr Wan Tai Foong was working for the Independent Financial Advisor ("IFA") to Liang Court Holdings Ltd ("Liang Court") in relation to the takeover offer by Somerset Land Pte Ltd. Mr Wan assisted in the MAS investigation in relation to the late dispatch of the circular to shareholders in relation to the takeover offer. Mr Wan and the IFA were not the subjects of the MAS investigation.	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	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Wan Tai Foong	Mr. Yap Alvin Tsok Sein	Mr. Ng Yew Nam
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
	Any prior experience as a director of an issuer listed on the Exchange?	Yes	No	No
	If yes, please provide details of prior experience.	Mr. Wan is currently a Non-Executive and Independent Director of New Toyo International Holdings Ltd.	Not applicable	Not applicable
	If yes, please state if the director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed.	Not applicable.	Attended.	Attended.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

The current Board of Directors as at the date of this report was reconstituted on 16 January 2024. Accordingly, none of the current directors were involved in any of the business and financial affairs of the Company and the Group in the course of the financial year ended 31 December 2023(*). Further, as set out in its announcement dated 24 January 2024, the Company is in the process of reviewing the corporate and business dealings and transactions of the Group under the previous Board of Directors, and there may be a possibility that findings from such review might not be consistent with the contents of this report.

(*) Mr Soh Pock Kheng was an independent contractor pursuant to a service agreement dated 7 September 2022. His service agreement ended on 23 September 2023.

1. Opinion of directors

Subject to the above, in the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of the financial performance, changes in equity and cash flows of the Group for the year ended in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

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

2. Directors

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

Ng Yew Nam	(appointed on 15 January 2024)
Soh Pock Kheng	(appointed on 15 January 2024)
Yap Alvin Tsok Sein	(appointed on 16 January 2024)
Raymond Lam Kuo Wei	(appointed on 16 January 2024)
Wan Tai Foong	(appointed on 12 November 2024)

3. Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations (other than wholly-owned subsidiaries), as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act. These directors also do not have any interest in the share capital and debentures of the Company and related corporations (other than wholly-owned subsidiaries) from the end of the financial year until 21 January 2024.

5. Share options

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

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

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

6. Audit committee

Subject to the above, the audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Act, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's and the Company's management to the external and internal auditors;
- Reviewed the interim and annual financial statements and the independent auditors' report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC has full access to and has the co-operation 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 auditors have unrestricted access to the AC.

The AC has recommended the nomination of Forvis Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

7. Independent auditors

The auditors, Forvis Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Ng Yew Nam Director	**Soh Pock Kheng** Director

Singapore
12 February 2025

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the financial statements of ASTI Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 51 to 129.

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

Basis for Qualified Opinion

The financial statements of the Group and the Company for the financial year ended 31 December 2022 were audited by us and we have modified our opinion on the matters below which remain unresolved during the course of our audit of the financial statements for the financial year ended 31 December 2023.

1. Impairment assessments – the Group's interests in and amount due from an associate, EoCell Limited ("EoCell")

   The carrying amounts of the Group's investment in EoCell and the amount due from Eocell recorded on the statement of financial position for the financial year ended 31 December 2023 and 2022 are S$Nil respectively.

   We were unable to access the accounting records of EoCell and in the absence of alternative procedures and other information, we are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness and reasonableness of the key estimates, inputs and assumptions used by the current management in estimating the recoverable amount of the Group's investment in EoCell nor the appropriateness of the expected credit loss ("ECL") allowance on the amount due from EoCell as at 31 December 2023 and 2022. Consequently, we are also unable to ascertain the appropriateness of the carrying value of the Group's investment in EoCell and the amount due from EoCell as at 31 December 2023 and 2022, the corresponding Group's share of results of the associate, impairment losses and ECL recognised for the years then ended, and whether any adjustments to these amounts and associated disclosures were necessary. We are also unable to determine whether there would be any adjustments on the current financial year's financial statements as a result of potential opening balance adjustments.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Basis for Qualified Opinion (Continued)

2. Impairment assessments – the Company's interests in and amount due from a subsidiary, Dragon Group International Limited ("DGI")

   The Company's cost of investment in and receivables from DGI are reported within Investments in subsidiaries and Amounts due from subsidiaries respectively, at a carrying amounts of S$Nil respectively, on the Company's statement of financial position. These are herein referred to as "Investment in DGI" and "Amount due from DGI", respectively.

   We were unable to access the accounting records of EoCell and in the absence of alternative procedures and other information, and in view of the potential magnitude of EoCell's financial contribution to and impact on DGI, we are unable to obtain sufficient appropriate audit evidence on the appropriateness of the current management's estimation of the recoverable amount of the Company's investment in DGI nor the appropriateness of the ECL allowance on the amount due from DGI as at 31 December 2023 and 2022, and whether any adjustments to these amounts and associated disclosures were necessary. We are also unable to determine whether there would be any adjustments on the current financial year's financial statements as a result of potential opening balance adjustments.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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 this matter. Other than the matters described in the *Basis for Qualified Opinion* section, there are no other key audit matters to be communicated in our report.

Other Information

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

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

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Due to the matters as described in the *Basis for Qualified Opinion* section above, we are unable to conclude whether other information is materially misstated.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASTI HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Except for the matters described in the *Basis for Qualified Opinion* section of the report, in our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are auditors have been properly kept in accordance with the provisions of the Act.

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

FORVIS MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
12 February 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S$'000	2022 S$'000
Revenue	4	50,960	67,006
Cost of sales		(41,520)	(48,528)
Gross profit		9,440	18,478
Other income	5	897	570
Other expense			
- Marketing and distribution		(1,408)	(1,628)
- Research and development		(68)	2
- Administrative expenses		(10,178)	(10,169)
- Other losses, net		(1,627)	(1,409)
- Finance costs, net	6	(501)	(194)
Share of results of associates, net of tax		(1,044)	6
(Loss)/Profit before income tax	7	(4,489)	5,656
Income tax expense	8	(464)	(1,124)
(Loss)/Profit for the year		(4,953)	4,532
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation		(1,070)	(77)
Other comprehensive loss for the year, net of tax		(1,070)	(77)
Total comprehensive (loss)/income for the year		(6,023)	4,455
(Loss)/Profit attributable to:			
Owners of the Company		(4,210)	5,401
Non-controlling interests		(743)	(869)
(Loss)/Profit for the year		(4,953)	4,532
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(5,951)	4,251
Non-controlling interests		(72)	204
Total comprehensive (loss)/income for the year		(6,023)	4,455
(Loss)/Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	(0.64)	0.82

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
ASSETS					
Non-current assets					
Intangible assets	10	18	18	-	-
Property, plant and equipment	11	27,024	33,248	122	98
Investments in subsidiaries	12	-	-	5,436	5,436
Investments in associates	13	563	1,738	5,801	5,801
Deferred tax assets	14	39	27	-	-
Other receivables	18	37	39	-	-
Amounts due from associates	20	1,923	2,461	1,923	2,461
Total non-current assets		29,604	37,531	13,282	13,796
Current assets					
Inventories	15	3,431	3,582	-	-
Prepayments and advances	16	891	883	80	35
Trade receivables	17	8,094	12,900	-	-
Other receivables	18	1,140	863	41	106
Amounts due from subsidiaries	19	-	-	940	1,513
Amounts due from associates	20	1,088	628	951	340
Amount due from a related company	21	-	-	-	-
Cash at bank and on hand	22	20,709	25,875	587	1,456
Total currents assets		35,353	44,731	2,599	3,450
Total assets		64,957	82,262	15,881	17,246
EQUITY AND LIABILITIES					
Equity					
Share capital	23	132,617	132,617	132,617	132,617
Treasury shares	24	(4,772)	(4,772)	(4,772)	(4,772)
Capital reserves	25	(8,194)	(8,194)	(2,960)	(2,960)
Foreign currency translation reserve	26	(2,345)	(604)	-	-
Accumulated losses		(62,658)	(55,502)	(121,274)	(116,444)
Equity attributable to owners of the Company		54,648	63,545	3,611	8,441
Non-controlling interests		(18,496)	(18,424)	-	-
Total equity		36,152	45,121	3,611	8,441
Non-current liabilities					
Deferred tax liabilities	14	392	424	-	-
Long term payables	27	1,995	1,958	-	-
Loans and borrowings	28	5,922	9,767	-	-
Lease liabilities	29	806	844	35	-
Provisions	30	715	454	-	-
Total non-current liabilities		9,830	13,447	35	-
Current liabilities					
Loans and borrowings	28	5,465	2,178	-	-
Lease liabilities	29	634	655	44	30
Provisions	30	88	100	-	-
Trade payables and accruals	31	8,505	10,721	1,250	1,175
Other payables	32	4,078	9,683	791	293
Amounts due to subsidiaries	33	-	-	10,150	7,307
Income tax payable		205	357	-	-
Total current liabilities		18,975	23,694	12,235	8,805
Total liabilities		28,805	37,141	12,270	8,805
Total equity and liabilities		64,957	82,262	15,881	17,246

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company							
	Share capital S$'000	Treasury shares S$'000	Capital reserve S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Group								
Balance at 1 January 2022	132,617	(4,772)	(8,194)	546	(60,903)	59,294	(18,628)	40,666
Profit/(loss) for the year	-	-	-	-	5,401	5,401	(869)	4,532
Other comprehensive (loss)/income:								
Foreign currency translation reserve	-	-	-	(1,150)	-	(1,150)	1,073	(77)
Total comprehensive (loss)/income for the year	-	-	-	(1,150)	5,401	4,251	204	4,455
Balance at 31 December 2022	132,617	(4,772)	(8,194)	(604)	(55,502)	63,545	(18,424)	45,121
Loss for the year	-	-	-	-	(4,210)	(4,210)	(743)	(4,953)
Other comprehensive income:								
Foreign currency translation reserve	-	-	-	(1,741)	-	(1,741)	671	(1,070)
Total comprehensive loss for the year	-	-	-	(1,741)	(4,210)	(5,951)	(72)	(6,023)
Contributions by and distributions to owners:								
Dividends on ordinary shares (Note 40)	-	-	-	-	(2,946)	(2,946)	-	(2,946)
Total contributions by and distributions to owners	-	-	-	-	(2,946)	(2,946)	-	(2,946)
Balance at 31 December 2023	132,617	(4,772)	(8,194)	(2,345)	(62,658)	54,648	(18,496)	36,152

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S$'000	2022 S$'000
OPERATING ACTIVITIES			
(Loss)/Profit before income tax		(4,489)	5,656
Adjustments for:			
- Depreciation of property, plant and equipment	11	9,017	9,075
- Impairment loss on property, plant and equipment	11	40	212
- Allowance of stock obsolescence, net	15	61	32
- Allowance on amounts due from associates	37	1,056	845
- Write-back on trade receivables	37	-	(208)
- Allowance/(Write-back) on other receivables	37	27	(8)
- (Gain)/Loss on disposal of property, plant and equipment	5,7	(4)	5
- Gain on written off payable	5	(234)	-
- Interest income	6	(673)	(355)
- Interest expense	6	1,141	507
- Share of results of associates		1,044	(6)
- Effects of exchange loss		(558)	(516)
Operating cash flows before changes in working capital		6,428	15,239
Changes in working capital:			
Inventories		80	(245)
Prepayment and advances		(8)	(20)
Trade receivables		4,956	(1,333)
Other receivables		35	19
Amounts due from associates		(126)	(148)
Long term payables		12	(134)
Trade and other payables		(2,354)	(3,603)
Provisions		249	-
Cash flows generated from operations		9,272	9,775
Interest paid		(115)	(130)
Interest received		72	82
Income tax paid		(990)	(1,285)
Net cash flows generated from operating activities		8,239	8,442
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		629	6
Purchase of property, plant and equipment (Note A)		(3,002)	(14,097)
Payment for property, plant and equipment acquired in prior year		(5,266)	-
Net cash flows used in investing activities		(7,639)	(14,091)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 S$'000	2022 S$'000
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(1,102)	(1,075)
Proceeds from bank borrowings		-	9,422
Repayments of bank borrowings		(1,311)	(208)
Dividends paid on ordinary shares		(2,946)	-
Net cash flows (used in)/generated from financing activities		(5,359)	8,139
Net (decrease)/increase in cash and cash equivalents		(4,759)	2,490
Cash and cash equivalents at beginning of the financial year		25,875	23,849
Effects of exchange rate changes on cash and cash equivalents		(407)	(464)
Cash and cash equivalents at end of the financial year	22	20,709	25,875

A. Purchase of property, plant and equipment

Property, plant and equipment were acquired by means of:

	2023 S$'000	2022 S$'000
Cash payments	3,002	14,097
Leases (Note 29)	907	167
Other payables (Note 32)	125	5,266
	4,034	19,530

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Reconciliation of liabilities arising from financing activities

			Non-cash movements				
	At beginning of financial year S$'000	Financing cash flows S$'000	Acquisition S$'000	Accretion of interest S$'000	Lease modification S$'000	Foreign exchange movement S$'000	At end of financial year S$'000
2023							
Liabilities							
Loans and borrowings	11,945	(1,311)	-	1,001	-	(248)	11,387
Lease liabilities	1,499	(1,217)	907	115	-	136	1,440
2022							
Liabilities							
Loans and borrowings	3,053	9,214	-	361	-	(683)	11,945
Lease liabilities	2,448	(1,205)	167	130	290	(331)	1,499

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

1. General

ASTI Holdings Limited (the "Company") (Registration Number: 199901514C) is incorporated in Singapore on 27 March 1999 as a public company limited by shares. The Company is domiciled in Singapore and was admitted to the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-SESDAQ") on 8 July 1999. Effective 28 April 2005, the listing and quotation of the Company's shares was transferred to the official list of the SGX Mainboard.

