ANNUAL REPORT 2023

CFM HOLDINGS LIMITED
Registration No.: 200003708R

CONTENTS

This annual report has been prepared by CFM Holdings Limited (the "Company") and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms. Lin Huiying at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

CORPORATE INFORMATION

Board of Directors

IP KWOK WING
Executive Chairman

LIM FONG LI JANET
Chief Executive Officer

CHIA SENG HEE
Lead Independent Director

TEO KIAN HUAT
Independent Director

STEPHEN POH YONG MENG
Independent Director

Audit Committee

CHIA SENG HEE (Chairman)
TEO KIAN HUAT
STEPHEN POH YONG MENG

Nominating Committee

TEO KIAN HUAT (Chairman)
CHIA SENG HEE
LIM FONG LI JANET
STEPHEN POH YONG MENG

Remuneration Committee

CHIA SENG HEE (Chairman)
TEO KIAN HUAT
STEPHEN POH YONG MENG

Auditors

BAKER TILLY TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road #05-01
Parkview Square
Singapore 188778

PARTNER: NG WEI LUN
(appointed since financial year ended 30 June 2021)

Company Secretary

SIAU KUEI LIAN

Registered Office

3 Ang Mo Kio Street 62
#05-16, LINK@ AMK
Singapore 569139
Tel: +65 6481 2888
Email: irc@cfmholdings.com

Share Registrar

IN.CORP CORPORATE SERVICES PTE. LTD.
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

Principal Bankers

RHB BANK SINGAPORE
DBS BANK LTD

CORPORATE PROFILE

Established since 1979, CFM has evolved into a customer-focused manufacturer providing metal stamping services, design, fabrication and the sale of tool-and-die used for the manufacturing of stamped metal components. Backed by production facilities in Malaysia, the Slovak Republic and People's Republic of China, our Group supports a customer base of MNCs.

CFM reached an important milestone in our corporate history with the launch of our Initial Public Offering on 16 January 2004.

In FY2015, the Group expanded into trading in disposable and wearable for use in pharmaceutical, cleanroom, bio-medical, laboratories and hospitals

Today, we serve customers in the electronics industry as well as customers from the automotive, telecommunication, technology, M&E industries and pharmaceutical industries.

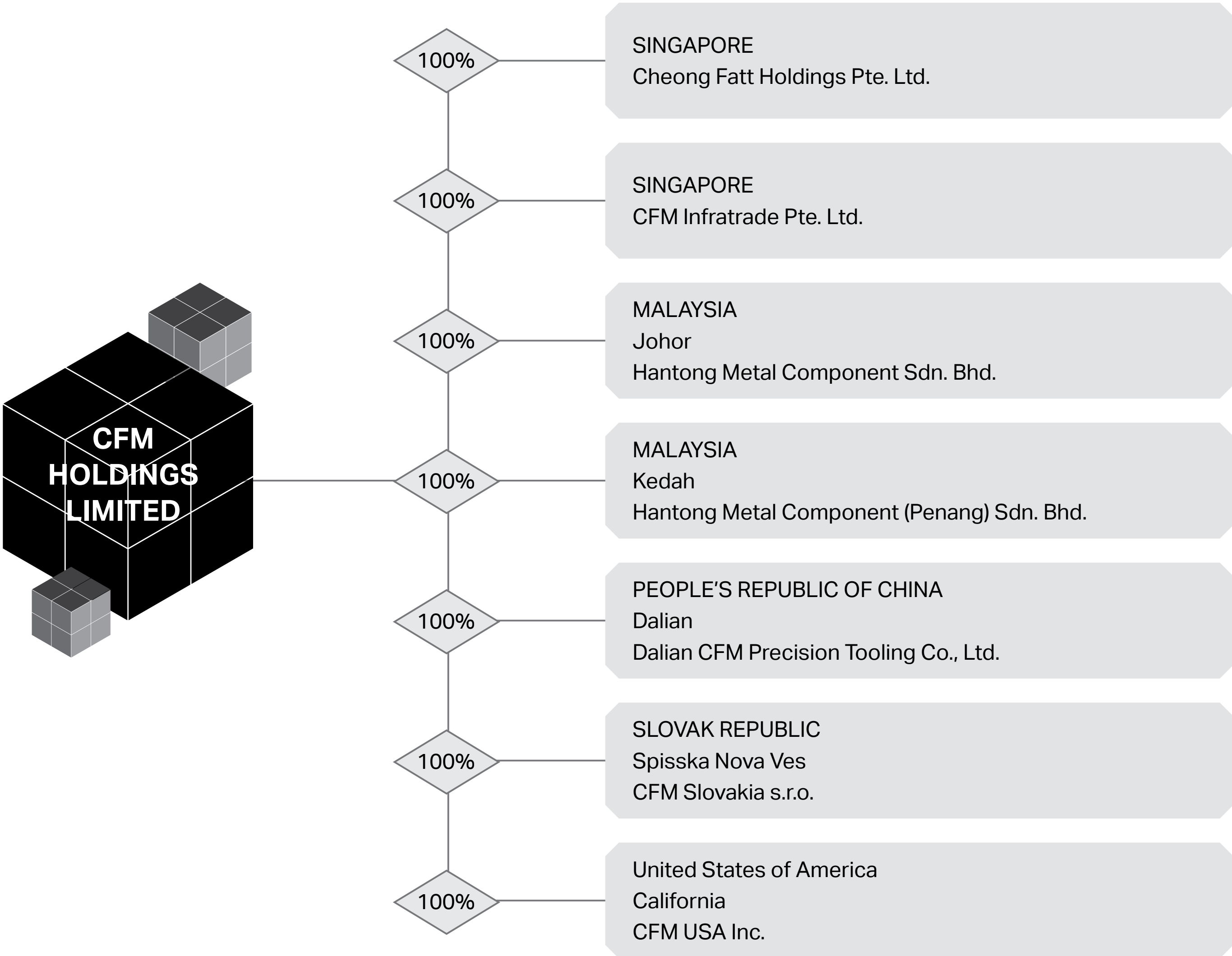
VISION

CFM envisions to be a global business name that delivers quality, performance, integrity, teamwork & innovation to the satisfaction of our customers.

MISSION

We aim to deliver high quality components to our customers by implementing stringent process control and deliver at the lowest cost possible. We strive to constantly upgrade our skills and keep abreast with technological advancement to satisfy beyond customers' requirements.

CORPORATE STRUCTURE



Our Global Footprint

CFM HOLDINGS LIMITED
3 Ang Mo Kio Street 62,
#05-16, LINK@AMK,
Singapore 569139
Tel: +65 6481 2888
Email: irc@cfmholdings.com
www.cfmholdings.com

SUBSIDIARIES
SINGAPORE
Cheong Fatt Holdings Pte. Ltd.
CFM Infratrade Pte. Ltd.

PEOPLE'S REPUBLIC OF CHINA
Dalian CFM Precision Tooling Co., Ltd.
Room 1-1A
No. 99, Huai He Zhong Road,
Dalian Economic Development Zone,
116600, Dalian,
People's Republic of China

SLOVAK REPUBLIC
CFM Slovakia s.r.o.
Radlinskeho 17, 052 01,
Spisska Nova Ves,
Slovak Republic

HANTONG METAL COMPONENT SDN. BHD.
No. 4 Jalan Haji Sa'at, Sungai Tiram,
81800 Ulu Tiram, Johor, Malaysia

HANTONG METAL COMPONENT (PENANG) SDN. BHD.
Lot 83 & 84, Jalan 1/8 PKNK,
Kawasan Perindustrian Sungai Petani,
08000 Sungai Petani, Kedah, Malaysia

Note: The Company holds interest in shareholdings of 14.67% in PT Hantong Precision Manufacturing Batam. The investment has been written off in FY2018.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Representing the Board of Directors, I am pleased to present the annual report of CFM Holdings Limited ("the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2023.

During the financial year we have faced several challenges. There has been a mix of business picking up in some business components and sectors and drops in others. This has been coupled with uncertainty hovering around the increasing China - US tensions, fluctuating interest rates, large increases of inflation, banks closing in the US, China unemployment and abnormal weather in various parts of the world. All these drivers have been pushing consumers towards caution which will impact consumerism at large in the foreseeable future.

Performance Highlights

The Group reported revenue of S$29.7 million for the financial year ended 30 June 2023, an increase of S$2.9 million in revenue from S$26.9 million compared to last financial year facilitated by the increase of orders from our key customers.

The Group's gross profit increased from S$6.7 million for the financial year ended 30 June 2022 to S$7.8 million for the financial year ended 30 June 2023.

The Group reported a profit after tax of S$10.5 million for the financial year ended 30 June 2023 as compared to profit after tax of S$1.9 million compared to last financial year. The significantly higher profit was due to the gain on sale of the property at No. 4 Ang Mo Kio Avenue 12 Singapore 569498, and higher business profit resulting from increased orders from customers.

For more details of the Group's financial performance, please refer to the section titled "FY2023 - Operational and Financial Review" on pages 08 to 09 in this annual report for further details of the Group's performance.

In view of this performance and as a way of rewarding our supporting shareholders, the Group is recommending a one-tier tax exempt cash dividend of 0.7443 Singapore cents per ordinary share for FY2023.

Outlook

The ongoing interest hikes, inflation, and unresolved tension in Europe where the group has substantial exposure may cause slower growth to the Group. The Group will remain focused and explore new opportunities and push for organic growth from the different geographical operations, to bring forth sustainable growth and returns to the shareholders. The Group will manage its resources to bring about higher productivity and efficiency.

Appreciation And Thanks

On behalf of the Board, I would like to express my heartfelt appreciation to all our customers, staff and suppliers for their continued support and to the shareholders for believing and trusting in us.

I also thank the Board for their input during the year.

Ip Kwok Wing
EXECUTIVE CHAIRMAN

BOARD OF DIRECTORS

Mr Ip Kwok Wing
EXECUTIVE CHAIRMAN

Mr Ip Kwok Wing is the Executive Chairman of our Group. Together with Mdm Lim Fong Li Janet, Mr Ip was a co-founder of our Group in 1979, and was appointed as Managing Director since the incorporation of our Group. Mr Ip was first appointed to the Board on 28 April 2000. He was last re-elected on 28 October 2022.

Mr Ip is responsible for the Group's strategic planning and development of new products and markets. He has been spearheading all the expansion and growth of our Group. He began his career in metal stamping, tool & dies fabrication and has an aggregate of more than 40 years of working experience in the metal stamping and tooling industries.

Mdm Lim Fong Li Janet
CHIEF EXECUTIVE OFFICER

Mdm Lim Fong Li Janet is the Chief Executive Officer ("**CEO**") of our Group and a member of the Nominating Committee. Assisted by the Group Chief Financial Officer, she oversees day-to-day operations, finance and general management of our Group. Mdm Janet was first appointed to the Board on 28 April 2000 and last re-elected on 28 October 2021. She will be standing for re-election in the upcoming AGM and her present and past years' directorships can be found in the section titled "Additional Information on Directors Seeking Re-Election" in this Annual Report.

She holds a Bachelor of Science in Business Administration from the University of Wales and a Master's Degree in Marketing Communication from the University of Canberra.

Mr Chia Seng Hee
LEAD INDEPENDENT DIRECTOR

Mr Chia Seng Hee is the Lead Independent Director and Chairman of both the Audit Committee and the Remuneration Committee; he is also a member of the Nominating Committee.

Currently, he sits as an Independent Director on the Boards of several public companies listed in the Singapore Exchange. He brings to the Group significant experience in corporate governance and risk management.

Mr Chia graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. He also completed the General Manager Program at Harvard Business School. After approximately 15 years in various capacities with Arthur Andersen, Singapore Technologies and the Government of Singapore Investment Corporation, he was appointed Senior Director, Enterprise Singapore (then the International Enterprise Singapore Board) covering China operations from Shanghai, based at the Consulate General of Singapore in Shanghai.

He is a fellow member of the Institute of Singapore Chartered Accountants.

He was appointed on 29 October 2021 and last re-elected on 28 October 2022.

BOARD OF DIRECTORS

Mr Stephen Poh Yong Meng
INDEPENDENT DIRECTOR

Mr Stephen Poh is a member of the Audit Committee, Nominating Committee and the Remuneration Committee.

Mr. Stephen Poh currently is an Executive Master Mediator and volunteers at the Community Mediation Centre. He is concurrently a CMC Assessor and he assesses new candidates' suitability for appointment, and for current appointed mediators who seek higher level of industry recognition. He is also a Friend of Litigant-in-Person of the Community Justice Centre where he facilitates court appearances and hearings.

He is a volunteer mediator at FAST (Foreign Domestic Worker Association for Social Support and Training) where he manages cases of dispute referred to by the Ministry of Manpower.

Currently, he is also a director of Jack Global Consulting Pte. Ltd., Metro Premium Steel Pte. Ltd. and Standard Commerce Services Pte. Ltd. He was previously the Vice President of First National Bank of Chicago. He was appointed to the Board on 13 January 2023.

His present and past years' directorships can be found in the section titled "Additional Information on Directors Seeking Re-Election" in this Annual Report.

Mr Teo Kian Huat
INDEPENDENT DIRECTOR

Mr Teo Kian Huat is the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

Mr Teo has over 25 years' experience in the financial services sector, spanning across investment management, corporate finance and audit. He has significant experience in the areas of private equity investments, initial public offerings (IPO) and merger and acquisition (M&A) transactions.

He is currently the chief executive officer of iCapital Holdings (SG) Pte Ltd, a corporate finance advisory services firm. Prior to iCapital, he was an Executive Director with ZACD Capital Pte Ltd, a fund management company focusing on real estate investments. He was the founding Managing Director of Carrington RHT Investments Pte. Ltd. in 2018 to 2019 and an Executive Director of Accion Capital Management Pte Ltd from 2010 to 2017, focusing on private equity investment opportunities. In that role, he originated and structured the investments and plan for exit of investments.

Prior to this, he was with various financial institutions where he provided corporate finance services such as IPO, M&A, and independent financial advisory work.