On 6 June 2022, the Company received a delisting notification from SGX-ST and trading in the Company's securities was ceased on 9am, 5 July 2022 and trading will remain suspended until the completion of an exit offer.

The registered office of the Company is located at 33 Ubi Avenue 3, Vertex, #06-72, Singapore 408868.

The principal activities of the Company are those of investment holding and acting as corporate manager and advisor in connection with the administration and organisation of the businesses of its subsidiaries. The principal activities of the subsidiaries and associates are disclosed in Note 12 and Note 13 respectively.

The consolidated financial statements of ASTI Holdings Limited and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 12 February 2025.

2. Summary of material accounting policies

2.1 Basis of preparation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

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

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

SFRS(I)s	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non- current*	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 1-21, SFRS(I) 1	Amendments to SFRS(I) 1-21: *Lack of Exchangeability*	1 January 2025
SFRS(I) 9, SFRS (I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Various	Annual Improvements to SFRS(I)s-Volume 11	1 January 2026
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: *Contracts Referencing Nature-dependent Electricity*	1 January 2026
SFRS(I) 18	Presentation and Disclosure in Financial Statements Illustrative Examples	1 January 2027
SFRS(I) 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

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

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

SFRS(I) 18 *Presentation and Disclosure of the Financial Statements* ("SFRS(I) 18"), effective for annual periods beginning on or after 1 January 2027, replaces SFRS(I) 1-1 *Presentation of Financial Statements* and introduces new requirements for presentation and disclosure in financial statements. SFRS(I) 18 mandates a new structure for the statement of profit or loss and also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. As a consequential result of SFRS(I) 18 requirements, all entities are required to use the operating profit subtotal, instead of profit or loss, as the starting point for presenting operating cash flows under the indirect method. The classification of cash flows from dividends and interests in either operating, investing and financing cash flows is also fixed.

SFRS(I) 18 will apply retrospectively. The Group is still in the process of assessing the corresponding impact on the primary financial statements and notes to the financial statements.

2.2 Basis of consolidation

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

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

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

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

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

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

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. 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. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

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

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

2.3 Business combinations

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.3 Business combinations (Continued)

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

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

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

2.4 Revenue recognition

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

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

Sale of goods

Revenue from the distribution sales of components is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group does not adjust revenue recognised for the expected returns as they have assessed them to be insignificant.

Provision of services

Revenue from provision of manufacturing services is recognised upon the completion, delivery and acceptance of the services rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.4 Revenue recognition (Continued)

Rental income (Included in other income)

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.5 Borrowing costs

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

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

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with 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.

The Group participates in the national pension schemes as defined by the laws of the People's Republic of China ("PRC"). Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability 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 financial year.

2.8 Income tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.8 Income tax (Continued)

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet 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 that at the time of the transaction affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.9 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.10 Foreign currency transactions and translation

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

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

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.11 Property, plant and equipment

Freehold buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

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

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

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

Freehold buildings	50 years
Leasehold properties	20 to 50 years or shorter of remaining lease terms and economic useful lives
Furniture and fittings	3 - 10 years
Plant and machinery	3 - 10 years
Office equipment	3 - 10 years
Motor vehicles	4 - 5 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 29.

Assets under construction-in-progress are not depreciated as these assets are not yet available for use.

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

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

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

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

2. Summary of material accounting policies (Continued)

2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets include intellectual property and club memberships.

<u>Club membership</u>

Club membership was acquired separately and is stated at cost less impairment losses. The useful life of club membership is estimated to be indefinite and assessment for impairment is performed annually or more frequently if the events and circumstances indicate the carrying value may be impaired either individually or at the cash-generating unit level.

2.13 Investments in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.13 Investments in associates (Continued)

The results and assets and liabilities of the associate are incorporated in these 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 under SFRS(I) 5 from the date on which the investees become classified as held for sale. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of 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) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Distributions received from the associate reduce the carrying amount of the investment.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associates at cost less any accumulated impairment in its separate financial statements.

2.14 Impairment of non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash 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.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.15 Financial instruments

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

Financial assets

Initial recognition and measurement

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

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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

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

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash 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. Financial assets at amortised cost include trade and other receivables, cash and cash equivalents and unquoted corporate bonds.

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

Effective interest method

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Effective interest method (Continued)

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

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 37.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Ordinary share capital

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

Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

Treasury shares (Continued)

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of earnings of the Company, or proportionately against the share capital and accumulated profits accounts if the shares are purchased both out of capital and accumulated profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Initial recognition and measurement

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

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

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

Other financial liabilities

Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Other financial liabilities (Continued)

Borrowings

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

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

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

Offsetting of financial instruments

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when, an entity:

(i) Currently has a legally enforceable right to set off the recognised amounts; and
(ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise 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. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.17 Cash and cash equivalents

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

2.18 Leases

The Group as a lessee

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

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

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

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

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

Right-of-use assets are presented within “property, plant and equipment”.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.18 Leases (Continued)

The Group as a lessee (Continued)

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

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

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

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

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. 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.

2.19 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policies (Continued)

2.19 Provisions (Continued)

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

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

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

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

2.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

2.21 Contingencies

A contingent liability is:

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

(ii) a present obligation that arises from past events but is not recognised because:

 (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

 (b) the amount of the obligation cannot be measured with sufficient reliability.

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

2. Summary of material accounting policies (Continued)

2.21 Contingencies (Continued)

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

2.22 Segment reporting

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

3. Significant accounting estimates and judgements

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

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

Consolidation of Dragon Group International Limited ("DGI")

As at 31 December 2023, the Company has an equity interest of 41% in DGI. Management has considered the size of the Company's shareholding relative to the size and dispersion of shareholdings held by other shareholders and determined that it has the current ability to direct the relevant activities of DGI notwithstanding its shareholdings are less than 50%. The Company remains the dominant shareholder based on historical voting records at DGI's general meetings. DGI is hence accounted for as a subsidiary and its results are included in the Group's consolidated income statement.

Determination of lease term of contracts with extension options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

As at 31 December 2023, potential future (undiscounted) cash outflows of approximately S$550,000 (2022: S$650,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty

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

Impairment of property, plant and equipment

Property, plant and equipment are assessed at the end of each financial year to ascertain whether there is an indication of impairment, if such indications are found, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in estimating the market value of preparing the cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2023 were S$27,024,000 (2022: S$33,248,000) and S$122,000 (2022: S$98,000) respectively.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 1 to 50 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2023 were S$27,024,000 (2022: S$33,248,000) and S$122,000 (2023: S$98,000) respectively.

Impairment of investments in subsidiaries and associates

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and Company's investments are impaired or that an impairment loss recognised in prior periods may no longer exist or may have decreased. Where applicable, the Group's determination of the recoverable value is based on the estimation of the value-in-use of the applicable assets as defined in SFRS(I) 1-36 *Impairment of Assets*. In determining the value-in-use, the Company has considered the key assumptions applied, including the discount rate and growth rate. The Company's carrying amounts of investments in subsidiaries as at 31 December 2023 was S$5,436,000 (2022: S$5,436,000). The carrying amounts of the Group's and the Company's investments in associates at 31 December 2023 were S$563,000 (2022: S$1,738,000) and S$5,801,000 (2022: S$5,801,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2023 was S$3,431,000 (2022: S$3,582,000).

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors and significant macro-economic factors, where applicable, specific to the debtors and the economic environment, which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses and estimates, for example, the gross domestic production growth rates of the countries (i.e. Singapore, PRC and Philippines) and the growth rates of the major industries in which its customers operate. The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 December 2023 is S$98,000 (2022: S$102,000).

Measurement of ECL of other receivables and amounts due from subsidiaries

The Group and the Company use amongst other factors, the financial positions of the third parties and subsidiaries, the past financial performances, and cash flow trends, adjusted for the outlook of the industry and economy in which the third parties and subsidiaries operate in. Impairment on these balances has been measured on the 12-month expected loss basis which reflects low credit risk of the exposures. The carrying amounts of the Group's and Company's other receivables as at 31 December 2023 were S$1,177,000 (2022: S$902,000) and S$41,000 (2022: S$106,000) respectively. The carrying amount of the Company's amounts due from subsidiaries as at 31 December 2023 was S$940,000 (2022: S$1,513,000).

Measurement of ECL of amounts due from associates

The Group and the Company use amongst other factors, the financial positions of the third parties and subsidiaries, the past financial performances, and cash flow trends, adjusted for the outlook of the industry and economy in which the associates operate in. Impairment on these balances has been measured using an unbiased and probability-weighted amount by evaluating a range of possible outcomes. The carrying amounts of the Group's and the Company's amounts due from associates as at 31 December 2023 were S$3,011,000 (2022: S$3,089,000) and S$2,874,000 (2022: S$2,801,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's current tax recoverable, income tax payable, deferred tax assets and deferred tax liabilities as at 31 December 2023 was S$478,000 (2022: S$148,000), S$205,000 (2022: S$357,000), S$39,000 (2022: S$27,000) and S$392,000 (2022: S$424,000) respectively.

4. Revenue

	Group	
	2023 S$'000	2022 S$'000
Revenue from contracts with customers - At a point in time		
Sale of goods	6,535	8,156
Provision of services	44,425	58,850
	50,960	67,006

Disaggregation of revenue from contracts with customers is as follows:

	Reportable segments		
	Backend equipment solutions & technologies S$'000	Distribution & services S$'000	Total S$'000
2023			
Geographical markets			
China	4,527	282	4,809
Singapore	750	34	784
Malaysia	2,624	303	2,927
Philippines	34,298	-	34,298
United Kingdom	2,034	-	2,034
Others	3,734	2,374	6,108
	47,967	2,993	50,960
2022			
Geographical markets			
China	8,380	770	9,150
Singapore	817	283	1,100
Malaysia	3,379	283	3,662
Philippines	43,571	-	43,571
United Kingdom	2,478	-	2,478
Others	4,639	2,406	7,045
	63,264	3,742	67,006

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Revenue (Continued)

The Group has applied the practical expedient permitted under SFRS(I) 15 for which the aggregated transactions price allocated to unsatisfied contracts which are part of contracts, that have an original expected duration of one year or less, is not disclosed.

5. Other income

	Group	
	2023 S$'000	2022 S$'000
Rental income	565	381
Government incentives and grant income	14	111
Gain on disposal of property, plant and equipment	4	-
Gain on written off payable	234	-
Others	80	78
	897	570

For the current financial year, included in other income is a gain arising from the write off of payable to a third party amounting to S$234,000 as the amount has been unclaimed for over 7 years.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group	
	2023 S$'000	2022 S$'000
Less than one year	128	268
One to two years	53	4
Two to three years	-	-
Three to four years	-	-
Four to five years	-	-
More than five years	-	-
Total undiscounted lease receivable	181	272
Unearned finance income	-	-
Total	181	272

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Finance costs, net

	Group	
	2023 S$'000	2022 S$'000
Interest income		
- Short-term deposits/current accounts	72	80
- Amounts owing from sundry debtors	8	2
- Amounts owing from associates	593	273
	673	355
Interest expense		
- Lease liabilities	(115)	(130)
- Bank loans and trade financing	(1,001)	(361)
- Others	(25)	(16)
	(1,141)	(507)
Bank charges	(33)	(42)
Total	(501)	(194)

7. (Loss)/Profit before income tax

The following charges/(credits) were included in the determination of (loss)/profit before income tax:

	Group	
	2023 S$'000	2022 S$'000
Depreciation of property, plant and equipment	9,017	9,075
Impairment loss on property, plant and equipment	40	212
Allowance of stock obsolescence, net	61	32
Allowance on amounts due from associates	1,056	845
Write-back on trade receivables	-	(208)
Allowance/(Write-back) on other receivables	27	(8)
Loss on disposal of property, plant and equipment	-	5
Net foreign exchange loss	454	808
Audit fees paid to:		
- Auditors of the Company	215	218
- Other auditors	273	592
Non-audit fees paid to:		
- Auditors of the Company	-	-
- Other auditors	13	66
Staff costs		
- Salaries, wages, bonuses and others	23,735	26,286
- Defined contribution plans	2,493	1,942

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. Income tax expense

	Group	
	2023 S$'000	2022 S$'000
Current income tax:		
- Current financial year	408	825
- Under provision in respect of prior years	101	38
	509	863
Deferred income tax:		
- Current financial year	(45)	261
Total	464	1,124

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

Reconciliation of effective tax rate is as follows:

	Group	
	2023 S$'000	2022 S$'000
(Loss)/Profit before income tax	(4,489)	5,656
Taxation at statutory rate of 17% (2022: 17%)	(763)	962
Tax effects of:		
Income not subject to tax	(703)	(1,196)
Effect of expenses not deductible for tax purposes	1,871	967
Effect of different tax rates of subsidiaries operating in other jurisdictions	17	721
Deferred tax assets utilised	(74)	(450)
Deferred tax assets not recognised	-	21
Under provision in respect of prior years	101	38
Others	15	61
Total income tax expense for the financial year	464	1,124

Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unrecognised deferred tax assets arise mainly from unutilised tax losses and unabsorbed capital allowances amounting to approximately S$74,085,000 (2022: S$74,520,000) and S$3,523,000 (2022: S$3,523,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. Income tax expense (Continued)

The tax losses are subjected to an agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

Pursuant to the PRC Enterprise Income Tax Law which was promulgated on 22 February 2008, dividends distributed by PRC entities for profits generated before 1 January 2008 are exempted from withholding tax. Dividends paid in respect of profits generated on or after 1 January 2008 from the Group's foreign invested PRC enterprises will be subjected to a withholding tax of 5%.

Deferred tax has not been provided in respect of temporary differences in relation to the undistributed earnings of the subsidiaries as at 31 December 2023 amounting to approximately S$46.7 million (2022: S$48.2 million), as the Group is able to control the timing of the reversal and it is probable that such differences will not be reversed in the foreseeable future.

9. (Loss)/Earnings per share

Basic and diluted (loss)/earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The calculation of the basic (loss)/earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2023	**2022**
	S$'000	**S$'000**
(Loss)/Profit for the year attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per ordinary share	(4,210)	5,401
Weighted average number of ordinary shares in issue applicable to basic and diluted (loss)/earnings per share computation (no. of shares, in '000s)	654,731	654,731

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no outstanding convertible securities for both the financial years ended 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Intangible assets

	Intellectual property S$'000	Club memberships S$'000	Total S$'000
Group			
Cost			
At 1 January 2022	921	82	1,003
Currency realignment	(7)	(1)	(8)
At 31 December 2022	914	81	995
Currency realignment	(1)	*	(1)
At 31 December 2023	913	81	994
Accumulated amortisation and impairment loss			
At 1 January 2022	921	64	985
Currency realignment	(7)	(1)	(8)
At 31 December 2022	914	63	977
Currency realignment	(1)	*	(1)
At 31 December 2023	913	63	976
Net carrying amount			
At 31 December 2023	-	18	18
At 31 December 2022	-	18	18

* Denotes amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Property, plant and equipment

	Freehold land and buildings S$'000	Leasehold properties S$'000	Furniture and fittings S$'000	Plant and machinery S$'000	Office equipment S$'000	Motor vehicles S$'000	Construction-in-progress S$'000	Total S$'000
Group								
Cost								
At 1 January 2022	11,746	6,483	8,181	60,881	3,941	825	12,593	104,650
Additions	-	1,520	591	17,099	214	106	-	19,530
Disposals/written off	-	(99)	(576)	(1,725)	(87)	(22)	-	(2,509)
Reclassification	-	(1,127)	1,127	-	-	-	-	-
Lease modification	-	290	-	-	-	-	-	290
Currency realignment	(266)	(212)	(235)	(2,128)	(116)	(21)	(1,172)	(4,150)
At 31 December 2022	11,480	6,855	9,088	74,127	3,952	888	11,421	117,811
Additions	49	909	524	1,667	80	-	805	4,034
Disposals/written off	(648)	(922)	(3)	(4,735)	(38)	(40)	-	(6,386)
Reclassification	-	(940)	675	265	-	-	-	-
Currency realignment	(178)	(74)	(216)	(1,934)	(56)	(20)	(488)	(2,966)
At 31 December 2023	10,703	5,828	10,068	69,390	3,938	828	11,738	112,493
Accumulated depreciation and impairment loss								
At 1 January 2022	5,292	4,177	6,868	48,799	3,167	550	12,593	81,446
Charge for the year	505	899	600	6,690	286	95	-	9,075
Disposals/written off	-	(104)	(569)	(1,719)	(84)	(22)	-	(2,498)
Impairment loss	156	56	-	-	-	-	-	212
Currency realignment	(124)	(305)	(181)	(1,789)	(88)	(13)	(1,172)	(3,672)
At 31 December 2022	5,829	4,723	6,718	51,981	3,281	610	11,421	84,563
Charge for the year	346	667	892	6,802	248	62	-	9,017
Disposals/written off	(363)	(780)	(3)	(4,560)	(36)	(19)	-	(5,761)
Impairment loss	-	-	-	152	-	-	-	152
Reversal of impairment loss	(108)	(4)	-	-	-	-	-	(112)
Currency realignment	(80)	(42)	(161)	(1,554)	(52)	(13)	(488)	(2,390)
At 31 December 2023	5,624	4,564	7,446	52,821	3,441	640	10,933	85,469
Net carrying amount								
At 31 December 2023	5,079	1,264	2,622	16,569	497	188	805	27,024
At 31 December 2022	5,651	2,132	2,370	22,146	671	278	-	33,248

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Property, plant and equipment (Continued)

Included in freehold land and buildings is a freehold land at cost of S$2,042,000 (2022: S$2,473,000). Also included in freehold land and buildings are buildings with carrying value of S$4,252,000 (2022: S$4,847,000) which are pledged for bank borrowings as at end of the reporting period as disclosed in Note 28.

Impairment loss recognised on Construction-in-progress

Construction-in-progress relates to the construction of a boat in the People's Republic of China. In 2017, the Group faced unforeseen delays caused by local environmental rules requiring the boat to be repositioned. This resulted in certain disagreements between shareholders of Nanjing DTB. The construction has since been suspended pending a review on the future plans for the project. Given this significant uncertainty over the project since financial year ended 31 December 2018, the total cost of construction-in-progress of S$10,933,000 (2022: S$11,421,000) relating to the boat remained fully impaired as of 31 December 2023 and 2022.

	Leasehold properties S$'000	Furniture and fittings S$'000	Office equipment S$'000	Total S$'000
Company				
Cost				
At 1 January 2022	80	212	451	743
Additions	-	-	29	29
Written off	-	(145)	(68)	(213)
At 31 December 2022	80	67	412	559
Additions	90	-	10	100
Written off	(80)	-	(9)	(89)
At 31 December 2023	90	67	413	570
Accumulated depreciation				
At 1 January 2022	10	155	408	573
Charge for the year	40	22	35	97
Written off	-	(145)	(64)	(209)
At 31 December 2022	50	32	379	461
Charge for the year	41	19	14	74
Written off	(80)	-	(7)	(87)
At 31 December 2023	11	51	386	448
Net carrying amount				
At 31 December 2023	79	16	27	122
At 31 December 2022	30	35	33	98

Property, plant and equipment of the Group and Company includes right-of-use assets of S$1,284,000 and S$79,000 (2022: S$1,245,000 and S$30,000) respectively which are presented together with the owned assets of the same class as the underlying assets. Details of the right-of-use assets are disclosed in Note 29(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Investments in subsidiaries

	Company 2023 S$'000	Company 2022 S$'000
Quoted shares, at cost	37,914	37,914
Unquoted shares, at cost	21,325	21,325
Less: Dividend income declared from subsidiary's pre-acquisition reserve	(294)	(294)
	58,945	58,945
Less: Impairment loss on		
- Quoted shares	(37,914)	(37,914)
- Unquoted shares	(15,595)	(15,595)
	5,436	5,436
Carrying amount of quoted shares at 31 December	-	-

Quoted shares of the Company's subsidiary, Dragon Group International Limited, have been suspended from trading on the 10 May 2018.

Movements in the Company's provision of impairment losses for its investment in subsidiaries as at 31 December are as follows:

	Company 2023 S$'000	Company 2022 S$'000
At 1 January	53,509	55,112
Additions during the year	-	67
Deregistration during the year (Note 12 (c))	-	(1,670)
At 31 December	53,509	53,509

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Investments in subsidiaries (Continued)

(a) Details of the significant subsidiaries held by the Company and its subsidiaries at 31 December are as follows:

Name of company	Country of incorporation	Principal activities	Portion of ownership interest held by the Group 2023 %	2022 %
Held by the Company				
Telford Industries Pte Ltd (1)	Singapore	Provision of semiconductor manufacturing services for surface mount technology components	100	100
Telford SVC. Phils., Inc. (3)	Philippines	Provision of semiconductor manufacturing services for surface mount technology components	100	100
Reel Service Limited (3)	United Kingdom	Investment holding, manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing	100	100
Reel Service (Philippines), Inc. (3)	Philippines	Manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing services for surface mount technology components	100	100
Telford Technologies (Shanghai) Pte Ltd (2)	PRC	Provision of semiconductor manufacturing services for surface mount technology components	100	100
Telford Property Management Inc. (3)	Philippines	Property investment	100	100
Dragon Group International Limited (5)	Singapore	Investment holding and acting as corporate manager and advisor to its subsidiaries	41	41
EoPlex Limited (3)	Hong Kong	Development of advanced chip packaging and related technologies	85	85

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Investments in subsidiaries (Continued)

(a) Details of the significant subsidiaries held by the Company and its subsidiaries at 31 December are as follows (Continued):

Name of company	Country of incorporation	Principal activities	Portion of ownership interest held by the Group 2023 %	2022 %
Held by EoPlex Limited				
EoPlex Inc [4]	United States of America	Development of advanced chip packaging and related technologies	100	100
Held by Telford Industries Pte Ltd				
Telford Service Sdn. Bhd. [3]	Malaysia	Provision of semiconductor manufacturing services for surface mount technology components	100	100
Telford Service (Melaka) Sdn. Bhd. [3]	Malaysia	Provision of semiconductor manufacturing services for surface mount technology components	100	100
Held by Dragon Group International Limited				
Sooner Technology Pte Ltd [3]	Singapore	Trading in electronic components, computer peripherals and acting as commission agent	100	100
Dragon Equipment & Materials Technology Limited [3]	Hong Kong	Sale, distribution and acting as commission agent in equipment, materials and electronic components	100	100
DTB Limited [3]	Hong Kong	Investment holding	100	100
Held by Dragon Equipment & Materials Technology Limited				
Spire Technologies Pte Ltd [3]	Singapore	Importing, exporting, retailing and trading in electronic components and test consumables	100	100
Held by Spire Technologies Pte Ltd				
Spire Technologies (Taiwan) Ltd [3]	Taiwan	Importing, exporting, retailing and trading in electronic components and test consumables	60	60

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Investments in subsidiaries (Continued)

(a) Details of the significant subsidiaries held by the Company and its subsidiaries at 31 December are as follows (Continued):

Name of company	Country of incorporation	Principal activities	Portion of ownership interest held by the Group 2023 %	2022 %
Held by DTB Limited				
Nanjing DTB Development Co., Ltd [(3)]	PRC	Construction of antique wooden sea boat, communication of culture, exhibition and conference etc.	60	60
Dragon Ventures Limited [(3)]	Hong Kong	Investment holding	100	100
Held by Dragon Ventures Limited				
Dragon Tourism Management Company Limited [(4)]	PRC	Develop and manage a mixed-used property	100	100