Mr Teo started his career as an auditor in KPMG in 1996. He graduated with a Bachelor of Accountancy degree from Nanyang Technological University.

He was appointed on 29 October 2021and last re-elected on 28 October 2022.

KEY MANAGEMENT PERSONNEL

Mr Kenneth Ip Yew Wa
CHIEF OPERATING OFFICER

Mr. Ip joined the Group on 16 June 2010 and is currently the Chief Operating Officer of the Company. He is also the General Manager of Hantong Metal Component (Penang) Sdn. Bhd. and Executive Officer of CFM Slovakia s.r.o.. Prior to joining the Group, Mr Ip was a Marketing Executive in various corporations and as a tooling designer in an MNC.

Mr. Ip obtained his Bachelor's Degree in Mechanical Engineering from Nanyang Technological University.

Ms Tan Lay Lee
CHIEF FINANCIAL OFFICER

Ms. Tan joined the Group on 10 January 2020 as the Chief Financial Officer. She is responsible for all key financial matters of the Group.

She was previously with Informatics Education Ltd, a SGX mainboard listed company for more than 10 years and was their Group Financial Controller. She joined Mary Chia Holdings Limited, a SGX catalist listed company in December 2015 as their Financial Controller. In both companies, she oversaw the full spectrum of the finance and accounting functions, taxation and compliance.

She is a member of Institute of Singapore Chartered Accountants (ISCA) and Fellow member of Association of Chartered Certified Accountants (ACCA).

FY2023 – OPERATIONAL AND FINANCIAL REVIEW

Revenue

The Group reported revenue of approximately S$29.7 million for FY2023, which was an increase of approximately S$2.9 million or 10.8% from the previous corresponding financial year. The higher revenue was contributed by the metal stamping segment due to increase in customer's orders for Penang, Slovakia and China-Dalian operations. This ramp up of orders earlier and in greater volume was made by customers in anticipation of the in-transit time. There was a slight decrease in revenue from the cleanroom segment and lower revenue from warehousing and logistic segment.

Gross Profit

The Group's Gross Profit increased by approximately S$1.1 million or 16.4% from S$6.7 million in FY2022 to approximately S$7.8 million in FY2023. The increase in gross profit was largely contributed by higher sales contribution from economy of scale in production from large orders. Gross profit margin improvement came from the metal stamping, tooling and cleanroom segments.

Other Income

Other income increased by S$8.1 million from S$0.7 million in FY2022 to S$8.8 million in FY2023 mainly due to gain on disposal of non-current asset held for sale, gain on disposal of property, plant and equipment, higher interest income, offset by lower gain on foreign currency exchange and lower miscellaneous income.

Marketing and Distribution Expenses

Marketing expenses increased from approximately S$241,000 in FY2022 to approximately S$335,000 in FY2023 due to increase in manpower cost.

Administrative and Other Expenses

Administrative expenses increased from approximately S$4.2 million in FY2022 to approximately S$4.7 million in FY2023 due to higher manpower costs, general expenses, bank charges and professional fees offset by lower depreciation.

Finance Costs

Finance costs decreased slightly from approximately S$226,000 in FY2022 to approximately S$187,000 in FY2023, mainly due to early settlement of mortgage loan and partially offset by increase in right-of-use assets interest.

Tax Expense

The tax expense for the year is approximately S$0.9 million in FY2023 compared to approximately S$0.5 million in last year due to higher revenue that generated a higher profit.

Profit for the Financial Year

As a result of higher revenue generated and gain on the disposal of non-current asset held for sale, the Group recorded a profit after tax of approximately S$10.5 million for FY2023 as compared to a profit after tax of approximately S$1.9 million in FY2022.

Non-Current Assets

The increase in property, plant and equipment from approximately $3.5 million to $6.4 million was mainly due to purchase of property, plant & equipment amounted to approximately S$3.3 million offset by depreciation charge of approximately S$649,000 for the financial year.

At the Company's level, the investments in subsidiaries improved from approximately S$16.4 million to S$18.8 million.

The Company had during the financial year reviewed the performance of its subsidiaries and performed impairment test on the following subsidiaries:

1) M/s Cheong Fatt Holdings Pte. Ltd. and had reversed impairment loss of S$0.7 million;

2) M/s Hantong Metal Component Sdn. Bhd. and had reversed impairment loss of S$0.4 million;

3) M/s Dalian Precision Tooling Co., Ltd and had reversed impairment loss of S$1.2 million.

4) M/s CFM Infratrade Pte. Ltd., the management reviewed the impairment and its opinion is that no further impairment or reversal of impairment is required.

Current Assets

Inventories decreased from approximately S$4.3 million as at 30 June 2022 to approximately S$3.7 million as at 30 June 2023, due to inventories released for production.

Trade receivables increased from approximately S$5.9 million as at 30 June 2022 to approximately S$6.4 million as at 30 June 2023. The increase was mainly due to higher receivables from the metal stamping segment.

Other receivables consist mainly of deposits and prepayments. Other receivables decreased by approximately S$59,000 from approximately S$334,000 as at 30 June 2022 to approximately S$275,000 as at 30 June 2023, mainly due to release of the payment to various expenses in the financial statements.

FY2023 – OPERATIONAL AND FINANCIAL REVIEW

Cash and Bank Balances

The cash and bank balances improved from S$4.2 million as at 30 June 2022 to S$13.7 million as at 30 June 2023. This was largely due to the disposal of non-current assets held for sale in FY2023.

Current Liabilities

Trade payables increased from approximately S$2.3 million as at 30 June 2022 to approximately S$2.4 million as at 30 June 2023. This was mainly due to an increase in purchases to fulfill increased sales orders.

Contract liabilities decreased from S$134,000 as at 30 June 2022 to S$129,000 as at 30 June 2023 as the performance obligation was fulfilled.

Other Payables decreased from approximately S$2.5 million as at 30 June 2022 to approximately S$2.1 million as at 30 June 2023 mainly due to payments to other creditors and accruals.

Borrowings

Total borrowings and lease liabilities for the Group decreased from S$5.5 million as at 30 June 2022 to S$3.2 million as at 30 June 2023. This was mainly due to the redemption of the Company's mortgage loan S$4.0 million offset by a new mortgage loan in respect of the two newly acquired leasehold units of S$1.6 million and lease liabilities of S$0.1 million.

Review of Consolidated Statement of Cash Flows

For the financial year ended 30 June 2023, the Group generated a net cash inflow of approximately S$2.7 million from operating activities as compared to net cash generated from operating activities of approximately S$1.9 million for FY2022.

The operating profit before working capital changes decreased from approximately S$4.0 million in FY2022 to approximately S$3.9 million in FY2023. This was contributed by profit before tax of approximately S$11.5 million, and offset by higher gain on disposal of non-current asset held for sale, higher gain on disposal of property, plant and equipment, higher interest income, higher inventories written back, lower depreciation of PPE, lower inventories written down, lower interest expense, higher impairment for trade receivables recovered, lower impairment of allowance for trade receivables negated by higher inventories written off, resulting in the Group recording operating profit before working capital changes of approximately S$3.9 million.

Cash generated from operations increased due to lower inventory, lower trade payables, higher receivables and prepayments and higher foreign currency translation adjustments caused the cash generated from operations to increase from approximately S$2.4 million in FY2022 to approximately S$3.5 million in FY2023.

Net cash generated from investing activities increased to approximately S$4.5 million in FY2023 from S$0.2 million. This increase was mainly due to the proceeds from disposal of non-current asset held for sale of S$13.3 million, proceeds from disposal of property, plant and equipment of S$110,000 and offset by purchase of property, plant & equipment of approximately S$1.7 million and placement of fixed deposit of S$7.2 million.

Net cash used in financing activities was approximately S$4.8 million in FY2023, and this is mainly attributed to:

a. repayment of borrowings of S$4.3 million

b. payment on lease liabilities of S$0.2 million

c. interest payment of S$0.2 million

d. dividend paid for FY2022 amounting to S$0.2 million

e. decrease in fixed deposit pledged with financial institution of S$0.1 million

As a result of the above, the Group's cash and cash equivalents increased to approximately S$6.3 million as at 30 June 2023 from approximately S$4.0 million as of 30 June 2022.

Subsequent developments

Subsequent to the finalisation of the audit for the Company's results for FY2023, the Company reported a higher profit as compared to the unaudited results announced on 29 August 2023. The Company reported an additional profit after tax of S$1.25 million due to the reversal of impairment loss on investment in a subsidiary of the Company.

The Company's audited profit after tax for FY2023 is S$1.5 million.

SUSTAINABILITY REPORT

About this Report

For the Sustainability Report, we have adopted a phased-in approach. From our initial sustainability reporting odyssey, we have first identified the material Economic, Environmental, Social and Governance ("**ESG**") and taking into considerations factors based on our current practices and future initiatives of the Group. Our current practices and future initiatives will undergo continuous and consistent reviews in consideration of our business environment and valued stakeholders' concerns. In the current reporting period, the Group has yet to align to the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**") as we are still working on establishing our climate reporting framework. We recognise the importance and are committed to adopt them in a phased approach in the coming years. We acknowledge the significance of TCFD disclosures for investors, stakeholders, and the broader global community, and we are dedicated to providing transparent and comprehensive information on our climate-related risks and opportunities in the future. Mandatory climate reporting will apply to the Group in respect of the financial year commencing on 1 July 2024. Leading up to this, we will work towards establishing the reporting framework, educating ourselves and our stakeholders, and equip ourselves with the resources required for a successful implementation of climate reporting, in line with the recommendations of the TCFD.

Our report is developed in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), and with reference to the guidelines set out in SGX-ST's Practice Note 7F Sustainability Reporting Guide and the Global Reporting Initiative ("**GRI**"). The Sustainability Report is thus prepared using the GRI Standards as it is an internationally recognised sustainability reporting framework that covers a comprehensive range of sustainability disclosures.

We have prepared the sustainability report of our operations for the twelve months ended 30 June 2023 ("**FY2023**"). The GRI Content Index is provided at the end of this report for the relevant references.

The contact point for questions regarding this report is Madam Lim Fong Li Janet, the Chief Executive Officer ("**CEO**") of the Group. We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems, and results. Please send your comments and suggestions to irc@cfmholdings.com.

The content of this report has not been externally reviewed by independent parties. We engaged our internal audit function to review the current sustainability reporting processes. The internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The scope included a risk-based review of the processes including, but not limited to, the sustainability governance and management; the identification, prioritisation and assessment of ESG-related risks and opportunities; reporting relevant sustainability information; climate-related disclosures; and compliance against local regulatory reporting requirements. We have not sought external assurance for FY2023.

SUSTAINABILITY REPORT

Board's Statement

The Board of Directors of CFM Holdings Limited ("**CFM**" or the "**Group**") is pleased to present our Sustainability Report for FY2023. This report highlights the key economic, climate and environmental, social, and governance ("**ESG**") related initiatives carried throughout FY2023.

Our goal is to highlight the progress and achievements of sustainability issues and to set out strategic responses to the sustainability risks the Group is exposed to transparently and effectively.

As such, the key material ESG factors for the Group have been identified and cautiously reviewed by the management. The board of directors of the Group (the "**Board**") has considered sustainability issues as part of its strategic formulation and also oversees the management and monitoring of these factors and considers them in the determination of the Group's strategic direction and policies.

PRODUCT QUALITY

We are placing our consumers as our highest importance by building trust through our qualitative and sustainable product offerings. We ensure product quality and product consistency through the implementation of ISO standards.

VALUING OUR PEOPLE

We value our employees and we work hard to strengthen labour practices in areas such as health and safety, labour relations, code of ethics, training and development.

MINIMISING OUR ENVIRONMENTAL FOOTPRINT

The focus covers our impact on various environmental footprints in terms of waste management, carbon emission at our manufacturing premises or logistics planning.

GOVERNANCE

This report is available on the SGXNet and the Company's website at www.cfmholdings.com. We are in compliance with all mandatory listing requirements and the Code of Corporate Governance 2018. We also promote awareness and maintain compliance with our existing Group policies such as our whistleblowing and anti-corruption policies.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems, and results. Please send your comments and suggestions to irc@cfmholdings.com.

Board of Directors
11 October 2023

SUSTAINABILITY REPORT

Defining Material Topics

The Group evaluated all aspects of business operations in defining material topics affecting CFM from its stakeholders' concerns and perspectives. The identified sustainability topics were assessed based on the feedback from our dialogues with our valued stakeholders and carefully calibrated with GRI disclosures. In the prioritisation of the material topics, we identified a list of sustainability topics in the sections of our report as such: **Our Economy**, **Our Environment** and **Climate**, **Our Community**, and **Our Governance**.

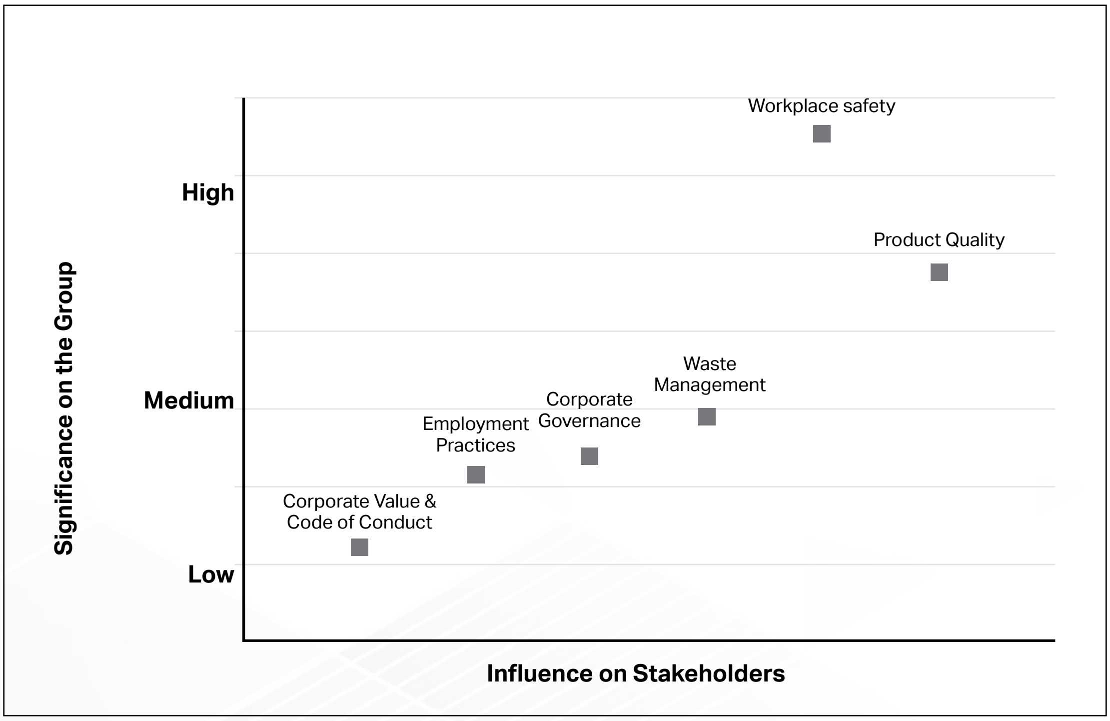
In assessing the materiality of ESG factors, the Group has considered -

External factors such as geography, markets, social environment, the ongoing Russia-Ukraine special military operation, and the global Covid-19 endemic that is still affecting the supply chain and causing the cost of raw materials to increase, higher inflation and the ever more challenging business environment. Despite the current global situation, the Group's markets and businesses remain resilient and stable.

Internal factors such as business cycle – overall the metal stamping and tooling operations recorded an upward trend in revenue.

Staff infected with Covid are required to stay home and follow their doctor's recommendations. If they are unwell in the office, they are released from work to consult a doctor

The material ESG factors were identified and ranked through the use of questionnaires and further concurred by key management personnel of the Group. The ranking of material topics was based on the topic's significance to CFM and influences on their valued key stakeholders.



SUSTAINABILITY REPORT

Key Stakeholders

We have carefully identified five key stakeholders with significant influences on our business operating environment and sustainability efforts. We recognise the value of our key stakeholders' engagement in achieving goal congruence and economic success. The following table below reflects our identification of key stakeholders and the corresponding ways to engage them:

Key Stakeholders	Topics	Stakeholders Engagements
1. Shareholders	• Financial returns • Industry conditions and business outlook • Business strategies • Financial performance	• Annual General Meeting • Extraordinary General Meeting • Financial information and announcement release via SGXNet • Discussion via calls and emails
2. Customers	• Quality management • Privacy of customer's data	• Customer feedback management • Face-to-Face meetings with key customers • Informal dialogues • Email correspondence
3. Employees	• Employees' welfare • Occupational health and safety • Training and development	• Annual appraisals • Employee feedback • Daily maintenance schedules for manufacturing sites - Periodic emergency drills • Continuing education programme
4. Suppliers	• Value for money purchases • Product quality • Timely delivery	• Face-to-face meetings with key suppliers • Discussion via calls and emails
5. Government	• Update of policies • Regulation compliance • Update of business activities	• Annual compliance audit • Adhere to statutory disclosures and requirements • Participation in seminars and conferences for updates in policies • Discussion via calls and emails

SUSTAINABILITY REPORT

Strategies and Targets

Our current strategies and targets to achieve optimal sustainable operations as set forth below:

Key ESG Factors		Strategies	Targets
Our Economy	Product Quality Mangement	• Drive business expansion through the discipline of product quality consistency through continuous compliance with ISO and IATF standards.	• To ensure quality assurance audits are conducted with the *ISO 9001 and 16949 standards of compliance. * The International Organisation for Standardisation ("**ISO**"), ISO 9001:2015 is quality management systems and International Automotive Task Force ("IATF"), IATF 16949:2016 is technical specifications of quality management systems. • To aim for less than 0.05% AQL (Approved Quality Unit) defects in our production.
Our Environment	Waste and Resource Management	• Engages licensed scrap contractor to manage materials waste to reduce envirnomental footprints.	• To conduct audits to ensure compliance with *ISO 14001 standards to ensure minimal waste. * The International Organisation for Standardisation ("**ISO**"), ISO 14001:2015 is environmental management systems.
Our Community	Workplace Safety	• Conducts monthly inspections to ensure the safety of work premises. • Ensure compliance to safety rules and regulations during the discharge of their responsibilities by ensuring active participations of employees in regular drills.	• To ensure employees are kept up to date with safety rules and regulations through conducted periodic drills
	Employment Practices	• Provide trainings to build and broaden employees' knowledge and skillset. • Conduct annual appraisals to reward employees based on performance and merits	• To send key management personnel to attend tranings, and conduct internal trainings by key management personnel to ensure goal congruence and to narrow the gaps in knowledge. • To devise a comprehensive traning plan to cater to all employees to keep up with industry updates and changes. • Employeees empowerment through objective annual evaluations.
Our Governance	Corporate Governance	• Complies with the code of corporate governance 2018.	• Endeavour compliance with all mandatory listing requirements and Code of Corporate Governance 2018.
	Corporate Values and Code of Conduct	• Complies with our whistle blowing and anti-corruption policy.	• To promote awareness and maintain compliance with our existing policies. We seek to actively revise and update our policies.

SUSTAINABILITY REPORT

Risk and Opportunities

	Our Economy	Our Environment	Our Community	Our Governance
Risk	Unable to meet customers' demand resulting in loss of future economic benefits.	Non-compliant with regulation acts and rules, resulting in imposed penalties and operational disruption.	Risk of injury resulting in damanging the social well-being of employees.	Business operating losses resulting from reputational damage, legal implications and lost of trust of valued stakeholders.
	Poor product quality resulting in wastage.	Extensive environmental footprints as a resultant of improper waste disposal	Lack of knowledge and confidence to meet job expectations.	
Opportunities	Foster long term relationship with our valued customers.	Increase environmental awareness to preserve the nature from anthropogenic afflictions	Increase vigilance in Occupational Health and Safety through regular trainings.	Attaining long term success and maximising promising financial returns for our valued stakeholders.
	Increase brand trust throught strong quality management.	Reduce environmental footprints for future generation via proper waste disposal	Improve employees' knowledge and confidence by sending them to accredited training courses or seminars.	Enhancement of policies and procedures framework through thorough continual assessment.
Approaches	We strive to achieve excellent customer satisfaction with periodical review of customers' feedback.	We continuously strive to be compliant with new and existing ISO standards.	We aim to create a healthy and safe environment for our employees through conducting regular safety training and periodic emergency drills.	We strive to comply with the code of corporate governance 2018 through the establishment of robust policies and procedures framework to deliver sustainable value to our stakeholders.
	We stive to maintain compliance with quality assurance audits.	We strive to continuously reivew of obsolete stock to reduce production waste.	We aim to enhance the working mind of our employees through continuing education.	

SUSTAINABILITY REPORT

Economy

PRODUCT QUALITY MANAGEMENT

The Group's main business requires precision for the parts manufactured for our customers. The Group recognises quality management and the continual improvement of its production process to be most critical in meeting our customers' demand for high-quality products at a reasonable price.

Our established manufacturing plants are proudly certified by the International Organization for Standardization International Automotive Task Force ("**IATF**") 16949:2016 for quality management systems and International Organization for Standardization 9001 for management systems.

The International Automotive Task Force standard ("**IATF**") 16949:2016 is a comprehensive framework for maintaining quality. IATF standards set forth robust quality management principles with heavy reliance on sustainability and external threat detection and focus.

The intrinsic value of quality management standards lies in the confirmed assurance that there is quality in our products and our manufacturing systems. As part of our quality management practices, the Group engages certified external parties to conduct precision calibrations for our measurement devices. We are constantly optimising our manufacturing process to improve operating efficiency, decrease wastage and reduce our environmental footprint.

We believe in responsible procurement. We evaluate our suppliers to ensure that we only procure raw materials from approved vendors. The Group strives to maintain compliance with the IATF and ISO standards by conducting periodic IATF and ISO certification audits and strives for continuous consistency to meet the expectations of the customers.

The Group is a member of the Singapore Business Federation ("**SBF**"). The function of the association is to increase the networking opportunities for the Group for economic, business growth and share advice on business continuity management, finance, and branding.

We will continue to ensure our product quality management and improvement to meet our customer's demands, as well as reduce the variations and waste.

During the year, subsidiaries in each country renewed their quality certificates after relevant audits.

As our production requires precision, we continue to aim for less than 0.05% AQL (Approved Quality Limit) defects in our products so that customers will have continued confidence in our products.

In FY2023, the Group was able to meet its target of maintaining less than 0.05% AQL defects in its products due to stringent operational procedures. For FY2024, the Group continues to aim for less than 0.05% AQL.

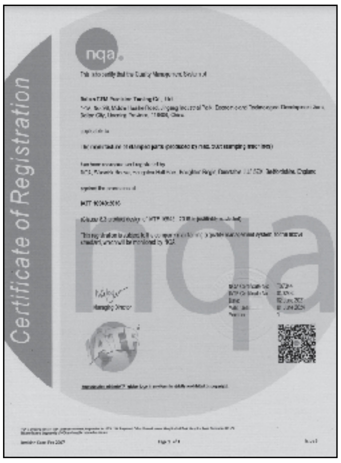
SUSTAINABILITY REPORT

List of IATF 16949:2016 Certificates:


Certifikát

IATF 16949:2016

CFM Slovakia s.r.o.


Certificate of Registration


HANTONG METAL COMPONENT (PENANG) SDN. BHD.

MANUFACTURE OF METAL STAMPED PARTS

CERTIFICATE OF REGISTRATION

List of ISO 9001:2015 & 2016 Certificates:


CERTIFICATE

SOCOTEC

CFM Infratrade Pte Ltd

ISO 9001 : 2015


KGS

ENVIRONMENTAL MANAGEMENT SYSTEM


ITQ - INŠTITÚT TEÓRIE KVALITY, s.r.o.

CERTIFICATE

QS 793

Quality management system

CFM Slovakia s.r.o.

STN EN ISO 9001 : 2016


CERTIFICATE

HANTONG METAL COMPONENT SDN.BHD.

ISO 9001:2015

SUSTAINABILITY REPORT

Environment

WASTE AND RESOURCE MANAGEMENT

The Group recognises the need to focus on environmental consciousness while preserving the profitability of the organisation. We integrate our environmental efforts into our business operations. Our subsidiaries are certified with ISO 14001 as our environmental management systems. Similar to the concept of continual improvement established in the standards of quality management systems, the ISO 14001 standard dictates environmental performance through more efficient use of resources and reducing waste.

Our environmental initiatives aid in gaining a competitive advantage against other market players, and in building trust with our valued stakeholders.

The Group conducts proper disposal of material waste in all subsidiaries using licensed waste removal companies to build a sustainable supply chain. All approved licensed scrap contractors are accredited and certified by their local regulations and standards for proper waste disposal. We maintain compliance with the ISO 14001 environmental management systems' requirements by conducting periodic audits to minimise our environmental footprint.

The Group will continue to ensure proper disposal of materials waste in all subsidiaries through the engagement of licensed scrap contractors and ensure that there is full compliance to regulations. In addition, the Group will continue to maintain its adherence to the ISO 14001 standard.

In FY2023 the Group's disposal of materials waste was 900 litres in liquid and 440 kg solid waste (FY2022: 890 litres and 420 kg). The Group's waste generated was contributed by metal scraps, papers, plastic, usage of gloves, sanitising agent, masks. The Groups is in the mode of recycle, reuse, reduce and the coming and following years, the Group does not foresee a huge drop in waste disposal.

The Group's disposal of materials was 510,000 litres in FY2022 compared to 225,000 litres in FY2023. The Group exceeded the target of 120,000 litres set for FY2023 due to the disposal of one of the Group's buildings during the financial year. The Group aims to reduce waste by 20 litres and 10 kg for FY2024.

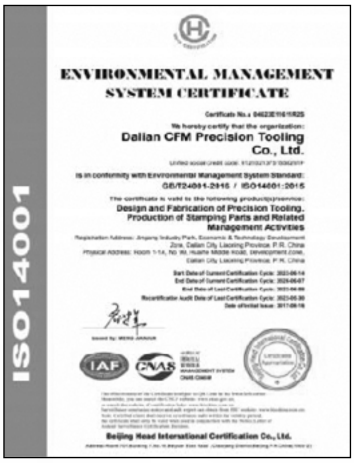
For a cooler and greener environment, the Johor factory planted 13 saplings in FY2023 by staff and management.

List of ISO Certificates: ISO 14001:2015 and ISO 14001:2016


ITQ - INŠTITÚT TEÓRIE KVALITY
CERTIFICATE
EMS 794
Environmental management systems
CFM Slovakia s.r.o.
STN EN ISO 14001 : 2016
This certificate shall apply for the following sphere of application:
Fabrication of metal components, silkscreening and secondary processes. Assembly of electrical motors


KGS
ENVIRONMENTAL MANAGEMENT SYSTEM


CERTIFICATE
HANTONG METAL COMPONENT SDN.BHD.
ISO 14001:2015
ISO14001


ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE
Dalian CFM Precision Tooling Co., Ltd.
Beijing Head International Certification Co., Ltd.

Climate

ELECTRICITY CONSUMPTION

Electricity is an important contribution to daily lives. It also remains an important operational need for the Group. Due to the Russia-Ukraine war, fuel price has gone up by approximately 70% which contributed to higher operational costs for our Europe operations as heating needs to be used for winter season.

The Group's primary use of energy is in machinery, lighting, air-conditioners, reach trucks, lifts and office equipment.

The Group's consumption of energy for FY2023 was 3,277,000 kWh compared to 3,011,000 kWh in FY2022. Though the Group had targeted to reduce the electricity consumption by 15,000kWh in FY2023, higher sales of $2.9 million in FY2023 contributed to the increase in the electricity consumed in FY2023 by 266,000 kWh.