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

(1) Audited by Forvis Mazars LLP, Singapore
(2) Audited by a member firm of Forvis Mazars Global for group consolidation purposes
(3) Audited by other audit firms
(4) Not required to be audited in country of incorporation
(5) Audited by Forvis Mazars LLP, Singapore, for group consolidation purposes

Subsidiaries that are audited by other audit firms:

Company	Auditors
Telford SVC. Phils., Inc.	Sycip, Gorres, Velayo & Co.
Reel Service Limited	Sumer Auditco Limited
Reel Service (Philippines), Inc.	Sycip, Gorres, Velayo & Co.
Telford Property Management Inc.	Sycip, Gorres, Velayo & Co.
EoPlex Limited	Bright Brilliance CPA Limited, Hong Kong
Telford Service Sdn. Bhd.	BDO PLT, Malaysia
Telford Service (Melaka) Sdn. Bhd.	Chengco PLT, Malaysia
Spire Technologies (Taiwan) Ltd	YuanTeng CPAs & Consulting Inc, Taiwan
Nanjing DTB Development Co., Ltd	Jiangsu LiAnDaXingYe Certified Public Accountants Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. **Investments in subsidiaries (Continued)**

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries which have NCI that are material to the Group:

1. Dragon Group International Limited ("DGI") and its subsidiaries ("DGI Group")
2. EoPlex Limited and its subsidiaries ("EoPlex Group")

Subsidiaries	Principal place of business	Proportion of ownership interest held by NCI	(Loss)/Profit allocated to NCI during the reporting period S$'000	Accumulated NCI at end of reporting period S$'000
31 December 2023				
DGI Group	Singapore	59%	(837)	(11,969)
EoPlex Group	Hong Kong	15%	116	(6,056)
31 December 2022				
DGI Group	Singapore	59%	(854)	(11,440)
EoPlex Group	Hong Kong	15%	(12)	(6,184)

There were no dividends paid to the above NCI during the years ended 31 December 2023 and 31 December 2022.

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries are as follows:

	DGI Group		EoPlex Group	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Current				
Assets	1,701	2,356	-	30
Liabilities	(22,000)	(21,745)	(38,398)	(39,315)
Net current liabilities	(20,299)	(19,389)	(38,398)	(39,285)
Non-current				
Assets	22	-	-	-
Liabilities	(9)	-	(1,977)	(1,940)
Net non-current assets/ (liabilities)	13	-	(1,977)	(1,940)
Net liabilities	(20,286)	(19,389)	(40,375)	(41,225)

12. Investments in subsidiaries (Continued)

(b) Interest in subsidiaries with material non-controlling interests ("NCI") (Continued)

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries are as follows (Continued):

	DGI Group		EoPlex Group	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Revenue	2,992	3,742	-	-
(Loss)/Profit before income tax	(1,441)	(1,422)	771	(77)
Income tax credit/(expense)	23	(26)	-	-
(Loss)/Profit for the year	(1,418)	(1,448)	771	(77)
Other comprehensive income	392	1,150	-	-
Total comprehensive (loss)/income for the year	(1,026)	(298)	771	(77)
Net cash flows (used in)/ generated from operations	(524)	(281)	8	(53)

(c) Deregistration of subsidiaries

Following the deregistration of FE Global Shanghai Ltd (2022: VisionXtreme Pte Ltd, ASTI (USA), Inc and Dragon Rises Limited) during the financial year, the Group has deconsolidated the investment in this entity (2022: 3 entities). The deconsolidation of this entity has no effect on the cash flow during the financial year.

13. Investments in associates

The material investments in associates are summarised below:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Advanced Systems Automation Limited				
Quoted shares, at cost	31,058	31,058	31,058	31,058
Impairment loss	(25,257)	(25,257)	(25,257)	(25,257)
Cumulative share of loss	(5,238)	(4,063)	-	-
	563	1,738	5,801	5,801
EoCell Limited				
Unquoted shares, at cost	20,000	20,000	-	-
Impairment loss	(17,922)	(17,922)	-	-
Cumulative share of loss	(2,078)	(2,078)	-	-
	-	-	-	-
	563	1,738	5,801	5,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Investments in associates (Continued)

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Market value of quoted shares	5,801	5,801	5,801	5,801

The Group has not recognised losses relating to its associates where its share of losses exceeds the Group's carrying amount of its investment in those associates. The Group's cumulative share of unrecognised losses were S$2,974,000 (2022: S$1,462,000) of which S$1,512,000 (2022: S$1,462,000) was the share of current year's losses. The Group has no obligation in respect of these losses.

Details of the significant associates held by the Group at 31 December are as follows:

Name of company	Country of incorporation	Principal activities	Portion of ownership interest held by the Group 2023 %	2022 %
Held by the Company				
Advanced Systems Automation Limited [(A)]	Singapore	Investment holding	26	26
Held by Advanced Systems Automation Limited				
Emerald Precision Engineering Sdn. Bhd. [(B)]	Malaysia	Fabrication of tooling, dies and related moulding of spare parts and other related businesses	26	26
Pioneer Venture Pte Ltd [(A)]	Singapore	Contract manufacturing solutions of fabricated metal products	26	26
Yumei Technologies Sdn. Bhd. [(B)]	Malaysia	Manufacturing of die-casting products	26	26
Yumei REIT Sdn. Bhd. [(B)]	Malaysia	Property owner	26	26
Held by Dragon Group International Limited (a subsidiary of the Company)				
EoCell Limited [(C)]	Hong Kong	Development of battery and storage solutions	40	40
Held by EoCell Limited				
EoCell Inc	United States of America	Development of battery and storage solutions	40	40

(A) Audited by Forvis Mazars LLP, Singapore
(B) Audited by a member firm of Forvis Mazars LLP Global
(C) Audited by K.C. Fok & Company

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. Investments in associates (Continued)

The summarised financial information based on its SFRS(I)s financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

1. Advanced Systems Automation Limited ("ASA") and its subsidiaries ("ASA Group")
2. EoCell Limited and its subsidiaries ("EoCell Group")

Summarised statement of comprehensive income

	ASA Group		EoCell Group	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Revenue	12,928	15,042	6,478	5,876
(Loss)/Profit after income tax for the year	(4,017)	23	(3,781)	(3,656)
Other comprehensive loss	(506)	(516)	-	-
Total comprehensive loss for the year	(4,523)	(493)	(3,781)	(3,656)

Summarised balance sheet

	ASA Group		EoCell Group	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Current assets	9,844	8,129	2,690	3,462
Non-current assets	6,849	9,551	4,646	5,994
Total assets	16,693	17,680	7,336	9,456
Current liabilities	11,308	9,643	7,005	5,027
Non-current liabilities	12,634	10,763	5,262	5,579
Total liabilities	23,942	20,406	12,267	10,606
Net liabilities	(7,249)	(2,726)	(4,931)	(1,150)
Proportion of the Group's ownership	26%	26%	40%	40%
Group's share of net liabilities	(1,885)	(708)	(1,972)	(460)
Goodwill on acquisition	3,014	3,014	16,947	16,947
Impairment loss	-	-	(17,922)	(17,922)
Cumulative unrecognised share of losses	-	-	2,974	1,435
Other adjustments	(566)	(568)	(27)	-
Carrying amount of the investment	563	1,738	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. Deferred tax assets/(liabilities)

	Group	
	2023 S$'000	2022 S$'000
Deferred tax assets	39	27
Deferred tax liabilities	(392)	(424)

Deferred tax assets

The movements in deferred tax assets were as follows:

	Group	
	2023 S$'000	2022 S$'000
At 1 January	27	35
Credit/(Charge) for the year	12	(4)
Currency realignment	-	(4)
At 31 December	39	27

Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

Deferred tax liabilities

The movements in deferred tax liabilities were as follows:

	Group	
	2023 S$'000	2022 S$'000
At 1 January	424	194
(Credit)/Charge for the year	(33)	257
Currency realignment	1	(27)
At 31 December	392	424

Deferred tax liabilities principally arise as a result of excess of carrying amount over tax written down value of plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Inventories

	Group	
	2023	2022
	S$'000	S$'000
Raw materials	2,584	2,716
Work-in-progress	301	99
Goods-in-transit	108	133
Finished goods	1,129	1,274
	4,122	4,222
Allowance for stock obsolescence	(691)	(640)
	3,431	3,582

Inventories are stated after providing the allowance for inventories obsolescence as follows:

	Group	
	2023	2022
	S$'000	S$'000
At 1 January	640	763
Allowance for obsolescence	63	44
Reversal of allowance for obsolescence	(2)	(12)
Currency realignment	(10)	(155)
At 31 December	691	640

The reversal of allowance for obsolescence was made when the related inventories were sold above their carrying amount.

The cost of inventories recognised as an expense in cost of sales of the Group was S$7,428,000 (2022: S$10,972,000).

16. Prepayments and advances

	Group		Company	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Prepayment	831	707	80	35
Advances to suppliers	60	176	-	-
	891	883	80	35

NOTES TO THE FINANCIAL STATEMENTS

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17. Trade receivables

	Group 2023 S$'000	Group 2022 S$'000
Trade receivables	8,192	13,002
Less: Loss allowance	(98)	(102)
	8,094	12,900

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

Trade receivables are denominated in the following currencies as at the reporting date:

	Group 2023 S$'000	Group 2022 S$'000
Singapore dollar	99	120
United States dollar	3,909	7,748
Philippines peso	1,396	1,041
Malaysian ringgit	550	863
Chinese renminbi	885	1,569
Others	1,255	1,559
	8,094	12,900

18. Other receivables

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Tax recoverable	478	148	-	-
Deposits	205	208	10	8
Other debtors	385	393	31	98
Sundry debtors	3,408	3,460	-	-
	4,476	4,209	41	106
Less: Loss allowance	(3,299)	(3,307)	-	-
	1,177	902	41	106
Disclosure in balance sheet:				
Current	1,140	863	41	106
Non-current	37	39	-	-
	1,177	902	41	106

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Other receivables (Continued)

Other receivables are denominated in the following currencies as at the reporting date:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Singapore dollar	80	268	41	106
United States dollar	39	262	-	-
Philippines peso	209	233	-	-
Chinese renminbi	25	58	-	-
Malaysia ringgit	709	74	-	-
Others	115	7	-	-
	1,177	902	41	106

19. Amounts due from subsidiaries

	Company	
	2023 S$'000	2022 S$'000
Amounts due from subsidiaries	64,905	66,728
Less: Loss allowance	(63,965)	(65,215)
	940	1,513

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

Amounts due from subsidiaries are denominated in the following currencies as at the reporting date:

	Company	
	2023 S$'000	2022 S$'000
Singapore dollar	243	891
United States dollar	697	622
	940	1,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. Amounts due from associates

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Non-interest bearing				
- Current	4,398	4,243	1,204	750
Interest bearing				
- Current	1,318	339	1,000	-
- Non-current	8,805	9,212	8,805	9,212
	14,521	13,794	11,009	9,962
Less: Loss allowance	(11,510)	(10,705)	(8,135)	(7,161)
	3,011	3,089	2,874	2,801
Disclosure in balance sheet:				
Current	1,088	628	951	340
Non-current	1,923	2,461	1,923	2,461
	3,011	3,089	2,874	2,801

Non-interest bearing amounts due from associates are unsecured, repayable on demand and to be settled in cash of which S$312,000 (2022: S$182,000) are trade in nature.

Interest bearing amounts due from associates are non-trade in nature, unsecured, bear an interest ranging from 6.25% to 6.34% (2022: 1.99% to 4.63%) per annum, repriced on quarterly basis and to be settled in cash.

Amounts due from associates are denominated in the following currencies as at the reporting date:

	Group	
	2023 S$'000	2022 S$'000
Singapore dollar	2,874	2,936
Malaysia ringgit	137	153
	3,011	3,089

	Company	
	2023 S$'000	2022 S$'000
Singapore dollar	2,874	2,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. Amount due from a related company

	Group 2023 S$'000	Group 2022 S$'000
Amount due from a related company	1,070	832
Less: Loss allowance	(1,070)	(832)
	-	-

The amount due from a related company is non-trade in nature, unsecured, interest-free and repayable on demand.