The manufacturing plants used 3,228,000 kWh in FY2023 compared to 2,881,000 kWh in FY2022. The increase came mainly from ramp up of orders from customers, requiring the plants to be operational for longer hours and optimising output.

The Group targets to reduce its energy consumption by 15,000 kWh for FY2024 to do our part for the environment and costs savings through: -

1) refresh with energy saving equipment / appliances / machinery

2) regular servicing and maintenance of machinery

3) planned usage of machinery to bring forth optimised outcome and save energy consumption

4) aircon to be controlled at 23 degrees Celsius and above

CARBON FOOTPRINT EMMISSION

During FY2023, the Group consumed 3,277,000 kWh of electricity. Using the electricity grid emission provided by Carbon Footprint, the Group's Scope 2 carbon emission1 was 2,250tCO2e (tonnes of carbon dioxide equivalent).

FUEL CONSUMPTION

Shipping of goods on time and promptly is of key service to customers. The Group has its own fleet of vehicles to deliver orders to customers. However, the Group also emphasises the consolidation of deliveries to customers to reduce emission of carbon monoxide. Consolidated trips would also mean less servicing of vehicles.

The Group used about 25,000 (FY2022 : 24,000) litres of fuel in FY2023. The higher fuel consumption resulted from increased orders during the year.

CARBON FOOTPRINT EMISSION

During FY2023, the Group consumed 25,000 litres of fuel, using the fuel grid emission provided by Carbon Footprint, the Group's Scope 1 carbon emission1 was 110tCO_2e (tonnes of carbon dioxide equivalent).

1 This is computed from purchased electricity consumption under scope 2, and some direct energy consumption under scope 1 (mainly fuels such as diesel and petrol) as defined by the GHG Protocol (operational control approach) and using individual country CO_2e emission factors by retrieved from the Carbon Footprint.

WATER

Water is another important and precious resource that is used for every form of daily business operations and living. Singapore is dependent on imported water from Malaysia and recycled wastewater for its supplies.

Our Singapore operation usage is largely catered to customers, suppliers and employees. Singapore does not have any manufacturing processes that require large quantity of water supply.

The Johor plant uses more water as its operation is in silk-screening and spraying which uses more water for the processes. The operations will envisage reducing water consumption and bring forth cost savings through switching off water taps when not in use and to also have regular maintenance of water outlets to ensure there are no leakages. The Group's water consumption for FY2023 was 24,500 m^3 compared to 19,900 m^3 in FY2022. It did not meet the reduction target of 100m^3 for FY2023 due to the manufacturing plants usage of 23,100 m^3 in FY2023 compared to 20,000 m^3 in FY2022. The increase in water consumption was due to an increase in orders by customers.

The Group's target is to reduce its consumption by 50 m^3 for FY2024 and for the years ahead, but it should be noted that the water consumption is inter-related to customers' orders, especially for silk-screen and spraying orders.

Community – Workplace Safety

Worker safety and occupational health is a role to be played both by the Company and every individual to maintain a safe and healthy working environment. The Group adopts the Fire Safety Manager ("**FSM**") Scheme from the Singapore Civil Defence Force ("**SCDF**") to ensure and enhance the fire safety standards within the building. The FSM scheme provides a comprehensive set of fire safety standards and prevention measures within the building premises.

A monthly inspection is conducted by the appointed fire safety manager to evaluate the building's fire protection system and identify potential safety breaches and/or fire hazards. The observations are highlighted for management's rectification. Emergency drills are conducted bi-annually where the execution shortfalls of the evacuation exercises and their recommendation are recorded in the Emergency Evacuation Drill Report by the appointed fire safety manager for management's attention.

Fire safety precautions were conducted by a service provider in FY2023. The Company and its subsidiaries conducted physical fire drills during the year as advised by the service provider.

An Emergency Response Plan ("**ERP**") was developed by the Group under the Fire Safety Act (Section 20). The ERP provides detailed measures and operational actions to minimise injury and damage to property in the event of an emergency. All subsidiaries with manufacturing premises are certified with Fire Certificate per the local regulations where they operate.

As part of the safety measures, the manufacturing premises perform daily safety preventive maintenance on all machinery and record it on a safety checklist before the commencement of day-to-day operations. Hazard boards and safety instructions are clearly displayed on the manufacturing floors to serve as a constant safety reminder for every individual.

During the year there was an engagement of external assurance to conduct periodic safety compliance Audit. The Department of Occupational Health and Safety for the countries the Group conducts its manufacturing had also conducted routine onsite compliance checks at our facilities to ensure compliance to workplace health and safety are in accordance to the health and safety rules. The penalty for non-adherence to established standards is that the manufacturing site will be disallowed to continue operations until the problem is rectified. During the year, the Group achieved the target set for zero days workplace safety related shutdowns.

The Group endeavours to continue this trend of zero work days workplace safety related shutdowns for FY2024.

SUSTAINABILITY REPORT

FIRE DRILL

Hantong Metal Components Sdn Bhd

Hantong Metal Components (Penang) Sdn Bhd

SUSTAINABILITY REPORT

Employment Practices

Fair employment practices create an inclusive workplace culture. Training and performance evaluations are critical business development tools. While both development tools can be utilised independently, there are points where the two intersect. Continuing education training complements performance evaluations by establishing an active communication process between employees and employers.

The Group does not practice or use child, forced, or compulsory labour. Potential employees are recruited via advertisement, recommendations, or recruitment agencies. They are recruited after interviews are conducted. For more junior positions, this interview may be conducted by Human Resources and/or their immediate supervisor. For more senior positions, it may require the senior management's involvement to ensure the prospective candidates meets the Group's operational requirement.

The Group conducts regular performance appraisals for all employees to evaluate their performance. Objective evaluations aid in the recognition of employees' competency and shortfalls, potentially allowing adjustments to the training program.

New and inexperienced employees will be placed at entry level and will be trained with the required skillsets internally.

Staff are sometimes sent for external training to enhance their skillsets to enable the Group to build its core capabilities.

A comprehensive training map prescribes well-defined goals. It helps in narrowing the knowledge gaps of our employees. The Group sees the simultaneous synergy of the development tools and aims to devise a training plan to cater to employees to keep up with industry updates and changes.

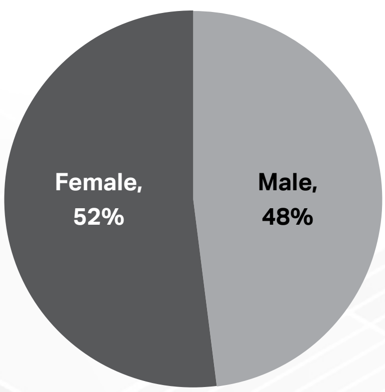
The Group will continue to review the training needs of its staff on a needs basis to improve staff skillset and build confidence in their performance.

In FY2023, the Group recorded 4,110 training hours conducted internally and externally. The Group aims to increase the training hours to 4,200 hours in FY2024.

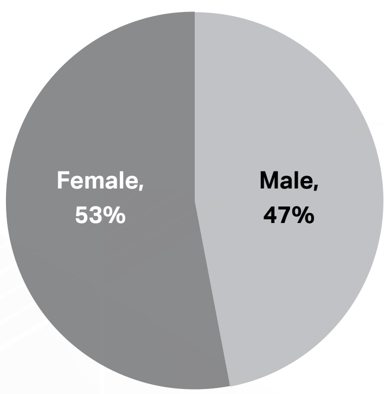
The average training per staff was 6 hours for male employees and 7 hours for female employees for FY 2023.

As of 30 June 2023, the Group has a total of 541 (FY2022: 403) employees. The headcount was distributed as follows:-

FY2023 (Gender)



FY2022 (Gender)



During the reporting period the Group had new hires and staff turnover as follows:-

	New Hires		Variance	Staff Turnover		Variance
Gender	**FY2023**	**FY2022**	**%**	**FY2023**	**FY2022**	**%**
Male	98	70	58	82	97	375
Female	91	71	42	64	75	(275)
Total	**189**	**141**	**100**	**146**	**172**	**100**

During the reporting period, the Group held various type of activities to foster team building with our employees as the economy within the region reopens to the new normal. Activities included a Chinese New Year Celebration, annual and Christmas Dinners to build rapport between staff.

Chinese New Year celebration (2023)

Company Dinners

SUSTAINABILITY REPORT

MANAGEMENT TEAM

Our top management team oversees the day-to-day operations. The team comprises of accounting, business management, and engineers. They are generally executive directors, managing directors, general managers and senior executives.

Of the 12 top management staff in the group, 58% (FY2022: 72%) are male and 42% (FY2022: 28%) are female.

BOARD DIVERSITY

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

The Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience, investment, mergers and acquisitions and customer-based experience or knowledge, which are required for the Board to be effective in decision making.

Currently, the Board comprises five (5) directors, of which two (2) are Executive Directors and three (3) are Independent Directors representing 60% of our Board members. The Company adopted a diversity policy in March 2023. The current Board comprises of 80% male directors and 20% female directors. The current Board diversity has achieved its targeted diversity of 80% male and 20% female directors. The current Board's core competencies and combined skills are able to contribute effectively for needed plans of the Group. Please also refer to the section on Corporate Governance in the Annual Report for further details of our Board diversity policy and our targets.

Governance

Corporate governance involves balancing the interests of the Group's valued stakeholders. It provides a framework for attaining the Group's objectives and encompasses every sphere of management from performance measurements to corporate disclosures. The Group is committed to the sound practice of good corporate governance with zero tolerance for unethical behaviours and unprofessionalism.

The Group's anti-bribery and corruption policy sets forth the constitutions of misconduct and emphasises the prohibition of dishonest acts. We have formulated a whistleblowing policy and adopt an open-door policy to provide an avenue to all employees of the Group and members of the public to disclose any improper acts.

A dedicated whistleblowing communication channel to the Audit Committee Chairman using email is made available to anyone who wants to report any anti-bribery or corruption issue on a confidential basis. The Audit Committee Chairman may be contacted at ac@cfmholdings.com.

In the current reporting year, the Group had zero incidents of whistleblowing and zero incidents of bribery (FY2022: Nil for both).

The Group's goal is to maintain zero incidents of corruption in the upcoming years. The Group will regularly review policies on whistleblowing and anti-corruption.

In addition, the Group recognises that personal data collection and analysis have become widespread with the rapid developments in technology. As part of our control measures, a Personal Data Protection policy is set forth to protect the integrity of stakeholders' data from inappropriate use. With our extensive range of Policies and Procedures, the Group seeks to enhance our corporate framework with continual risk assessment and management of our internal controls, at least annually, to perform and operate in the advancing business environment.

SUSTAINABILITY REPORT

There has been no reported incident or complaint of personal data leaked during the current financial year (FY2022: Nil), meeting the target set for this year.

The Group will continue to keep the privacy of personal data collected and maintain its target of no such incidents in the following years.

SHAREHOLDERS

We value every opportunity to communicate with our shareholders. Active communication builds a robust trust platform. Effective communication ensures that the shareholders' interest and the Group's objectives are being addressed and conveyed. We encourage active participation during our Annual General Meetings and Extraordinary General Meetings, with every attempt to address concerns that are raised by our shareholders. The Group strives to maintain effective communication to foster long-term relationships and continual success.

BOARD OF DIRECTORS

The Executive Chairman of the Group has more than 40 years of experience in the metal stamping and tooling industries. As a co-founder, he has been leading all the growth and expansion of the Group. The Chief Executive Officer oversees the day-to-day operations and general management with the assistance of the Chief Financial Officer.

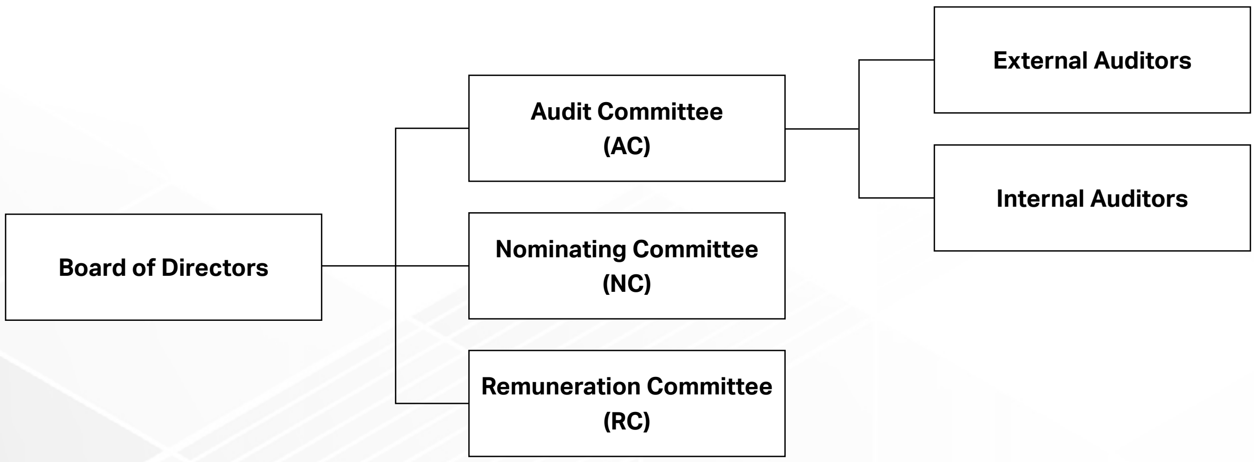
All members of the Board of directors have attended the ESG courses during the financial year 2023.

One of the Independent Directors holds multiple directorships from several listed companies. One Independent Director with no prior listed entity directorship experience will be attending the Listed Entity Director Programme to equip himself to discharge his duties appropriately.

The current Board and Board Committees composition are in compliance with the Catalist Rules and the Code of Corporate Governance 2018.

The Independent Directors will constructively challenge the Group's business proposals and review its operating performance.

The Group seeks to maintain compliance with the Code of Corporate Governance 2018 and Catalist Rules and stands ready to revise its policies whenever required.