22. Cash at bank and on hand

	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
Cash on hand and at bank	20,027	25,161	587	1,456
Short-term deposits	682	714	-	-
	20,709	25,875	587	1,456

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

Short-term deposits of the Group with financial institutions are made for varying periods within 1 month (2022: 1 month) from the financial year end. The effective interest rates as at 31 December 2023 for the Group were ranging from 0.016% to 0.017%% (2022: 0.002% to 0.163%) per annum.

Cash at bank and on hand are denominated in the following currencies as at the reporting date:

	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
Singapore dollar	813	1,145	569	515
United States dollar	12,087	15,786	18	941
Philippines peso	1,242	2,267	-	-
Chinese renminbi	3,465	3,885	-	-
Malaysian ringgit	1,273	1,000	-	-
Great Britain pound	961	959	-	-
Others	868	833	-	-
	20,709	25,875	587	1,456

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Share capital

	Group and Company			
	2023	2022	2023	2022
	No. of ordinary shares		S$'000	S$'000
Issued and fully paid:				
At beginning and end of the financial year	681,966,341	681,966,341	132,617	132,617

The holders of ordinary shares (except treasury shares as disclosed in Note 24) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

24. Treasury shares

	Group and Company			
	2023	2022	2023	2022
	No. of ordinary shares		S$'000	S$'000
At beginning and end of the financial year	27,234,855	27,234,855	4,772	4,772

Treasury shares relate to the ordinary shares of the Company that are held by the Company. Losses or gains on disposal or reissue of treasury shares are reflected as equity in the balance sheet.

25. Capital reserves

	Group		Company	
	2023	2022	2023	2022
	S$'000	S$'000	S$'000	S$'000
Loss arising from sale or reissue of treasury shares				
At beginning and end of the financial year	3,746	3,746	2,960	2,960
Premium paid on acquisition of NCI or additional interest in subsidiary				
At beginning and end of the financial year	1,131	1,131	-	-
Discount on disposal to NCI				
At beginning and end of the financial year	2,894	2,894	-	-
Loss on dilution of interest in subsidiary				
At beginning and end of the financial year	419	419	-	-
Realisation of reserves on disposal of subsidiaries				
At beginning and end of the financial year	4	4	-	-
	8,194	8,194	2,960	2,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. Capital reserves (Continued)

No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Gain or loss arising from sale or reissue of treasury shares

This represents the gain or loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of these reserves.

26. Foreign currency translation reserve

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

27. Long term payables

	Group	
	2023	**2022**
	S$'000	**S$'000**
Security deposit	17	18
Long term loan	1,011	1,034
Accrual for long term loan interest	967	906
	1,995	1,958

Long term loan is non-trade in nature, bears an interest of 8.00% (2022: 8.00%) per annum and is not expected to be repaid within the next 12 months.

Long term payables are denominated in United States dollar as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. Loans and borrowings

	Group 2023 S$'000	Group 2022 S$'000
Current liabilities		
Unsecured loan (a)	889	1,018
Unsecured loan (b)	948	1,083
Unsecured loan (c)	338	77
Secured loan (d)	3,290	-
	5,465	2,178
Non-current liabilities		
Unsecured loan (c)	-	345
Secured loan (d)	5,922	9,422
	5,922	9,767
	11,387	11,945

Unsecured loans

(a) Unsecured floating rate bank borrowing of a subsidiary bears effective interest rate of 7.25% (2022: 6.25%) per annum. This bank borrowing comprises S$889,000 (2022: S$1,018,000) which is repayable ranging from 90 to 180 days (2022: 90 to 180 days). This loan is for the purpose of working capital.

(b) Short term unsecured floating rate bank borrowing of a subsidiary bears effective interest rate of 7.25% (2022: 6.00%) per annum. This bank borrowing comprises S$948,000 (2022: S$1,083,000) which is repayable in within one year. This loan is for the purpose of working capital.

(c) Unsecured floating rate bank borrowing of a subsidiary bear effective interest rate of 4.31% (2022: 4.31%) per annum. This bank borrowing comprises S$338,000 (2022: S$77,000) and S$Nil (2022: S$345,000) which is repayable within one year (2022: one year and 2 years respectively). This loan is for the purpose of working capital.

Secured loan

(d) Secured fixed rate bank borrowing of a subsidiary bear effective interest rate of 8.17% (2022: 8.17%) per annum. This bank borrowing comprises S$9,212,000 (2022: S$9,422,000) which is repayable quarterly from 2024 onwards. This loan is secured by a building pledged by a subsidiary of the Group. This loan is for the purpose of financing machineries purchases.

Loans and borrowings are denominated in the following currencies as at the reporting date:

	Group 2023 S$'000	Group 2022 S$'000
United States dollar	9,550	9,844
Philippines peso	1,837	2,101
	11,387	11,945

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. The Group as a lessee

The Group has lease contracts for various items of plant and machinery, motor vehicles and leasehold properties used in its operations which generally have lease terms between 1 to 3 years (2022: 1 to 3 years). The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Extension options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Within five years	550	650	-	81

Recognition exemptions

The Group has certain office equipment and rented apartment with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows:

	Plant and machinery S$'000	Leasehold properties S$'000	Total S$'000
Group			
At 1 January 2022	320	1,582	1,902
Additions	-	167	167
Depreciation	(264)	(899)	(1,163)
Written off	-	5	5
Impairment loss	-	(56)	(56)
Lease modification	-	290	290
Foreign exchange differences	(4)	104	100
At 31 December 2022	52	1,193	1,245
Additions	-	907	907
Depreciation	(30)	(667)	(697)
Written off	-	(141)	(141)
Foreign exchange differences	-	(30)	(30)
At 31 December 2023	22	1,262	1,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. The Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

	Plant and machinery S$'000	Leasehold properties S$'000	Total S$'000
Company			
At 1 January 2022	-	70	70
Depreciation	-	(40)	(40)
At 31 December 2022	-	30	30
Acquisition	-	90	90
Depreciation	-	(41)	(41)
At 31 December 2023	-	79	79

The total cash outflows for leases during the financial year ended 31 December 2023 is S$1,217,000 (2022: S$1,205,000).

(b) Lease liabilities

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Current	634	655	44	30
Non-current	806	844	35	-
	1,440	1,499	79	30

The maturity analysis of lease liabilities is disclosed in Note 37.

Lease liabilities are denominated in the following currencies as at the reporting date:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Singapore dollar	102	44	79	30
Malaysian ringgit	278	91	-	-
Great Britain pound	315	372	-	-
United States dollar	616	804	-	-
Chinese renminbi	129	188	-	-
	1,440	1,499	79	30

(c) Amounts recognised in profit or loss

	Group	
	2023 S$'000	2022 S$'000
Depreciation of right-of-use assets	697	1,163
Impairment loss on right-of-use assets	-	56
Interest expense on lease liabilities	115	130
Expense relating to short-term leases	46	55
Expense relating to leases of low-value assets	6	8

30. Provisions

	Group	
	2023	2022
	S$'000	S$'000
Current		
Restructuring provision (Note (a))	88	100
Non-current		
Provision for defined retirement benefit (Note (b))	715	454
Total provisions	803	554

(a) Restructuring provision

	Group	
	2023	2022
	S$'000	S$'000
Restructuring provision		
At 1 January	100	100
Charge for the year	*	*
Exchange differences	(12)	*
At 31 December	88	100

* Denotes amount less than S$1,000

Restructuring provision

The provision of S$88,000 (2022: S$100,000) pertains to the restructuring of its operations in Nanjing DTB Development Co., Ltd due to the significant uncertainty over the Dragon Treasure Boat project in 2018.

(b) Provision for defined retirement benefits

	Group	
	2023	2022
	S$'000	S$'000
At 1 January	454	642
Current service cost	72	81
Interest cost	33	30
Actuarial loss/(gain)	169	(218)
Benefits paid from the Company's operating fund	-	(25)
Exchange differences	(13)	(56)
At 31 December	715	454

The accrued pension costs are the aggregate of the present value of the defined benefit obligation at the end of the reporting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Provisions (Continued)

(b) Provision for defined retirement benefits (Continued)

Defined benefit costs comprise the following:
- Service cost
- Net interest on the accrued pension costs or asset
- Remeasurements of accrued pension costs or asset

Service costs which include current service costs, past service costs and gains or losses on non routine settlements are recognised as expense in the consolidated statement of profit or loss and other comprehensive income. Past service costs are recognised when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the accrued pension costs or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the accrued pension costs or asset is recognised as expense or income in the consolidated statement of profit or loss and other comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on a defined benefit liability) are recognised immediately in consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

31. Trade payables and accruals

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Trade payables - third parties	2,315	2,851	-	-
Accruals	6,190	7,870	1,250	1,175
	8,505	10,721	1,250	1,175

Trade payables and accruals are non-interest bearing.

Trade payables are normally settled on 60 days (2022: 60 days) terms.

Trade payables and accruals are denominated in the following currencies as at the reporting date:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Singapore dollar	1,243	3,130	1,250	1,175
United States dollar	2,011	3,241	-	-
Philippines peso	1,643	689	-	-
Chinese renminbi	2,270	2,450	-	-
Thailand baht	300	304	-	-
Others	1,038	907	-	-
	8,505	10,721	1,250	1,175

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32. Other payables

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Directors' fees	247	223	247	223
Directors' fees of subsidiaries	108	204	-	-
Payable arising from purchase of property, plant and equipment	125	5,266	-	-
Advances received from customers	57	71	-	-
Advances from non-controlling interest	2,347	2,447	-	-
Sundry creditors	1,040	747	494	64
Others	154	725	50	6
	4,078	9,683	791	293

Other payables are denominated in the following currencies as at the reporting date:

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Singapore dollar	1,310	938	791	293
United States dollar	37	266	-	-
Philippines peso	108	5,971	-	-
Chinese renminbi	2,410	2,303	-	-
Others	213	205	-	-
	4,078	9,683	791	293

33. Amounts due to subsidiaries

Amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

Amounts due to subsidiaries are denominated in United States dollar as at the reporting date.

34. Segment information

The Group positioned its operations into two strategic business segments comprising Backend Equipment Solutions and Technologies ("BEST") and Distribution and Services. BEST is mainly engaged in provision of solutions and technologies in the backend (i.e. assembly, test and finishing) arena of the semiconductor industry. The Distribution and Services segment is engaged mainly in the provision of semiconductor application in consumer electronics, computer peripheral and communication solution.

Segment accounting policies are described in Note 2.22.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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34. Segment information (Continued)

Geographical information

Revenue and non-current assets are based on the geographical location of the entities as follows:

	Revenue		Non-current assets	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
China	4,809	9,150	181	289
Singapore	784	1,100	2,675	5,023
Malaysia	2,927	3,662	645	752
Philippines	34,298	43,571	23,740	29,447
United Kingdom	2,034	2,478	2,156	1,641
Others	6,108	7,045	207	379
	50,960	67,006	29,604	37,531

Information about major customers

Revenue from 3 major customers amounted to S$33,260,000 (2022: S$45,346,000), arising from sales by the BEST segment.

Revenue from one major customer amounted to S$767,000 (2022: S$718,000), arising from sales by the Distribution and Services segment.

34. Segment information (Continued)

	BEST		Distribution and Services		Adjustment and elimination		Consolidated	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Revenue								
Segmental revenue								
- External sales	47,968	63,264	2,992	3,742	-	-	50,960	67,006
- Inter-segment sales (Note A)	-	1,737	-	-	-	(1,737)	-	-
	47,968	65,001	2,992	3,742	-	(1,737)	50,960	67,006
Segment results	(1,871)	5,980	(3,082)	(1,448)	-	-	(4,953)	4,532
EBITDA (Note B)	7,903	16,327	(3,013)	(1,416)	-	-	4,890	14,911
Interest income	665	131	8	2	-	222	673	355
Interest expense	(1,116)	(271)	(25)	(14)	-	(222)	(1,141)	(507)
Depreciation on property, plant and equipment	(9,013)	(9,074)	(4)	(1)	-	-	(9,017)	(9,075)
Impairment loss on property, plant and equipment	(40)	(212)	-	-	-	-	(40)	(212)
(Allowance)/Write-back of stock obsolescence, net	(17)	(34)	(44)	2	-	-	(61)	(32)
Write-back on trade receivables	-	203	-	5	-	-	-	208
Write-back/(Allowance) on other receivables	-	8	(27)	-	-	-	(27)	8
Gain on written off payable	234	-	-	-	-	-	234	-
(Loss)/Profit before income tax	(1,384)	7,078	(3,105)	(1,422)	-	-	(4,489)	5,656
Income tax expense	(487)	(1,098)	23	(26)	-	-	(464)	(1,124)
(Loss)/Profit for the year	(1,871)	5,980	(3,082)	(1,448)	-	-	(4,953)	4,532
Other information:								
Share of results of associates	(1,044)	6	-	-	-	-	(1,044)	6
Additions to non-current assets (Note C)	4,034	19,530	-	-	-	-	4,034	19,530
Segment assets	71,567	88,760	1,685	2,356	(8,295)	(8,854)	64,957	82,262
Segment liabilities	14,996	24,250	22,104	21,745	(8,295)	(8,854)	28,805	37,141

NOTES TO THE FINANCIAL STATEMENTS

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34. Segment information (Continued)

Notes

A Inter-segment transactions are eliminated on consolidation.

B EBITDA: Earnings before interest expense, interest income, tax, depreciation, amortisation and impairment losses.

C Additions to non-current assets consist of additions to intangible assets, property, plant and equipment and right-of-use assets.

35. Significant related party transactions

A related party is defined as follows:

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

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

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

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

Associates are related parties and include those that are associates of the holding and/or related companies. Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had no significant transactions with related parties.

Significant transactions are entered with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Significant related party transactions (Continued)

	Group	
	2023 S$'000	2022 S$'000
Directors:		
Directors' fees of the Company	247	223
Directors' fees of listed subsidiary	-	102
Directors' remuneration	369	236
Defined contribution plans	17	15
Other key executive officers:		
Short-term employee benefits	610	845
Defined contribution plans	19	19
Related parties:		
Corporate cost recovery	120	170
Interest income	593	273
Shareholder:		
Consultancy services	88	38
Transactions with directors or key executive officers:		
Fee paid to director of listed subsidiaries for consultancy services	40	40

Related party refers to the company in which the Company's Chairman and Chief Executive Officer holds a key executive position and has 5% equity interest, as well as associates.

36. Commitments

(a) Financial support

The Company has agreed to provide financial support to a subsidiary to meet its liabilities as and when they fall due and to not recall loan due from it for twelve months from the date of issuance of the subsidiary's financial statements.

(b) Guarantees

The Company, under the previous Board of Directors, has given corporate guarantees of S$44,000 (2022: S$47,000) to financial institutions in connection with banking facilities certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Financial assets				
Trade receivables	8,094	12,900	-	-
Other receivables (excluding tax recoverable)	699	754	41	106
Amounts due from subsidiaries	-	-	940	1,513
Amounts due from associates	3,011	3,089	2,874	2,801
Cash and bank balances	20,709	25,875	587	1,456
Financial assets at amortised cost	32,513	42,618	4,442	5,876
Financial liabilities				
Long term payables	1,995	1,958	-	-
Loans and borrowings	11,387	11,945	-	-
Lease liabilities	1,440	1,499	79	30
Trade payables and accruals	8,505	10,721	1,250	1,175
Other payables	4,078	9,683	791	293
Amounts due to subsidiaries	-	-	10,150	7,307
Financial liabilities at amortised cost	27,405	35,806	12,270	8,805

The Group's activities expose it to credit risk, market risks (including interest rate risk and foreign currency risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

Credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Credit risk (Continued)

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

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

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

Note 1. Low credit risk

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

Note 2. Significant increase in credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk (Continued)

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

Note 3. Credit impaired

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

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

Note 4. Write off

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

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

In prior financial year, the Group wrote off S$17,000 of other receivables, of which S$Nil was written off and recognised in the profit or loss during the year. The amounts were non-trade receivables from third parties which have been outstanding for at least 7 years and are not secured. In consideration of the aforementioned factors and the financial ability of the debtors, the Group assessed there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Note 4. Write off (Continued)

In prior financial year, the Group wrote off S$6,000 of amount due from a related company, of which S$Nil was written off and recognised in the profit or loss during the year. The amounts were non-trade receivables from a related company which has been outstanding for at least 7 years and are not secured. In consideration of the aforementioned factors and the financial ability of the debtors, the Group assessed there is no reasonable expectation of recovery.

With reference to Note 36, the Company provides financial guarantees to a bank in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

The Group does not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

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

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

<u>Trade receivables (Note 17)</u>

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

The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by geographical locations, adjusted for forward looking factors, specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses and estimates, for example, the gross domestic production growth rates of the countries (i.e. Singapore, PRC and Philippines) and the growth rates of the major industries in which its customers operate.

Trade receivables and accrued revenue are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Trade receivables (Note 17) (Continued)

The loss allowance for trade receivables are determined as follows:

	Current S$'000	1 to 30 days past due S$'000	31 to 60 days past due S$'000	61 to 90 days past due S$'000	More than 90 days past due S$'000	Total S$'000
2023						
Expected credit loss rates	0%	0%	0%	0%	30.9%	
Total gross carrying amount	6,267	1,272	182	154	317	8,192
Loss allowance	-	-	-	-	98	98
2022						
Expected credit loss rates	>0%	0%	0%	0%	49.8%	
Total gross carrying amount	10,244	1,923	489	143	203	13,002
Loss allowance	1	-	-	-	101	102

Other receivables (Note 18)

As of 31 December 2023, the Group recorded other receivables of S$1,177,000 (2022: S$902,000) consequent to an extension of loans to third parties. Other than the credit-impaired receivable classified under category 4, the Group assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of these third parties, the Group considered amongst other factors, the financial position of the third parties as of 31 December 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the third parties operate in and significant macro-economic factors, where applicable. Using 12-month ECL, the Group determined that the ECL is insignificant.

Amounts due from subsidiaries (Note 19)

As of 31 December 2023, the Company recorded amounts due from subsidiaries of S$940,000 (2022: S$1,513,000) consequent to an extension of loans to subsidiaries. Other than the credit-impaired receivable classified under category 4, the Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of these subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in and significant macro-economic factors, where applicable. Using a 12-month ECL, the Company determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Credit risk (Continued)

Amounts due from associates (Note 20)

As of 31 December 2023, the Group and Company recorded amounts due from associates of S$3,011,000 (2022: S$3,089,000) and S$2,874,000 (2022: S$2,801,000) mainly consequent to an extension of loans to associates. Other than the credit-impaired receivable classified under category 4, the Group and Company assessed the impairment loss allowance of these amounts using an unbiased and probability-weighted amount by evaluating a range of possible outcomes. In its assessment of the credit risk of these associates, the Group and Company considered amongst other factors, the financial position of the associates as of 31 December 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the associates operate in and significant macro-economic factors, where applicable.

Amount due from a related company (Note 21)

As of 31 December 2023, the Group recorded amount due from a related company of S$Nil (2022: S$Nil) consequent to an extension of loans to a related company. The Group assessed the impairment loss allowance of this amount and have concluded that this amount is credit impaired. In its assessment of the credit risk of this related company, the Group considered amongst other factors, the financial position of the related company as of 31 December 2023, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the related company operate in and significant macro-economic factors, where applicable.

37. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, other receivables, amounts due from associates and amounts due from related company are as follows:

Group	Trade receivables		Other receivables			
Internal credit risk grading	Note (i) S$'000	Total S$'000	Category 1 S$'000	Category 4 S$'000	Category 5 S$'000	Total S$'000
Loss allowance						
At 1 January 2022	337	337	46	3,385	-	3,431
Currency realignment	(27)	(27)	-	(99)	-	(99)
Written back of loss allowance	(208)	(208)	(8)	-	-	(8)
Reclassification between categories	-	-	(17)	-	17	-
Write-off of receivables	-	-	-	-	(17)	(17)
At 31 December 2022	102	102	21	3,286	-	3,307
Currency realignment	(4)	(4)	-	(35)	-	(35)
Net remeasurement of loss allowance	-	-	27	-	-	27
At 31 December 2023	98	98	48	3,251	-	3,299
Gross carrying amount						
At 31 December 2022	13,002	13,002	923	3,286	-	4,209
At 31 December 2023	8,192	8,192	1,225	3,251	-	4,476
Net carrying amount						
At 31 December 2022	12,900	12,900	902	-	-	902
At 31 December 2023	8,094	8,094	1,177	-	-	1,177

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

37. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables, other receivables, amounts due from associates and amounts due from related company are as follows (Continued):

Group	Amounts due from associates				Amount due from a related company		
Internal credit risk grading	Category 3 S$'000	Category 4 S$'000	Category 5 S$'000	Total S$'000	Category 4 S$'000	Category 5 S$'000	Total S$'000
Loss allowance							
At 1 January 2022	6,701	3,194	-	9,895	838	-	838
Currency realignment	(35)	-	-	(35)	-	-	-
Net remeasurement of loss allowance	845	-	-	845	-	-	-
Reclassification between categories	-	-	-	-	(6)	6	-
Write-off of receivables	-	-	-	-	-	(6)	(6)
At 31 December 2022	7,511	3,194	-	10,705	832	-	832
Currency realignment	(251)	-	-	(251)	238	-	238
Net remeasurement of loss allowance	1,056	-	-	1,056	-	-	-
At 31 December 2023	8,316	3,194	-	11,510	1,070	-	1,070
Gross carrying amount							
At 31 December 2022	10,600	3,194	-	13,794	832	-	832
At 31 December 2023	11,327	3,194	-	14,521	1,070	-	1,070
Net carrying amount							
At 31 December 2022	3,089	-	-	3,089	-	-	-
At 31 December 2023	3,011	-	-	3,011	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Company's exposure to credit risk in respect of the amounts due from subsidiaries and associate are as follows:

Company	Amounts due from subsidiaries				Amounts due from associates	
Internal credit risk grading	Category 1 S$'000	Category 4 S$'000	Category 5 S$'000	Total S$'000	Category 3 S$'000	Total S$'000
Loss allowance						
At 1 January 2022	-	74,065	-	74,065	6,318	6,318
Net remeasurement of loss allowance	-	-	-	-	843	843
Reclassification between categories	-	(8,850)	8,850	-	-	-
Write-off of receivables	-	-	(8,850)	(8,850)	-	-
At 31 December 2022	-	65,215	-	65,215	7,161	7,161
Net remeasurement of loss allowance	-	-	-	-	974	974
Reclassification between categories	-	(1,250)	1,250	-	-	-
Write-off of receivables	-	-	(1,250)	(1,250)	-	-
At 31 December 2023	-	63,965	-	63,965	8,135	8,135
Gross carrying amount						
At 31 December 2022	1,513	65,215	-	66,728	9,962	9,962
At 31 December 2023	940	63,965	-	64,905	11,009	11,009
Net carrying amount						
At 31 December 2022	1,513	-	-	1,513	2,801	2,801
At 31 December 2023	940	-	-	940	2,874	2,874

NOTES TO THE FINANCIAL STATEMENTS

37. Financial instruments and financial risk (Continued)

Market risks

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The Group did not enter into derivative financial instruments to hedge against foreign currency risk and interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. The Company's loans at floating rate given to related parties form a natural hedge for its floating rate bank loan. All of the Group's and the Company's financial liabilities at floating rates are contractually repriced at intervals of less than 3 months (2022: less than 3 months) from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2022: 75) basis points lower/higher with all other variables held constant, the Group's profit/(loss) before tax would have been S$85,000 lower/higher (2022: S$90,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Foreign currency risk

The Group is exposed to foreign exchange risk on trade and other receivables, cash and bank balances, trade and other payables, and bank borrowings that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily the United States dollar ("USD"), Chinese renminbi ("RMB") and Philippine Peso ("PHP").

The Group's exposures to foreign currency are as follows:

	2023			2022		
	USD S$'000	RMB S$'000	PHP S$'000	USD S$'000	RMB S$'000	PHP S$'000
Monetary assets:						
Trade receivables	3,909	885	1,396	7,748	1,569	1,041
Other receivables	39	25	209	262	58	233
Cash and bank balances	12,087	3,465	1,242	15,786	3,885	2,267
	16,035	4,375	2,847	23,796	5,512	3,541
Monetary liabilities:						
Long term payables	1,995	-	-	1,958	-	-
Loans and borrowings	9,550	-	1,837	9,844	-	2,101
Lease liabilities	616	129	-	804	188	-
Trade payables and accruals	2,011	2,270	1,643	3,241	2,450	689
Other payables	37	2,410	108	266	2,303	5,971
	14,209	4,809	3,588	16,113	4,941	8,761
Net monetary assets/ (liabilities)	1,826	(434)	(741)	7,683	571	(5,220)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Market risks (Continued)

Foreign currency risk (Continued)

The Group's exposures to foreign currency are as follows (Continued):

	2023			2022		
	USD S$'000	RMB S$'000	PHP S$'000	USD S$'000	RMB S$'000	PHP S$'000
Less:						
Currency exposure of those denominated in the respective entity's functional currency	(2,753)	(4,145)	-	(6,724)	(4,956)	-
Currency exposure of monetary assets/(liabilities) net of those denominated in the respective entity's functional currency	(927)	(4,579)	(741)	959	(4,385)	(5,220)

Foreign currency sensitivity analysis

At 31 December 2023, it is estimated that a five percentage point weakening of foreign currencies against the functional currency of respective entities, with all variables held constant, would decrease the Group's post-tax (loss)/profit by approximately S$259,000 (2022: S$359,000). A five percentage point strengthening of foreign currencies against the functional currency, with all variables held constant, would have an equal but opposite effect. 5% is the sensitivity rate used when reporting foreign currency risks internally to key management personnel and represents management's assessment of the possible changes in foreign exchange rate.