Global Reporting Initiative Content Index

GRI No.	Description		Page or direct references
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**		
	2-1	Organizational details	2023 Annual Report Corporate Profile
	2-2	Entities included in the organisation's sustainability reporting	2023 Annual Report Corporate Structure
	2-3	Reporting period, frequency and contact point	2023 Annual Report Corporate Information
	2-4	Restatements of information	Not applicable
	2-5	External assurance	Sustainability Report Page 10
	2-6	Activities, value chain and other business relationships	Sustainability Report Page 16
	2-7	Employees	Sustainability Report Pages 22 to 24
	2-9	Governance structure	Sustainability Report Page 26
	2-10	Nomination and selection of the highest governance body	Corporate Governance (CG) Principles 1, 4, 5
	2-11	Chair of the highest governance body	CG Principles 1, 4, 6, 10
	2-12	Role of the highest governance body in overseeing the management of impacts	CG Principle 1
	2-13	Delegation of responsibility for managing impacts	CG Principle 1
	2-14	Role of the highest governance body in sustainability reporting	CG Principle 1
	2-15	Conflicts of interest	CG Principles 1, 3, 8
	2-16	Communication of critical concerns	CG Principles 12,13
	2-17	Collective knowledge of the highest governance body	CG Principle 1
	2-18	Evaluation of the performance of the highest governance body	CG Principles 1, 4, 5
	2-19	Remuneration policies	CG Principle 1, 6, 7
	2-20	Process to determine remuneration	CG Principle 1, 6, 7
	2-21	Annual total compensation ratio	CG Principle 1, 8
	2-22	Statement on sustainable development strategy	Board Statement
	2-23	Policy commitments	CG Principle 1
	2-24	Embedding policy commitments	
	2-25	Process to remediate negative impacts	
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	
	2-28	Membership associations	N.A.
	2-29	Approach to stakeholder engagement	CG Principle 13
	2-30	Collective bargaining agreements	No Collective Bargaining Agreement

SUSTAINABILITY REPORT

GRI No.		Description	Page or direct references
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Sustainability Report Page 12
	3-2	List of material topics	Sustainability Report Page 12
	3-3	Management of material topics	Sustainability Report Pages 11, 13-15
SPECIFIC STANDARDS DISCLOSURES			
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Sustainability Report Page 25
GRI 302: Energy 2016	302-1	Energy Consumption within the organisation	Sustainability Report Page 19
GRI 303: Energy 2016	303-5	Water Consumption	Sustainability Report Page 20
GRI 306: Waste 2020	306-3	Waste Generated	Sustainability Report Page 18
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Report Page 23
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injuries	Sustainability Report Page 20
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Sustainability Report Pages 22, 25

The Board of Directors (the "**Board**") and the management (the "**Management**") of CFM Holdings Limited (the "**Company**") are committed to maintaining a high standard of corporate governance to ensure greater transparency and protection of shareholders' interests, and are pleased to inform shareholders that the Company has adhered to the principles of, and has adopted practices based on the Code and the Practice Guidance of the Code of Corporate Governance 2018 issued on 6 August 2018 ("**the Code**") by the Corporate Governance Committee, pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Explanations are given where there is a deviation from the recommended provisions.

This report describes the corporate governance practises of the Company for the financial year ended 30 June 2023 ("**FY2023**"), with specific reference to the principles and provisions of the Code. Where applicable, deviations from the provisions of the Code have been explained. The Board and Management will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) Board Matters

<u>BOARD'S CONDUCT OF ITS AFFAIRS</u>

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.

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the "**Group**"). Its primary role is to provide entrepreneurial leadership, set strategic aims for the Company, and protect and enhance long-term value and returns for the shareholders. It oversees the business affairs of the Group and approves the Group's strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

(a) ensure that necessary financial and human resources are in place for the Company to meet its objectives;

(b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;

(c) establish a framework of prudent effective control which enable risks to be assessed and managed including safeguarding of Shareholder's interests and Company's assets;

(d) establish, together with the Management, the strategies and financial objectives to be implemented by the Management;

(e) review the financial performance of the Group and performance of the Management, constructively challenge Management, approve the nominations of the Board of Directors and appointments of key executives, as may be recommended by the Nominating Committee;

(f) review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee;

(g) ensure accurate, adequate and timely reporting to, and communication with shareholders;

(h) assume responsibility for corporate governance;

(i) review and assist to set company's values and standard (including ethical standards), and to ensure transparency that obligations to shareholders and other stakeholders are understood and met;

(j) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

(k) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;

(l) ensure transparency and accountability to key stakeholder groups;

(m) put in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements; and

(n) establish appropriate tone-at-the-top, desired organisational culture and standards of ethical behaviour.

The Directors have put in place policies, structures and mechanisms to ensure compliance with various legislative and regulatory requirements, establish appropriate tone-at-the-top, desired organisational culture and standards of ethical behaviour.

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company and to make decisions in the interest of the Company. To facilitate the Board in the execution of the Board's responsibilities, certain functions of the Board have been delegated to three (3) Board Committees, comprising of an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**"). Each of these Board Committees functions within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. These Board Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets three (3) times a year and as warranted by particular circumstances. The Constitution of the Company allows Board meetings to be conducted by way of telephone conference.

The attendance record of each Director at meetings of the Board and Board Committees during FY2023 is set out below:

		BOARD COMMITTEE MEETINGS		
NAME OF DIRECTORS	**BOARD MEETINGS**	**AUDIT**	**NOMINATING**	**REMUNERATION**
Ip Kwok Wing	3	3*	1*	1*
Lim Fong Li Janet	3	3*	1	1*
Chia Seng Hee	3	3	1	1
Teo Kian Huat	3	3	1	1
Stephen Poh Yong Meng [(1)]	2	2	–	–
Lo Kim Seng [(2)]	1	1	1	1
Total No. of Meetings Held	**3**	**3**	**1**	**1**

* by way of invitation.

(1) Mr Stephen Poh Yong Meng was appointed as an Independent Director on 13 January 2023.

(2) Mr Lo Kim Seng retired as an Independent Director on 28 October 2022. Subsequent to the retirement of Mr. Lo Kim Seng as an Independent Director, he also ceased to be the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee on 28 October 2022.

Please also refer to Principle 2 below for details of the composition of each Board Committee.

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested person transactions ("**IPTs**") (including, among others, conflict of interest issues in relation to substantial shareholders and Directors of the Company), material acquisitions and disposal of companies or assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. Each Board member makes decisions objectively in the interests of the Group. Directors facing any conflict of interest are required to disclose that they are faced with conflict of interest and recuse themselves from discussions and decisions involving the issue of conflict.

All newly appointed Directors are given appropriate training, if necessary, including training as a Director and how to discharge those duties when first appointed to the Board. All new Directors are briefed on the business activities of the Group and its strategic goals. Upon appointment of each Director, the Company provides a formal letter which sets out the Director's duties and obligations.

Directors who are first-time Directors, or who have no prior experience as Directors of a listed company, will also undergo briefings on the roles and responsibilities as Directors of a listed company. After taking into consideration the recommendation from the Nominating Committee, all appointment of Directors will be approved via a Board Resolution and a formal letter of appointment will be issued to the Director. In addition, all first-time Directors are provided with training in areas such as accounting, legal and industry specific knowledge either internally or externally.

As and when necessary, the Directors would receive further relevant training especially in areas such as Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Singapore Companies Act 1967 ("**Companies Act**"), so as to update and refresh them on matters that affect or may enhance their performance as Board and Board committee members. The cost of training programs provided to Directors are borne by the Company. To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with Management. In compliance with the requirements of Catalist Rule 720(6), all the Company's Directors have attended the mandatory sustainability training as at the date of this Annual Report.

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC is satisfied that the Directors continue to meet the demands of the Group and are discharging their duties effectively. The NC has also adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The NC determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a Director of the Company. In making this determination, the NC has taken into account the respective Director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, and is satisfied that all the Directors having multiple board representations have been able to and have adequately carried out their duties as a Director.

To further ensure Directors could carry out his duties adequately and effectively, the NC also places a maximum limit of ten (10) non-executive Directorships an Independent Director can hold on the board of listed companies (excluding non-listed companies and other non-profit or non-commercial organizations) if he is not holding a full-time job. In the event of a Director holding a full-time job, the maximum limit of his Directorships in listed companies should not be more than six (6). During the financial year, the NC has reviewed and confirmed that all the Directors have met the criteria and are able to carry out their duties as a Director.

While some Directors have multiple board representations and other principal commitments, the NC is satisfied that the Directors are able to adequately carry out their duties as Directors for FY2023 based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company.

In assessing the capacity of Directors, the NC considers, amongst others, the following:

(i) Expected and/or competing time commitments of Directors, including whether such commitment is in a full-time or part-time employment capacity;

(ii) Geographical location of Directors;

(iii) Size and composition of the Board;

(iv) Nature and scope of the Group's operations and size;

(v) Capacity, complexity and expectations of the other listed Directorships and principal commitments held, if any; and

(vi) Similar financial year end/reporting timeline.

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- Declarations by individual Directors of their other listed company board Directorships and principal commitments; and

- Attention to the Company's affairs, having regard to his other commitments.

Currently, the Company does not have any alternate Director.

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge of its duties effectively. The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary. The management approves and monitors operational budgets, variances from budget are explained to the management and the management accounts of each subsidiary are reported to the AC and Board.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interests in transactions involving the Company, prohibitions on dealings in Company's securities and restrictions on disclosure of price-sensitive information.

The Board has separate and independent access to the Company Secretary and Management at all times. The role of the Company Secretary includes responsibility for ensuring the Board's procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary attends and prepares minutes of meetings of the Board and Board Committees and assists the Board in ensuring that the Company complies with the relevant statutory requirements. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each Director has access to the Group's independent professional advisors, as and when necessary, to enable each Director to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The NC determines on an annual basis whether or not a Director is independent, taking into account the Code's definition of independence and whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. In respect of the review of the independence of each Director, the NC assessed the independence of each Director and considers Mr. Chia Seng Hee, Mr. Teo Kian Huat and Mr. Stephen Poh Yong Meng to be independent.

As at the date of this Annual Report, the Board comprises five (5) Directors, of whom two (2) are Executive Directors and three (3) are Independent Directors. Its present composition is in compliance with the Code's guidelines where Independent Directors make up at least half of the Board when the Chairman of the Board is not independent. The Chairman of the Board, Mr. Ip Kwok Wing, is the husband of the Chief Executive Officer ("**CEO**"), Mdm. Lim Fong Li Janet. Nevertheless, as the Group continues to face a challenging environment in the industry it operates in and is in the process of looking at new business opportunities, the Board will continue to require accountability and responsibility. Accordingly, Mr. Ip Kwok Wing will remain as the Executive Chairman of the Board to tap on his numerous years of experience in manoeuvring the Group through its current challenges.

The nature of the Directors' appointments and memberships on the Board committees for FY2023 is as follows:

		BOARD COMMITTEE MEMBERSHIP		
NAME OF DIRECTORS	**POSITION HELD ON THE BOARD**	**AUDIT**	**NOMINATING**	**REMUNERATION**
Ip Kwok Wing	Executive Chairman	–	–	–
Lim Fong Li Janet	Executive Director & CEO	–	Member	–
Chia Seng Hee	Lead Independent Director	Chairman	Member	Chairman
Teo Kian Huat	Independent Director	Member	Chairman	Member
Stephen Poh Yong Meng (1)	Independent Director	Member	Member	Member
Lo Kim Seng (2)	Independent Director	Member	Chairman	Member

(1) Mr Stephen Poh Yong Meng was appointed as an Independent Director on 13 January 2023. Subsequent to his appointment, he is also a member of the Audit Committee, the Remuneration Committee and the Nominating Committee.

(2) Mr Lo Kim Seng retired as an Independent Director on 28 October 2022. Subsequent to the retirement of Mr. Lo Kim Seng as an Independent Director, he also ceased to be the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee on 28 October 2022.

The NC is satisfied that the Board comprises Directors who, as a group, provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to be effective in decision making.

Independent Directors constructively challenge and help develop proposals on strategy; and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors regularly discuss without the presence of Management matters such as the changes that they would like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings. The outcome/ feedback will either be brought to the Chairman's attention or discussed at Board meetings. In FY2023, the Independent Directors met without the presence of Management.

The NC is of the view that the current Board and Board Committees comprise persons who as a group provide an appropriate balance and diversity of skills, experiences and knowledge for the Board to be effective. The Company has adopted a board diversity policy in FY2023.

The board diversity policy recognises that a diverse Board is able to better support the Company achieve its strategic goals for continuous development by enhancing the decision-making process of the Board with an appropriate mix of, among others, various skills, industry experience, business experience, gender and age. The Nominating Committee is to consider all aspects of diversity to arrive at a balanced Board composition, when reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors. The policy also sets out that gender is a key contributor to diversity, and the Nominating Committee is to ensure that:

a) when search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates;

b) when seeking to identify a new Director for appointment to the Board, the NC will request for female candidates to be fielded for consideration;

c) female representation on the Board be continually improved over time based on the set objectives of the Board; and

d) at least one female Director be appointed to the NC.

Since 2000, the Company has had a female director. The Company believes that the Board is sufficiently diverse, having considered the current Board members' skills, including but not limited to each member's diversity of skills, business experience, industry knowledge, strategic planning experience, corporate governance experience, financial or investment experience, gender and age. Accordingly, the Company presently does not have a specific target to meet. Nonetheless, the Nominating Committee will continue to monitor the Company's needs from time to time, and take into consideration the board diversity policy in assessing the Board's needs or when a vacancy on the Board arises.

The Board has also taken the following steps to maintain and to enhance its balance and diversity:-

1. Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhances the efficacy of the Board; and

2. Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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.

Different individuals assume the roles of the Chairman of the Board ("Executive Chairman" or "Chairman") and the CEO. The Executive Chairman is Mr. Ip Kwok Wing.