If the following foreign currencies strengthen by 5% (2022: 5%) against the functional currency of each Group entity, profit or loss will increase/(decrease) by:

	Loss/Profit before income tax	
	2023 S$'000	2022 S$'000
USD	(46)	48
RMB	(229)	(219)
PHP	(37)	(261)

Liquidity risk

Liquidity risk refers to the risk in which the Group is unable to meet its short-term obligations. Liquidity risk is managed by matching the payments and receipts cycle.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

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

	Effective interest %	Less than 1 year S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total S$'000
Group					
2023					
Financial assets					
Cash at bank and on hand	-	20,709	-	-	20,709
Trade receivables	-	8,094	-	-	8,094
Other receivables (excluding tax recoverable)	-	662	37	-	699
Amount due from associates	6.25 - 6.34	1,151	2,481	-	3,632
Total undiscounted financial assets		30,616	2,518	-	33,134
Financial liabilities					
Trade payables and accruals	-	8,505	-	-	8,505
Other payables (excluding advances)	-	1,674	-	-	1,674
Lease liabilities	1.02 - 4.38	778	831	-	1,609
Long term payables	8.00	-	984	1,092	2,076
Loans and borrowings	4.31 - 8.17	5,882	6,406	-	12,288
Total undiscounted financial liabilities		16,839	8,221	1,092	26,152
Total net undiscounted financial assets/(liabilities)		13,777	(5,703)	(1,092)	6,982
2022					
Financial assets					
Cash at bank and on hand	0.002 - 0.163	25,875	-	-	25,875
Trade receivables	-	12,900	-	-	12,900
Other receivables (excluding tax recoverable)	-	715	39	-	754
Amount due from associates	1.99 - 4.63	628	3,184	-	3,812
Total undiscounted financial assets		40,118	3,223	-	43,341
Financial liabilities					
Trade payables and accruals	-	10,721	-	-	10,721
Other payables (excluding advances)	-	7,165	-	-	7,165
Lease liabilities	1.02 - 4.38	711	919	-	1,630
Long term payables	8.00	-	1,052	1,117	2,169
Loans and borrowings	4.31 - 8.17	2,310	10,632	-	12,942
Total undiscounted financial liabilities		20,907	12,603	1,117	34,627
Total net undiscounted financial assets/(liabilities)		19,211	(9,380)	(1,117)	8,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. Financial instruments and financial risk (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

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

	Effective interest %	Less than 1 year S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total S$'000
Company					
2023					
Financial assets					
Cash at bank and on hand	-	587	-	-	587
Other receivables	-	41	-	-	41
Amounts due from subsidiaries	-	940	-	-	940
Amounts due from associates	6.25 - 6.34	1,014	2,481	-	3,495
Total undiscounted financial assets		2,582	2,481	-	5,063
Financial liabilities					
Trade payables and accruals	-	1,250	-	-	1,250
Other payables	-	791	-	-	791
Lease liabilities	1.02 – 4.38	48	36	-	84
Amounts due to subsidiaries	-	10,150	-	-	10,150
Maximum amount of financial guarantee	-	44	-	-	44
Total undiscounted financial liabilities		12,283	36	-	12,319
Total net undiscounted financial (liabilities)/assets		(9,701)	2,445	-	(7,256)
2022					
Financial assets					
Cash at bank and on hand	-	1,456	-	-	1,456
Other receivables	-	106	-	-	106
Amounts due from subsidiaries	-	1,513	-	-	1,513
Amounts due from associates	1.99 - 4.63	340	3,184	-	3,524
Total undiscounted financial assets		3,415	3,184	-	6,599
Financial liabilities					
Trade payables and accruals	-	1,175	-	-	1,175
Other payables	-	293	-	-	293
Lease liabilities	1.02 - 4.38	30	-	-	30
Amounts due to subsidiaries	-	7,307	-	-	7,307
Maximum amount of financial guarantee	-	47	-	-	47
Total undiscounted financial liabilities		8,852	-	-	8,852
Total net undiscounted financial (liabilities)/assets		(5,437)	3,184	-	(2,253)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. Fair value of assets and liabilities

Fair value hierarchy

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

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

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

Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 during the financial years ended 2023 and 2022.

Assets and liabilities measured at fair value

Investment securities are measured at fair value in 2023 and 2022.

Assets and liabilities not carried at fair value, for which fair value is disclosed

Determination of fair value

Management has determined that the carrying amounts of loans and borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

	Fair value measurements at the end of the reporting period using		
	Level 1 **S$'000**	**Total** **S$'000**	**Carrying amount** **S$'000**
Company			
2023			
Assets			
Associates:			
- Quoted shares	5,801	5,801	5,801
2022			
Assets			
Associates:			
- Quoted shares	5,801	5,801	5,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2023 and 31 December 2022.

	2023 S$'000	2022 S$'000
Loans and borrowings	11,387	11,945
Trade payables and accruals	8,505	10,721
Other payables	4,078	9,683
Lease liabilities	1,440	1,499
Long term payables	1,995	1,958
Less: Cash and short-term deposits	(20,709)	(25,875)
Net debt	6,696	9,931
Equity attributable to owners of the Company	54,648	63,545
Capital and net debt	61,344	73,476
Gearing ratio	11%	14%

40. Dividends

During the financial year ended 31 December 2023, the Company declared interim tax-exempt dividend of $0.0045 per ordinary share of the Company totalling approximately $2,946,000 in respect of the financial year ended 31 December 2022.

41. Events occurring after the reporting period

(i) On 15 and 16 January 2024, pursuant to board resolutions passed, Mr. Ng Yew Nam, Mr. Soh Pock Kheng, Mr. Raymond Lam Kuo Wei, Mr. Chow Wai San and Mr. Yap Alvin Tsok Sein have been appointed as Directors of the Company ("New Directors") following the resignation of Mr. Charlie Jangvijitkul, Dato' Sri Mohd Sopiyan B Mohd Rashdi, Mr. Anthony Loh and Mr. Theerachai Leenabanchong. On 15 January 2024, Mr. Anthony Loh, the Chief Financial Officer and Acting Chief Executive Officer of the Company also voluntarily resigned from his employment. Following the appointments of the New Directors, the Board of Directors and the Board Committees of the Company have reconstituted with effect from 16 January 2024.

(ii) On 26 July 2024, 2 August 2024 and 5 August 2024, ASA allotted shares through the conversion of its redeemable convertible notes. Consequently, the percentage of equity interest held by the Company was diluted. During the period from 24 October 2024 to 29 October 2024, the Company disposed all of its quoted securities of ASA through several open market transactions and ceased to be shareholder of ASA as of 29 October 2024. As of the date of authorisation of these financial statements, the Group has not completed its assessment of the potential financial impact of these transactions on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

41. Events occurring after the reporting period (Continued)

(iii) On 13 August 2024, the Board of Directors of DGI, a 40.98% owned subsidiary of the Company, announced that DGI had passed a board resolution to proceed with a creditors' voluntarily liquidation pursuant to Section 160(1)(b) of the Insolvency, Restructuring and Dissolution Act of 2018 (No. 40 of 2018).

On 9 September 2024, DGI was delisted from the Official List of the Singapore Exchange Securities Trading Limited.

On 4 October 2024, Ms Lim Siew Soo and Mr Liu Shao Xuan, c/o 215 Henderson Road, #01-05, Singapore 159554, were appointed joint and several liquidators of DGI.

Consequently, the Company lost control over DGI Group and will deconsolidate DGI Group on 4 October 2024. As of the date of authorisation of these financial statements, the Group has not completed its assessment of the potential impact of this liquidation on its financial statements.

(iv) On 23 September 2024, a wholly-owned subsidiary of the Company, Telford Technologies (Shanghai) Pte Ltd ("Telford Shanghai") had received court documents from the District Court of Shanghai in relation to the commencement of legal proceedings by Shanghai Yi Qing Manpower Management Ltd against Telford Shanghai due to a contractual dispute. The amount in dispute is RMB 900,000.

Telford Shanghai had engaged a lawyer to act in the legal proceedings. As at the date of this report, there is no update from the District Court on the status of the legal proceedings. In the event that repayment of the alleged disputed amount is to be made by Telford Shanghai, such repayment is not expected to materially impact the financial position of Telford Shanghai or the Company.

STATISTICS OF SHAREHOLDINGS

As at 27 January 2025

Number of Equity Securities	:	654,731,486
Class of Equity Securities	:	Ordinary shares (excludes treasury shares)
Voting Rights	:	One vote per share (excludes treasury shares)
Number of Treasury Shares	:	27,234,855

The percentage of treasury shares against equity securities is 4.16%.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	19	0.48	582	0.00
100 – 1000	513	13.03	466,996	0.07
1,001 – 10,000	1,438	36.51	7,798,569	1.19
10,001 – 1,000,000	1,922	48.81	187,140,429	28.58
1,000,001 and above	46	1.17	459,324,910	70.16
Total	**3,938**	**100.00**	**654,731,486**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/No	Name	No. of Shares	%
1.	LOH SOON GNEE	130,209,600	19.89
2.	SOH POCK KHENG	65,759,000	10.04
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	62,712,300	9.58
4.	NG YEW NAM	45,171,700	6.90
5.	RAFFLES NOMINEES (PTE.) LIMITED	16,462,900	2.51
6.	DBS NOMINEES (PRIVATE) LIMITED	14,317,900	2.19
7.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,724,100	1.94
8.	LIM CHEE SAN	12,000,000	1.83
9.	TOH CHENG HAI	8,350,000	1.28
10.	UOB KAY HIAN PRIVATE LIMITED	7,603,800	1.16
11.	PHILLIP SECURITIES PTE LTD	7,283,380	1.11
12.	TAN NGOK PENG	6,600,000	1.01
13.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,735,300	0.72
14.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,941,600	0.60
15.	LIM AH KAW @ LIM LAN CHING	3,701,400	0.57
16.	OCBC SECURITIES PRIVATE LIMITED	3,559,900	0.54
17.	NG KOK HIAN	3,464,200	0.53
18.	JEANETTE KOH CHEW TEE	3,444,900	0.53
19.	LEOW GEOK YEW (LIAO YUYOU)	2,780,000	0.42
20.	CHIN KIAM HSUNG	2,600,000	0.40
	Total	**417,421,980**	**63.75**

STATISTICS OF SHAREHOLDINGS

As at 27 January 2025

SUBSTANTIAL SHAREHOLDERS (As recorded in the Register of Substantial Shareholders)

	Direct Interest	%*	Deemed Interest	%*	Total %*
Loh Soon Gnee[1]	130,209,600	19.89	–	–	19.89
Soh Pock Kheng[2]	65,759,000	10.04	22,096,000	3.38	13.42
Ng Yew Nam[3]	45,171,700	6.90	31,326,900	4.78	11.68
Heah Theare Haw[4]	–	–	41,484,000	6.34	6.34

1 On 8 February 2023, Loh Soon Gnee had entered into a share purchase agreement with Capital Engineering Network Public Company ("CEN") for the disposal of his entire shareholding in ASTI, subject to (i) the approval from CEN's shareholders which had been obtained at its extraordinary general meeting on 15 March 2023; and (ii) approval from SGX-ST pursuant to Rule 729 of the Listing Manual. Pursuant to Section 7 of the Companies Act 1967, CEN has a deemed interest in these shares held by Loh Soon Gnee.