As the Executive Chairman, Mr. Ip Kwok Wing sets guidelines on and is responsible for the exercise of control over the quantity and quality, and the timeliness of the flow of information between the Management and the Board, so that the Directors receive accurate, timely and clear information for them to make sound decisions.

He also schedules Board meetings and oversees the preparation of the meeting agenda in particular strategic issue to enable the Board to perform its duties effectively and responsibly. In addition, the Chairman also promotes a culture of openness and debate at the Board.

The Executive Chairman also encourages constructive relations between the Board and Management and between the Executive Directors and Independent Directors, as well as effective communication with shareholders. To facilitate effective contribution of Directors, and in particular, the Independent Directors, the Executive Chairman ensures that relevant information on business initiatives, industry developments and press commentaries on matters relating to the Company or the industries in which it operates are circulated to the Board members on a continuous basis so as to enable them to be updated and thereby enhance the effectiveness of the Independent Directors and the Board as a whole.

The Executive Chairman takes a leading role in the Company's drive to achieve, promote and maintain a high standard of corporate governance with the support of the Directors, the Management and the Company Secretary.

Mr. Ip Kwok Wing is assisted by Mdm. Lim Fong Li Janet, who assumes the role of the CEO. Mdm. Lim Fong Li Janet, together with the Management comprising the Chief Operating Officer ("**COO**"), general managers and Chief Financial Officer ("**CFO**"), are responsible for the day-to-day management, and implementing the strategic goals of the Group.

Although Mr. Ip Kwok Wing and Mdm. Lim Fong Li Janet are husband and wife, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Chairman and the CEO is independent without any influence from each other, and there is no compromise in accountability for the following reasons:

(a) the Independent Directors actively participate during Board meetings and challenge the assumptions and proposals of the Management unreservedly, both during and outside of Board meetings on pertinent issues affecting the affairs and business of the Group. Their view and opinion provide alternative perspective to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflict of interest and other complexity. The Independent Directors review the management performance and management reporting frameworks on quarterly interval. They are also involved in the development and evaluation of strategy proposals proposed by Management from time to time; and

(b) all major decisions made by the Executive Chairman and CEO of the Company are reviewed and approved by the Board.

The Company's Lead Independent Director is Mr. Chia Seng Hee. Mr. Chia's role as Lead Independent Director is to lead and co-ordinate activities of Independent Directors and to provide a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest, as and when necessary. In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and develop succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration. The Lead Independent Director may chair Board meetings in the absence of the Chairman, working with the Chairman in leading the Board.

The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve. Led by the Lead Independent Director, the independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director provides feedback to the Chairman after such meetings. The Lead Independent Non-Executive Director can be contacted at ac@cfmholdings.com.

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.

The Company has established a NC to, among other things, make recommendations to the Board on all Board appointments. The NC currently comprises four (4) Directors, majority of whom, including the Chairman, are independent. The Lead Independent Director is a member of the NC. The NC members are:-

Mr. Teo Kian Huat	:	Chairman
Mdm. Lim Fong Li Janet	:	Member
Mr. Chia Seng Hee	:	Member
Mr. Stephen Poh Yong Meng	:	Member

Role of the NC

The role of the NC is to establish a formal and transparent process for the appointment of new Directors and the re-appointment of Directors (including alternate directors, if any) retiring by rotation as well as to assess the effectiveness of the Board and the overall contribution of each Director towards the effectiveness of the Board.

The primary functions of the NC include the following:

(a) to make recommendations to the Board on all Board appointments, including re-nominations having regard to that Director's contribution and performance;

(b) to review the independence of the Directors on an annual basis, having regard to the circumstances set forth in Provision 2.1;

(c) to decide whether the Director is able to and has been adequately carrying out his duties as Director, in particular, where a Director has multiple board representations;

(d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment or re-appointed to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;

(e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;

(f) to develop a process for evaluation of the performance of the Board, its committees and Directors and address how the Board has enhanced long-term shareholders' value.

(g) to assess the effectiveness of the Board as a whole;

(h) to review board succession plans for Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel; and

(i) to review training and professional development programs for the Board, including the onboarding of new Directors, to ensure that new Directors are aware of their duties and obligations.

Process for appointment of new Directors

The NC has recommended, and the Board has approved, a formal process for the selection of new Directors as follows:

(a) The NC evaluates the balance of skills, knowledge and experiences on the Board, taking into consideration the Company's Board Diversity Policy, and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;

(c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and

(d) The NC makes recommendations to the Board for approval.

Criteria for appointment of new Directors

All new appointments are subject to the recommendation of the NC based on, among others, the following objective criteria:

(a) Integrity;

(b) Independent mindedness;

(c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing Directors on the Board;

(d) Able to commit time and effort to carry out duties and responsibilities effectively;

(e) Experience in the relevant field of business of the Company or industries in which it operates; and

(f) Financially literate.

All Directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Constitution provides that one-third of the Board for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("**AGM**") of the Company. In addition, the Company's Constitution also provides that newly appointed Directors are required to submit themselves for re-election at the AGM of the Company immediately following his appointment.

Mdm. Lim Fong Li Janet and Mr. Stephen Poh Yong Meng will be retiring at the forthcoming AGM pursuant to the Company's Constitution. Mdm. Lim Fong Li Janet and Mr. Stephen Poh Yong Meng being eligible, had each consented to stand for re-election as Directors of the Company at the forthcoming AGM.

The following key information regarding Directors is set out on the following pages of this Annual Report:

(a) page 51-52 Academic and professional qualifications, date of first appointment as Director, date of last re-election as Director, Directorships or chairmanships both present and those held over the preceding five (5) years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and

(b) page 53 Shareholdings in the Company and its related companies.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as further detailed under Principle 2 of this Annual Report) and are able to exercise judgment on the corporate affairs of the Group that is independent of the Management. None of the Independent Directors have any relationships with the Company, its related corporations, substantial shareholders or officers.

BOARD PERFORMANCE

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

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria. Such performance criteria are approved by the Board and address how the Board has enhanced long-term shareholders' value.

The NC has in place a performance evaluation process whereby the Board and individual Directors will complete confidential group and individual assessment questionnaires to assess the effectiveness of the Board, its committees and the contributions of each Director, including the Chairman. The Board and committee assessment parameters include areas such as Board composition, Board processes in managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective committee. The individual assessment areas include attendance and contributions during Board and committee meetings as well as commitment to their role as Directors. Individual Directors are also evaluated on their respective areas of expertise across business, industry, finance and legal. The Company secretary had been requested to collate the Board's and Directors' evaluation and to provide the summary observations for the NC Chairman and Board Chairman. The Board Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed, or resignation of Directors may be sought.

Following the review of the assessment of the Board, its committees and individual Directors, including the Chairman for FY2023, both the NC and the Board are of the view that the Board and its committees have operated effectively and each Director has contributed to the overall effectiveness of the Board in FY2023. No external facilitator was used in the evaluation process.

All NC members have abstained from voting or review process of any matters in connection with the assessment of his/her performance.

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2023, one (1) NC meeting was held.

(B) 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.

The RC comprises the following three (3) Directors, all of whom, including the Chairman, are Independent Directors:-

Mr. Chia Seng Hee	:	Chairman
Mr. Teo Kian Huat	:	Member
Mr. Stephen Poh Yong Meng	:	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and senior management. The principal functions of the RC include the following:

(a) to review and recommend to the Board a framework of remuneration for the Executive Chairman, Directors, and key management personnel of the Company. The framework will cover all aspects of remuneration, including without limitation, Directors' fees, basic salaries, allowances, bonuses, options and benefits-in-kind;

(b) RC reviews and recommends the specific remuneration packages for each Director as well as for the key management personnel;

(c) to review the remuneration packages of all managerial staff who are related to any of the executive Directors or CEO;

(d) in the case of Directors' service contracts, to consider what compensation or commitments the Directors' contracts of service, if any, would entail in the event of early termination;

(e) to recommend to the Board in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of Directors for benefits under such long-term incentive schemes; and

(f) consider and make recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the Directors and executives of the Company, in addition (if appropriate) to those required by law or by the Code.

The RC also administers the CFM Holdings Performance Share Scheme, which was approved at the Company's extraordinary general meeting ("**EGM**") held on 30 April 2015.

The RC has access to professional advice from experts outside the Company on executive remuneration matters as and when necessary. In accessing the professional advice from experts outside the Company, the RC will ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company. The Company did not appoint any remuneration professionals to advise on the executive remuneration during the financial year ended 30 June 2023.

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No Director will be involved in determining his own remuneration.

In addition to the above, the RC will also review the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance.

The RC meets at least once a year, and as warranted by circumstances, to discharge its function. In FY2023, one (1) RC meeting was held.

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.

The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive Directors and is designed to align the Directors' interests with those of shareholders and link rewards to corporate and individual performance, as well as taking into consideration the risk policies of the Company to be symmetric with risk outcomes and sensitive to the time horizon of such risk. The performance related remuneration elements of the executive Directors and key management personnel does not incentivise short term based business decisions.

The RC also reviews all matters concerning the remuneration of Independent Directors to ensure that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the Directors. The Company will submit the quantum of Directors' fees for each year to the shareholders for approval at each AGM.

The Board and RC note the recommendation by the Code on the long-term incentive scheme for executive Directors and key management personnel. The RC had reviewed and recommended to the Board the adoption of a performance share scheme for Directors, key management personnel and employees. The Company had adopted the CFM Performance Share Plan on 30 April 2015.

The Executive Directors have entered into service contracts with the Company, which are for a fixed appointment period and thereafter renewed annually, unless earlier terminated by either party by not less than six (6) months written notice, or payment of an amount equal to six (6) months' salary in lieu of notice. The RC reviews what compensation commitments the Executive Directors' contracts of service would entail in the event of early termination, and aims to be fair and avoid rewarding poor performance. The Company does not use contractual provisions which allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. As the Directors owe a fiduciary duty to the Company, it should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

During FY2023, the RC reviewed the compensation and remuneration packages and believes that the Directors and Management are sufficiently compensated.

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.

Policy in respect of Independent Directors' remuneration

The Independent Directors are paid Directors' fees, the amount of which is dependent on their level of responsibilities. Each Independent Director is paid a basic fee. In addition, Independent Directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the AC is also paid a higher fee compared to members of that committee in view of the greater responsibilities carried by that office. The amount of Directors' fees payable to Independent Directors is subject to shareholders' approval at the Company's AGMs.

Remuneration policy in respect of Executive Directors and other key management personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholders value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.

Remuneration of the Directors and key management personnel (who are not also Directors) for the financial year ended 30 June 2023.

The level and mix of each of the Directors' remuneration, and that of each of the key management personnel (who are not also Directors), in bands no wider than $250,000 for the financial year ended 30 June 2023, are set out below:

	BASE SALARY	VARIABLE/ PERFORMANCE RELATED INCOME	DIRECTOR FEES	#BENEFITS IN KIND/ ALLOWANCE	TOTAL
Remuneration Band Name of Director					
$250,001 to S$500,000					
Mr. Ip Kwok Wing^	70%	18%	–	12%	100%
$250,000 and below					
Mdm. Lim Fong Li Janet^	66%	27%	–	7%	100%
Mr. Chia Seng Hee	–	–	100%	–	100%
Mr. Teo Kian Huat	–	–	100%	–	100%
Mr. Stephen Poh Yong Meng(1)	–	–	100%	–	100%
Remuneration Band Name of Top 5 Existing Key Management Personnel					
$250,001 to S$500,000					
Mr. Kenneth Ip Yew Wa	66%	26%	–	8%	100%
$250,000 and below					
Ms. Tan Lay Lee	85%	7%		8%	100%

Notes:

\# Benefits in kind refer to contributions to the Central Provident Fund account and motor vehicle payment for Mr Ip Kwok Wing. Benefits in kind for Mdm Lim Fong Li Janet, Mr Kenneth Ip Yew Wa and Ms. Tan Lay Lee refer to the contributions to their Central Provident Fund accounts.

^ Mr. Ip Kwok Wing and Mdm Lim Fong Li Janet are husband and wife, and are both also substantial shareholders of the Company.

* The Group has only two (2) Key Management Personnel who are not Directors, and the remuneration paid to such key management personnel are $250,001 to $500,000 and below $250,000.

(1) Mr. Stephen Poh Yong Meng was appointed as an Independent Director on 13 January 2023.

The Company has not disclosed exact details of the remuneration of its CEO, Directors and key management personnel, including the aggregate remuneration paid to key management personnel (who are not Directors or the CEO) as it believes that it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. While the Company does not comply with Provision 8.1 of the Code, the Company believes it still complies with Principle 8 of the Code. The Group does not have other Key Management Personnel save for those disclosed above.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel for the financial year ended 30 June 2023.

Mr. Kenneth Ip Yew Wa is the Company's Chief Operating Officer and Mr. Andrew Ip Jowa is the Assistant General Manager of Hantong Metal Component and Management Trainee for CFM Infratrade and CFM Holdings. They are the sons of Mr. Ip Kwok Wing (Executive Chairman) and Mdm. Lim Fong Li Janet (CEO) and their remuneration both fall within the range of S$200,001 to S$300,000 for the financial year ended 30 June 2023. Mr. Ip Kwok Wing and Mdm. Lim Fong Li Janet are both substantial shareholders of the Company and their remuneration is within the range of S$300,001 to S$400,000 and S$150,001 to $250,000 respectively. Save for the foregoing, the Company does not have any employees who are immediate family members of any substantial shareholder, Director or the CEO, during the financial year ended 30 June 2023. The RC was of the view that the remuneration is in line with the staff remuneration guidelines and commensurate with their job scope and level of responsibilities.

CFM Performance Share Plan

The Company had undertaken a comprehensive review of employee remuneration and benefits and introduced an employee share performance scheme on 30 April 2015 (the "**Plan**") that is intended to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. In line with this, the Company believes that the Plan will strengthen the overall effectiveness of performance-based compensation schemes. The Plan applies to executive Directors, non-executive Directors (including Independent Directors) and group employees.