2 Deemed interested in 22,096,000 shares held by nominees.

3 On 7 February 2023, Ng Yew Nam entered into share sale and purchase agreements with (i) Lim Chee San, (ii) Koh Wan Tiong and (iii) Tay Yam Sheng, Eric in respect of an aggregate of 13,644,000 ordinary shares in the Company. On 20 February 2023, Ng Yew Nam had entered into sale and purchase agreements with (i) Ng Kok Hian, (ii) Chow Yew Kwan, (iii) Leow Geok Yew, (iv) Tan Ngok Peng, (v) Tan Kooi Jin and (vi) Ling Chui Chui in respect of an aggregate of 17,032,900 ordinary shares in the Company. On 24 February 2023, Ng Yew Nam had entered into sale and purchase agreements with (i) Fiona Soh Siok Lan 350,000 and (ii) Tony Yang Chin Tuan 300,000 in respect of an aggregate of 650,000 ordinary shares in the Company. Pursuant to Section 7 of the Companies Act 1967, Ng Yew Nam has a deemed interest in these shares held by the aforementioned sellers.

4 Deemed interested in 41,484,000 shares held by nominees.

* Percentage shareholding is computed based on 654,731,486 ordinary shares (excluding 27,234,855 treasury shares) in the capital of the Company.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 48.67% of the issued share capital of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting for the financial year ended 31 December 2023 ("**AGM**") of ASTI Holdings Limited (the "**Company**") will be convened and held at **Institute of Singapore Chartered Accountants, 60 Cecil Street, Meeting Room 3-2, ISCA House, Singapore 049709**, on **Friday, 28 February 2025** at **3.30 p.m.** for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$246,650 to the former Directors of the Company for the financial year ended 31 December 2023. **(Resolution 2)**
(See Explanatory Note 1)

3. To approve the payment of Directors' fees of S$205,088 to the current Directors of the Company for the financial year ending 31 December 2025. **(Resolution 3)**
(See Explanatory Note 2)

4. To re-elect Mr Wan Tai Foong, who is retiring pursuant to Regulation 88 of the Company's Constitution, and who, being eligible, offers himself for re-election as a Director of the Company. **(Resolution 4)**
(See Explanatory Note 3)

5. To re-elect Mr Ng Yew Nam, who is retiring pursuant to Regulation 89 of the Company's Constitution, and who, being eligible, offers himself for re-election as a Director of the Company. **(Resolution 5)**
(See Explanatory Note 4)

6. To re-elect Mr Yap Alvin Tsok Sein, who is retiring pursuant to Regulation 89 of the Company's Constitution, and who, being eligible, offers himself for re-election as a Director of the Company. **(Resolution 6)**
(See Explanatory Note 5)

7. To re-appoint Messrs Forvis Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

8. Authority to allot and issue shares **(Resolution 8)**

That pursuant to Section 161 of the Companies Act 1967 ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

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

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with 2(a) or 2(b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.
(See Explanatory Note 6)

BY ORDER OF THE BOARD

Mr Ng Yew Nam
Executive Chairman & Chief Executive Officer

13 February 2025
Singapore

Explanatory Notes:

1. Ordinary Resolution 2 is to approve the payment of Directors' fees for the financial year ended 31 December 2023 ("**FY2023**"). In FY2023, the former Remuneration Committee and former Board of Directors at the time did not make any recommendations for the payment of Directors' fees for FY2023.

   The amount of S$246,650 proposed as Directors fees for FY2023 had been derived solely based on the recommendations in the compensation benchmarking report prepared by Willis Towers Watson Consulting (Singapore) Pte. Ltd. for the Company in 2024. The current Remuneration Committee and current Board of Directors do not have sufficient details to assess the appropriate Directors' fees payable to the former Board of Directors and accordingly, cannot make any recommendations for the approval of the Directors' fees for FY2023.

   If approved, the Directors fees of S$246,650 for FY2023 will be payable to Dato Michael Loh Soon Gnee (resigned 23 February 2023), Dr Daniel Yeoh Ghee Chong (resigned 20 March 2023), Dato Ahmad Rasidi B Hazizi (resigned 15 May 2023), Mr Charlie Jangvijitkul (appointed 15 May 2023), Mr Theerachai Leenabanchong (appointed 23 February 2023). Dr Kriengsak Chareonwongsak, and Dato Sri Mohd Sopiyan B Mohd Rashdi.

2. Ordinary Resolution 3 is to approve the payment of S$205,088 as Directors' fees to the current Directors of the Company for the financial year ending 31 December 2025 ("**FY2025**"). If approved, the sum of S$205,088 will be payable, quarterly in arrears, to the Independent Non-Executive Directors of the Company, namely, Mr Wan Tai Foong, Mr Yap Alvin Tsok Sein and Mr Raymond Lam Kuo Wei, for FY2025.

3. Mr Wan Tai Foong will, upon re-election as a Director of the Company, remain as an Independent Non-executive Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company. Mr Wan Tai Foong is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

4. Mr Ng Yew Nam will, upon re-election as a Director of the Company, remain as Executive Chairman and Chief Executive Officer of the Company.

5. Mr Yap Alvin Tsok Sein will, upon re-election as a Director of the Company, remain as an Independent Non-executive Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr Yap Alvin Tsok Sein is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

   Key information on Mr Wan Tai Foong, Mr Ng Yew Nam and Mr Yap Alvin Tsok Sein as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found under "Board of Directors and Key Management", "Corporate Governance Report" and "Appendix 1: Disclosure of Information on Directors Seeking Re-Election" of the Company's Annual Report 2023.

6. Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of passing this Resolution until the conclusion of the next Annual General Meeting of the Company, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis to shareholders. For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the date this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and any subsequent bonus issue, consolidation or subdivision of Shares.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Printed copies of this Notice of AGM and the instrument appointing a proxy or proxies (the "**Proxy Form**") will be sent to members by post. Copies of this Notice of AGM, the Proxy Form and the Annual Report 2023 are published on SGXNet at https://www.sgx.com/securities/company-announcements and the Company's website at https://www.astigp.com.

2. A member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her/its stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

3. 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/her/it (which number and class of shares shall be specified).

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore (the "**Companies Act**").

4. The Proxy Form, duly completed and signed, must either be submitted by (a) mail to ASTI HOLDINGS LIMITED, at 33 Ubi Avenue 3 #06-72 Vertex, Singapore 408868; or (b) email to gm@astigp.com not later than 3.30 p.m. on 25 February 2025 (being seventy-two (72) hours before the time set for the AGM). Any proxy form received after 3.30 p.m. on 25 February 2025 shall be rejected without exception.

5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal, executed as a deed in accordance with the Companies Act, or executed under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form will be treated as invalid.

6. In relation to the appointment of proxy/proxies to attend, speak and vote on his/her/its behalf at the AGM, a member (whether individual or corporate) appointing his/her/its proxy/proxies should give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the instrument of proxy.

7. 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 with respect to the AGM, in accordance with Section 179 of the Companies Act and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. In the case of a member of the Company whose shares are entered against his/her/its name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. A member of the Company who holds his/her/its shares through a Relevant Intermediary (including members holding shares in the Company through the Central Provident Fund Investment Scheme ("**CPFIS Members**") or through the Supplementary Retirement Scheme ("**SRS Investors**")) and who wishes to exercise his/her/its votes can do so if his/her/its Relevant Intermediary (which includes the relevant Central Provident Fund agent bank ("**CPF Agent Bank**") or Supplementary Retirement Scheme operator ("**SRS Operator**")): (a) appoints the Chairman of the AGM as its proxy or (b) appoints the member as its proxy. Such member should approach his/her/its Relevant Intermediary to submit his/her/its voting instructions at least seven (7) working days prior to the date of the AGM (i.e. by 3.30 p.m. on 19 February 2025).

10. Members, appointed proxies and authorised representatives of corporate members are reminded to bring along his/her NRIC/passport when attending the AGM to enable the Company to verify your identity.

Submission of questions prior to the AGM

1. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM no later than 3.30 p.m. on 19 February 2025 either (a) by email to gm@astigp.com; or (b) by post to ASTI HOLDINGS LIMITED at 33 Ubi Avenue 3 #06-72 Vertex, Singapore 408868. The Company will endeavour to address substantial and relevant questions relating to the business of the AGM and will upload the Company's responses to the questions from shareholders on SGXNet and the Company's website by 21 February 2025. Where there are substantially similar questions, the Company may consolidate such questions; and consequently, not all questions may be individually addressed. If questions are received after the abovementioned deadline, the Company will endeavour to answer the questions during the AGM.

2. If the questions are sent to the Company without being accompanied by the completed and duly executed Proxy Form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

Personal data privacy

By submitting a Proxy Form and/or appointing any representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ASTI HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199901514C)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT
1. The Annual General Meeting for the financial year ended 31 December 2023 ("**AGM**") will be held in a wholly physical format. There will be no option for shareholders to participate virtually. Printed copies of the Notice of AGM dated 13 February 2025 and this Proxy Form will be sent by post to shareholders. Electronic copies may be accessed on SGXNet at https://www.sgx.com/securities/company-announcements and the Company's website at https://www.astigp.com.
2. Relevant intermediaries (as defined in Section 181 of the Companies Act) may appoint more than two (2) proxies to attend, speak and vote at the AGM.
3. Investors who hold the Company's shares through relevant intermediaries (including CPF/SRS Investors) who wish to vote should approach their relevant intermediaries (including their respective CPF Agent Banks and SRS Operators) to submit their voting instructions at least seven (7) working days before the date of the AGM.
4. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Please read the Notice of AGM and the notes to this Proxy Form.

PERSONAL DATA PRIVACY: By submitting this Proxy Form, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 February 2025.

*I/We ______________________ (Name) ______________________ (*NRIC / Passport No. / Company Registration No.)

of ____ (Address)
being *a member/members of **ASTI Holdings Limited** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the AGM as my/our* proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the AGM of the Company to be held at **Institute of Singapore Chartered Accountants, 60 Cecil Street, Meeting Room 3-2, ISCA House, Singapore 049709** on **Friday, 28 February 2025** at **3.30 p.m.** and at any adjournment thereof.

I/We* direct my/our* proxy to vote for, against and/or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion on any matter arising at the AGM.

(Voting will be conducted by poll. If you wish to place all your votes as "For", "Against" or "Abstain", please indicate your vote with a tick [√] within relevant box below. Alternatively, please indicate the number of votes which you wish to place as "For", "Against" and/or "Abstain" in the relevant box(es) below.)

No.	Ordinary Resolution	For	Against	Abstain
	Ordinary Business			
1	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2023 together with the Auditors' Report thereon.			
2	Approval of payment of Directors' fees of S$246,650 to the former Directors of the Company for the financial year ended 31 December 2023.			
3	Approval of payment of Directors' fees of S$205,088 to the current Directors of the Company for the financial year ending 31 December 2025.			
4	Re-election of Mr Wan Tai Foong as a Director of the Company.			
5	Re-election of Mr Ng Yew Nam as a Director of the Company.			
6	Re-election of Mr Yap Alvin Tsok Sein as a Director of the Company.			
7	Re-appointment of Messrs Forvis Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
	Special Business			
8	Authority to allot and issue shares			

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

Dated this ________ day of ________________ 2025

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

**Delete where inapplicable*

Notes to the Proxy Form

1. References to shares in this Proxy Form are to ordinary shares ("**Ordinary Shares**"). If you have Ordinary Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Ordinary Shares in the box provided next to CDP Register. If you have Ordinary Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Ordinary Shares in the box provided next to Register of Members. If you have both Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members in the respective boxes. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Ordinary Shares held by you.

2. The Proxy Form, duly completed and signed, must either be submitted by (a) mail to ASTI Holdings Limited, at 33 Ubi Avenue 3 #06-72 Vertex, Singapore 408868; or (b) email to gm@astigp.com, not later than 3.30 p.m. on 25 February 2025 (being seventy-two (72) hours before the time set for the AGM). Any proxy form received after 3.30 p.m. on 25 February 2025 shall be rejected without exception.

3. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal, executed as a deed in accordance with the Companies Act, or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form shall be treated as invalid.

4. A member of the Company (other than a Relevant Intermediary) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

5. 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/her (which number or class of shares must be specified).

6. Subject to note 9 of the Notice of AGM, the completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. 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 with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore (the "**Companies Act**"), and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual, to the extent that such person is authorised to do so.

8. A member of the Company who holds his/her shares through a Relevant Intermediary (including CPFIS Members or SRS Investors) and who wishes to exercise his/her votes by appointing the Chairman of the AGM as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM (i.e. by 3.30 p.m. on 19 February 2025).

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

GENERAL:

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

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