The Plan allows the Company to target specific performance objectives and to provide an incentive for who are awarded shares under the Plan ("**Participants**") to achieve these targets, which ultimately, will create and enhance economic value for Shareholders. The Directors believe that the Plan will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long-term prosperity. In addition, the Plan aims to foster an ownership culture within the Group.

The Company believes that attracting and retaining outstanding individuals as employees is paramount to the Group's long-term objective of achieving continuous growth, expansion and profitability in its business and operations. It is hoped that through the implementation of the Plan, the Company will be able to remain an attractive and competitive employer and be better positioned to manage its fixed overhead costs without compromising on performance standards and efficiency.

Through the Plan, the award of fully-paid Shares, free of charge, to the Participants (the "**Awards**") is intended to be a more attractive form of bonus from the Company to the Participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies.

The Plan will serve as an additional and flexible incentive tool. With the Plan, the Company would be able to tailor share-based incentives according to the objectives to be achieved.

The Awards granted under this Plan will be determined at the sole discretion of the RC which will oversee and administer the Plan. In considering the grant of an Award to a Participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected Employee. In respect of the grant of an award to a participant who is also a member of the RC, the participant shall not be involved in the deliberation of the award to be granted to him to minimise the potential conflict of interest and to not compromise his independence of as a member of the RC.

The total number of New Shares which may be issued pursuant to Awards granted under the Plan shall not exceed 15% of the issued Shares of the Company (excluding any Shares held in treasury) on the day Shareholders approve the Plan, provided always that the total number of New Shares which may be issued pursuant to Awards granted under the Plan when aggregated with the aggregate number of Shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST. Further details of the Plan can also be found on page 54 of the Directors' Statement.

There were no Awards nor performance shares issued by the Company since the commencement of the performance share scheme on 30 April 2015.

(C) Accountability and Audit

RISK MANAGEMENT AND INTERNAL CONTROLS

P*rinciple 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.*

The Board recognises that it is responsible for maintaining a system of risk management and internal controls including those addressing financial, operational, compliance and information technology risk (collectively "**internal controls**") to safeguard shareholders' interests and the Group's businesses and assets. Together with Management, the Board identifies and evaluates significant risks applicable to the Group's business, taking into consideration the Group's risk tolerance level and policies, and establishes and designs an appropriate internal control system. The Management is tasked to operate and implement the internal control procedures. These risks are assessed on a regular basis.

Through the reports from Management and internal and external auditors on any material non-compliance and internal control weaknesses, the AC oversees and monitors the implementation of any improvements thereto and reviews the adequacy and effectiveness of risk management system and the internal controls system annually. An independent internal audit firm was engaged in previous financial years to undertake the review of material internal controls on a significant business unit of the Group.

For FY2023, the AC reviewed with the external auditors its findings on internal control recommendations. The Group had appointed Messrs. PKF Risk Management Sdn. Bhd. as an outsourced internal audit function. The internal auditor had presented its internal audit findings and recommendations to the AC for FY2023.

With the assistance from the outsourced internal audit function and through the AC, the Board also notes that all risk management system and internal control system contain inherent limitations and cost-effective system of risk management system and or internal controls could only provide reasonable and not absolute assurance against the occurrence of material errors, financial misstatement, poor judgement in decision making, human error, losses and or other irregularities.

For the financial year ended 30 June 2023, the Board had received assurance from the CEO and CFO that (i) 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 (ii) there were no significant internal control issues or incidents to be brought to the attention of the Audit Committee or the Directors of the Company, and the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks were adequate and effective.

The Board, with the assistance of the AC, will continue to review, monitor and take appropriate steps to maintain effectiveness or strengthen the Group's overall internal controls system.

Based on the various control systems put in place and maintained by the Company, the report from the external auditors and internal auditor and follow-up implementation action taken by the Management based on the internal auditor's recommendations, periodic reviews by the Management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2023.

More details of the Group's risk management are set out in page 50 of this Annual Report.

AUDIT COMMITTEE

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

The AC currently comprises the following three (3) Independent Directors:

Mr. Chia Seng Hee	:	Chairman
Mr. Teo Kian Huat	:	Member
Mr. Stephen Poh Yong Meng	:	Member

The Board is of the view that the members of the AC have relevant accounting or related financial management expertise, knowledge and experience to discharge their responsibilities as members of the AC.

The Lead Independent Director is the Audit Committee (AC) Chairman and he sits as an Independent Director and AC Chair on the boards of several public companies listed in the Singapore Exchange. He has significant experience in corporate governance and risk management and is also a fellow member of the Institute of Singapore Chartered Accountants. Another AC member is also accounting trained and is an experienced financial services professional dealing with initial public offerings and merger and acquisition transactions. The third AC member possesses strong mediation and dispute resolution experience. Collectively, the AC's expertise and experience contributes significantly to the Board in dealing with financial and business matters.

The primary functions of the AC are as follows:

(a) to review the financial and operating results and accounting policies of the Group;

(b) to review the adequacy, effectiveness, independence, scope and results of the internal and external audits and its cost effectiveness;

(c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;

(d) to review the significant financial reporting issues and judgements, so as to ensure the integrity of the financial statements, and any formal announcements relating to the Company's financial performance;

(e) to review the half-yearly and annual announcement of results of the Group to SGX-ST before submission to the Board for approval;

(f) to consider and review the assistance given by the Management to the auditors;

(g) to review and discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(h) to review the external audit plan and the results of the external auditors' examination and evaluate the effectiveness of the Group's internal control system including review of the internal auditor's internal audit plan and internal audit findings;

(i) to review and report to the Board the adequacy and effectiveness of the Company's risk management and internal controls system, including financial, operational, compliance and information technology controls at least once a year;

(j) to review the independence and objectivity of the external auditors;

(k) to recommend the appointment, re-appointment or removal of external auditors, and approve the terms of engagement and audit fees payable to the external auditors;

(l) to review IPTs to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules of the SGX-ST);

(m) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position;

(n) to undertake such other functions and duties as may be required by law or the Catalist Rules of the SGX-ST and by such amendments made thereto from time to time;

(o) to review the assurance from the CEO and CFO on the financial records and financial statements; and

(p) to review the arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

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

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC. The AC meets up with the internal and external auditors without the presence of Management at least once annually and reviews the adequacy of the internal controls established by the Management annually on the basis of the assessment of the above mentioned controls by the external auditors.

During the year, the AC carried out independent reviews of the financial statements of the Company before the announcement of the Company's half year and full year results. The AC also reviewed and approved both the Company's external auditors' plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant internal controls of the Company. The abovementioned significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put up by the external auditors were forwarded to the AC. Significant issues, including but not limited to, a major departure from accounting standards and general acceptable accounting practices, if any, will be discussed at these meetings.

In addition, the AC undertook a half yearly review of the independence and objectivity of the external auditors through discussions with the external auditors and reviewed non-audit fees paid to the external auditors, if any. Fees paid or payable by the Group to external auditors for audit services for the financial year ended 30 June 2023 amounted to $67,000 and there were no non-audit fees paid or payable.

Messrs. Baker Tilly TFW LLP are the external auditors of the Company and its Singapore-incorporated subsidiaries. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules in relation to the auditors of the Company have been complied with.

The AC has recommended to the Board that Messrs. Baker Tilly TFW LLP be nominated for re-appointment as the auditors of the Company at the forthcoming AGM of the Company to be held on 26 October 2023. None of the AC members are former partners or Directors of the Company's external audit firm within the last twenty-four (24) months and none of the AC members hold any financial interest in the external audit firm. The AC took into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA) in its evaluation of the external auditors.

The Company has implemented a "whistle blowing policy" ("**Policy**") which provides for the procedures by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters to the AC Chairman. Details of the Policy together with information on the dedicated whistle-blowing communication channels have been made available to all employees of the Group. The AC Chairman, who is independent, has been designated to investigate whistleblowing reports made in good faith and the identity of the whistleblower is kept confidential at all times. The Group is committed to ensure protection of the whistleblower against detrimental or unfair treatment and the AC is responsible for the oversight and monitoring of the Policy. The AC will review the Policy to ensure arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. There was no whistle-blowing case reported during the financial year ended 30 June 2023.

On a half yearly basis, the Management reports to the AC on any interested person transactions ("**IPT**").

As part of efforts by the AC in keeping abreast of changes to accounting standards and issues, the AC is kept updated by the external auditors on new financial reporting standards during the year.

The role of the internal auditors ("**IA**") is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high-risk areas. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The primary line of reporting of the internal auditors is to the AC Chairman.

The IA was engaged in FY2023 to undertake the review of material internal controls on a significant subsidiary of the Group. All findings and recommendations of the IA were submitted to the AC for deliberation with copies of these reports extended to the CEO and the relevant senior management officers. The Group has implemented the recommendations of the IA based on its internal audit work performed for FY2023 and continues to maintain sufficient safeguards and controls over the Group's operations. The AC also continues to monitor that such safeguards and controls are in place.

The AC reviews the adequacy and effectiveness of the internal audit function of the Group annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. For FY2023, the AC noted that the IA had carried out its function according to the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA is an outsourced professional firm with persons who are engaged in the Group's internal audit, possessing the relevant internal audit qualifications and experience. The internal audit firm engaged was Messrs. PKF Risk Management Sdn. Bhd., and the partner-in-charge is Dr Wong Ka Fee. The AC has assessed and is satisfied that the IA and internal audit function is independent, effective and adequately resourced to perform its function effectively.

(D) Shareholder Rights and Engagement

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is committed to providing clear and full information of the Group to shareholders through the publication of notices, announcements, circulars, half-yearly and full-year financial results. The Company does not practise selective disclosure and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Catalist Rules, via the SGXNet.

Shareholders are encouraged to attend the AGM of the Company to ensure a greater level of shareholder participation and for them to be kept up to date as to the strategies and goals of the Group. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including voting procedures that govern the AGM. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. The documents and information relating to the business of the AGM (including the Annual Report and Proxy Form) have been published on the Company's website at https://cfmholdings.com/, the SGX website at https://www.sgx.com/securities/company-announcements and the notice is also advertised in a newspaper.

To facilitate participation of the shareholders, the Company's Constitution allows a shareholder to appoint not more than two (2) proxies to attend and vote at general meetings.

At the general meetings, the external auditors as well as all the Directors, in particular the Chairman of the Board and the respective Chairman of the Board Committees, are in attendance to answer queries from shareholders. Shareholders are given the opportunity to submit their views and questions to the Directors and Management on matters relating to the Group and its operations in advance of the AGM. The Board members also avail themselves after general meetings to solicit and understand the view of the shareholders. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management would be published on the SGXNet and the Company's website within one (1) month from the AGM. In FY2023, all the Directors were present at the annual general meeting convened by the Company.

All resolutions are put to vote by poll and the voting results of all votes cast for, or against, or abstain, each resolution and the respective percentages are announced at the meeting and via SGXNet upon the conclusion of the general meetings.

The Company does not practice bundling of resolutions. Each resolution is separately tabled at the general meeting. The Company's Constitution does not allow for absentia voting at the general meetings of shareholders.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. However, the Company will establish and maintain regular dialogue with shareholders to gather views or inputs and their concerns.

DIVIDEND POLICY

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make an appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNet.

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.

It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements made and press releases of the Group are also available on the Company's website at https://cfmholdings.com/. The annual general meeting is also another avenue through which the Board and all shareholders may communicate.

The Company's half-yearly and full year results announcement are issued via SGXNet. The Company also publishes the presentation slides used during the briefings on SGXNet and on its website https://cfmholdings.com/. Once the annual report for FY2023 is completed, a copy will be made available on the website and published via SGXNet.

The Company does not have a formal investor relations policy due to its size and operations but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise. Shareholders may reach the Company through the email: irc@cfmholdings.com for any published matters of, or questions it may have for the Company.

(E) Managing Stakeholders Relationships

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, community, government and regulators, shareholders and investors. The Company engages its stakeholders through various channels including the Company's website at https://cfmholdings.com to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company engages with stakeholders through various channels to ensure that its business interests are aligned with those of the stakeholders, to understand and address their concerns, so as to improve management strategies, as well as to sustain business operations for long-term growth.

Stakeholders are either entities or individuals who are either directly or indirectly involved in the Company and may be significantly impacted by how the Group operates. The key stakeholders include financial institutions, investors, shareholders, government, regulators, employees, customers, and vendors. The Company identified and prioritised the matters raised, such as economic, environmental, social and governance factors, details of which can be found in the Sustainability Report 2023 in this Annual Report. These factors have been ranked in accordance with importance to the stakeholders and importance to the Group.

The Group has undertaken a process to determine the environmental, social and governance ("**ESG**") factors which are important to these stakeholders. A more detailed elaboration on the Company's sustainability strategy and key areas of focus in relation to the management of stakeholder relationship is set out in the Sustainability Report 2023 which is published within this annual report on pages 10 to 28.

Dealings in Securities

Catalist Rule 1204(19)

The Company has adopted its own guidelines based substantially on the provisions of Rule 1204(19) of the Catalist Rules. These internal guidelines apply to dealings in securities by all employees (including Directors and other officers) of the Group. The Company sends notification via email to notify all its employees (including its officers and Directors) one (1) month prior to the announcement of the Company's financial statements for the Company's half year and full year financial statements, that trading in the Company's securities is strictly prohibited. In addition, the Directors and officers of the Company are advised not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and are to be mindful of the law on insider trading as prescribed by the Securities and Futures Act 2001 of Singapore at all times even when dealing in securities within the permitted trading period.

The Company, its Directors and officers should not deal in the listed securities of the Company for a period of one (1) month before the half year and full year results, or if they are in possession of unpublished price-sensitive information.

Interested Person Transactions ("IPT")

Catalist Rule 1204(17)

The Company has established procedures to ensure that all IPTs are reported in a timely manner to the AC. All IPTs are subject to review by the AC to ensure that all such transactions are conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the SGX-ST's Catalist Rules on Interested Person Transactions. To ensure compliance, the Company has taken the following steps:

(a) Compliance with Chapter 9 is an integral part of the credit approval process for the Company; and

(b) An annual update of Directors' personal particulars is obtained.

There was no IPT with a value of $100,000 or more, conducted during the financial period under review.

Risk Management

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

RISK APPETITE OF THE GROUP

The Group relies on Management to monitor day to day operations. Key corporate decisions, such as investments or acquisitions of businesses are subject to Board approval. The Group's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Group has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence.

RISK ASSESSMENT AND MONITORING

The nature and extent of risks to the Group will be assessed regularly by key management personnel and risk reports covering top risks to the Group will be submitted to the AC when it arises. The Board has also received assurance from the CEO and the CFO that: (i) 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 (ii) the Company's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks.

Material Contracts

Catalist Rule 1204(8)

Save for the Executive Directors' service contracts, there were no material contracts, not being contracts entered into in the ordinary course of business, that were entered into by the Company and its subsidiaries that involved the interests of the CEO, any Director or controlling shareholder of the Company either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

Catalist Rule 1204(21)

There were no non-sponsor fees paid to the Company's previous sponsor, Asian Corporate Advisors Pte. Ltd. in the financial year ended 30 June 2023.

There were no non-sponsor fees paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd. during the financial year ended 30 June 2023.

Particulars of Directors Pursuant to Provision 4.5 of the Code

NAME	ACADEMIC/ PROFESSIONAL QUALIFICATIONS/ AFFILIATIONS	BOARD APPOINTMENT EXECUTIVE/ NON-EXECUTIVE/ INDEPENDENT	DATE OF APPOINTMENT	DATE LAST RE-ELECTED	DIRECTORSHIP/ CHAIRMANSHIPS IN OTHER LISTED COMPANIES IN SINGAPORE (PRESENT & HELD OVER THE PRECEDING FIVE YEARS) & OTHER PRINCIPAL COMMITMENTS
Ip Kwok Wing	Nil	Executive Chairman	28 April 2000	28 October 2022	Other Listed Companies Nil Other principal commitments Nil
Lim Fong Li Janet	• Bachelor of Science in Business Administration, University of Wales • Master's Degree in Marketing Communication, University of Canberra	Executive Director and Chief Executive Officer	28 April 2000	28 October 2021	Other Listed Companies Nil Other principal commitments Nil
Chia Seng Hee	• Bachelor of Accountancy, National University of Singapore • Masters of Arts in International Relations, International University of Japan • General Manager Program, Harvard Business School	Non-Executive Lead Independent Director	29 October 2021	28 October 2022	Other Listed Companies Present: • MM2 Asia Limited • Ying Li International Real Estate Limited • CDW Holdings Ltd Over preceding 5 years: • Combine Will International Holdings Ltd • Debao Property Development Ltd • China Shenshan Holdings Ltd Other principal commitments Nil

CORPORATE GOVERNANCE REPORT

NAME	ACADEMIC/ PROFESSIONAL QUALIFICATIONS/ AFFILIATIONS	BOARD APPOINTMENT EXECUTIVE/ NON-EXECUTIVE/ INDEPENDENT	DATE OF APPOINTMENT	DATE LAST RE-ELECTED	DIRECTORSHIP/ CHAIRMANSHIPS IN OTHER LISTED COMPANIES IN SINGAPORE (PRESENT & HELD OVER THE PRECEDING FIVE YEARS) & OTHER PRINCIPAL COMMITMENTS
Teo Kian Huat	• Bachelor of Accountancy, Nanyang Technological University	Non-Executive Independent Director	29 October 2021	28 October 2022	Other Listed Companies Present: Nil Over preceding 5 years: Nil Other principal commitments • Chief executive officer, iCapital Holdings (SG) Pte Ltd
Stephen Poh Yong Meng	• Associate of The Chartered Institute of Arbitrators • CEDR Accredited Mediator • Certified SIMI Mediator • Certified Behavioral Consultant	Non-Executive Independent Director	13 January 2023	Not Applicable	Other Listed Companies Present: Nil Over preceding 5 years: Nil Other principal commitments • Executive Master Mediator • Volunteers at the Community Mediation Centre • CMC Assessor • Jack Global Consulting Pte. Ltd., • Metro Premium Steel Pte. Ltd. • Standard Commerce Services Pte. Ltd.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of CFM Holdings Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the balance sheet of the Company for the financial year ended 30 June 2023.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 64 to 115 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) 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.

Directors

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

Ip Kwok Wing	-	Executive Chairman	
Lim Fong Li Janet	-	Chief Executive Officer	
Chia Seng Hee	-	Lead Independent Director	
Teo Kian Huat	-	Independent Director	
Stephen Poh Yong Meng	-	Independent Director	(Appointed on 13 January 2023)

Arrangement to enable directors to acquire benefits

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Number of ordinary shares			
	Shareholdings registered in the name of director		Shareholdings in which a director is deemed to have an interest	
Name of director	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
The Company				
Ip Kwok Wing	74,319,300	74,319,300	61,601,150	61,601,150
Lim Fong Li Janet	61,601,150	61,601,150	74,319,300	74,319,300

Ip Kwok Wing and Lim Fong Li Janet are deemed interested in each other's shares held by virtue of their relationship as spouses.

Directors' interests in shares or debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2023.

By virtue of Section 7 of the Act, Ip Kwok Wing and Lim Fong Li Janet are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

CFM Performance Share Plan

The Company has an employee performance share plan which was implemented on 30 April 2015 (the "**PS Plan**"). The PS Plan allows the Company to target specific performance objectives and to provide an incentive for participants who are awarded fully-paid shares under the PS Plan ("Participants") for free of charge. The PS Plan applies to executive directors, non-executive directors (including Independent Directors) and group employees.

The awards granted under this PS Plan will be determined at the sole discretion of the Remuneration Committee ("RC"), comprising of Chia Seng Hee, Stephen Poh Yong Meng and Teo Kian Huat, which will oversee and administer the PS Plan. In considering the grant of an award to a Participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected employee. In respect of the grant of an award to a Participant who is also a member of the RC, the Participant shall not be involved in the deliberation of the award to be granted to him to minimise the potential conflict of interest and to not compromise his independence of as a member of the RC.

The total number of new shares which may be issued pursuant to awards granted under the PS Plan shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) on the day shareholders approve the PS Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the PS Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST").

At the end of the financial year, there were no performance shares issued by the Company since the implementation of the PS Plan on 30 April 2015.

Audit committee

The members of the Audit Committee ("AC") during the year and at the date of this statement are:

Chia Seng Hee - Chairman
Teo Kian Huat
Stephen Poh Yong Meng (Appointed on 13 January 2023)

The AC carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

In performing its functions, the AC met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

Audit committee (cont'd)

The AC also reviewed the following:

(a) assistance provided by the Company's management to the internal and independent auditors;

(b) half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

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

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ip Kwok Wing
Executive Chairman

Lim Fong Li Janet
Chief Executive Officer

2 October 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CFM HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of CFM Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 64 to 115, which comprise the balance sheets of the Group and the Company as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

<u>Impairment review of investment in subsidiaries in Company's financial statements</u>

As disclosed in Note 12 to the financial statements, the net carrying amount of the investment in subsidiaries is stated at $18,799,000 (2022: $16,435,000) after deducting impairment loss of $3,778,000 (2022: $6,142,000) as at 30 June 2023. During the financial year, the Company recognised reversal of impairment loss amounting to $2,364,000 (2022: $5,779,000).

The assessment of recoverable amount of the Company's investment in subsidiaries is considered to be significant to our audit as the carrying amount of investment in subsidiaries is material to the Company's financial statements and the assessment requires application of judgement and use of subjective assumptions by management.

Management assessed the recoverable amount of its investment in subsidiaries based on fair value less costs of disposal or value in use ("VIU") of the investment in subsidiaries. The determination of fair value less costs of disposal involve estimation of the fair values of the underlying assets and liabilities of the subsidiary. The determination of VIU of the investment was based on the discounted cash flow ("DCF") method. The use of the DCF involves significant estimates and judgement for the key assumptions in the forecasted revenue and forecasted gross profit margin.

The significant estimates and judgement applied in the impairment assessment of investment in subsidiaries and disclosures for key assumptions used are included in Notes 3 and 12 to the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment review of investment in subsidiaries in Company's financial statements (cont'd)

How the matter was addressed in our audit:

We obtained an understanding of management's impairment assessment process for their assessment of the recoverable amount of the Company's investment in subsidiaries.

We obtained management's assessment of the fair value less costs of disposal, which is determined based on the underlying assets and liabilities of the subsidiary.

We obtained management's assessment of the VIU and the key assumptions used in DCF model. We assessed the reasonableness of management's key assumptions used such as compound annual growth rate for revenue and forecasted gross profit margin against historical and expected future financial performances. We have assessed the reasonableness of forecasted terminal growth rate taking into consideration the current economic and market conditions. We have involved our internal valuation specialist in assessing the reasonableness of management's discount rates.

We assessed the sensitivity of the key assumptions on the impairment assessments based on reasonably possible changes in the key assumptions.

We also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2023, but does not include the financial statements and our auditor's report thereon.

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

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

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

2 October 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2023

		Group	
		2023	**2022**
	Note	**$'000**	**$'000**
Revenue	4	29,729	26,851
Cost of sales		(21,907)	(20,136)
Gross profit		7,822	6,715
Other income	5	8,768	679
Marketing and distribution expenses		(335)	(241)
Administrative and other expenses		(4,708)	(4,204)
Net reversal of impairment losses/(impairment losses) on financial assets		95	(290)
Finance costs	6	(187)	(226)
Profit before tax	7	11,455	2,433
Tax expense	9	(907)	(545)
Profit for the financial year		10,548	1,888
Other comprehensive loss for the financial year, net of tax:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		(634)	(533)
Total comprehensive income for the financial year		9,914	1,355
		Cents	Cents
Earnings per share (EPS)	10		
Basic and diluted		5.23	0.94

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

At 30 June 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Non-current assets					
Property, plant and equipment	11	6,400	3,501	–	–
Investment in subsidiaries	12	–	–	18,799	16,435
Total non-current assets		6,400	3,501	18,799	16,435
Current assets					
Inventories	13	3,749	4,343	–	–
Trade receivables	14	6,391	5,903	–	–
Other receivables	15	275	334	3	4
Amounts due from subsidiaries	16	–	–	1	319
Cash and bank balances	17	13,651	4,214	273	69
		24,066	14,794	277	392
Non-current asset classified as held for sale	18	–	7,487	–	–
Total current assets		24,066	22,281	277	392
Total assets		30,466	25,782	19,076	16,827
Non-current liabilities					
Borrowings	19	2,225	783	–	–
Lease liabilities	20	143	89	–	–
Deferred tax liabilities	21	191	260	–	45
Total non-current liabilities		2,559	1,132	–	45
Current liabilities					
Trade payables		2,428	2,332	–	–
Contract liabilities	22	129	134	–	–
Other payables	23	2,088	2,481	226	307
Amounts due to subsidiaries	16	–	–	1,781	692
Lease liabilities	20	377	126	–	–
Borrowings	19	418	4,537	–	–
Income tax payable		488	449	17	37
		5,928	10,059	2,024	1,036
Liabilities directly associated with disposal of non-current asset classified as held for sale	18	–	2,326	–	–
Total current liabilities		5,928	12,385	2,024	1,036
Total liabilities		8,487	13,517	2,024	1,081
Net assets		21,979	12,265	17,052	15,746
Equity					
Share capital	24	22,963	22,963	22,963	22,963
Accumulated profits/(losses)	25	95	(10,253)	(5,911)	(7,217)
Foreign currency translation reserve		(1,079)	(445)	–	–
Total equity		21,979	12,265	17,052	15,746

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2023

	Share capital $'000	Accumulated (losses)/profits $'000	Foreign currency translation reserve $'000	Total equity $'000
2023				
Balance at 1 July 2022	22,963	(10,253)	(445)	12,265
Profit for the financial year	–	10,548	–	10,548
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising on consolidation	–	–	(634)	(634)
Total comprehensive income/(loss) for the financial year	–	10,548	(634)	9,914
Final tax-exempt dividend of 0.09924 cents per ordinary shares in respect of financial year 2022	–	(200)	–	(200)
Balance at 30 June 2023	22,963	95	(1,079)	21,979
2022				
Balance at 1 July 2021	22,963	(12,141)	88	10,910
Profit for the financial year	–	1,888	–	1,888
Other comprehensive loss for the financial year, net of tax				
- Currency translation differences arising on consolidation	–	–	(533)	(533)
Total comprehensive income/(loss) for the financial year	–	1,888	(533)	1,355
Balance at 30 June 2022	22,963	(10,253)	(445)	12,265

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2023

		Group	
		2023	2022
	Note	$'000	$'000
Cash flows from operating activities			
Profit before tax		11,455	2,433
Adjustments for:			
Depreciation on property, plant and equipment		649	1,099
Gain on disposal of non-current asset classified as held for sale		(8,132)	–
Gain on disposal of property, plant and equipment		(61)	(2)
Gain on lease termination and modification		(12)	(4)
Inventories written off		143	71
Net (reversal of impairment losses)/impairment losses on financial assets		(95)	290
Interest expenses		187	226
Interest income		(150)	(4)
Property, plant and equipment written off		11	–
Net reversal of inventories write-down		(45)	(4)
Unrealised gain on foreign currency exchange		(70)	(35)
Operating cash flows before working capital changes		3,880	4,070
Inventories		300	(1,054)
Receivables		(722)	(1,439)
Payables and contract liabilities		(34)	859
Foreign currency translation adjustments		31	(5)
Cash generated from operations		3,455	2,431
Interest received		150	4
Income tax paid		(905)	(513)
Net cash generated from operating activities		2,700	1,922
Cash flows from investing activities			
Purchases of property, plant and equipment	11(d)	(1,662)	(187)
Proceeds from disposal of non-current asset held for sale		13,293	–
Proceeds from disposal of property, plant and equipment		110	2
Placement of fixed deposits		(7,202)	–
Net cash generated from/(used in) investing activities		4,539	(185)
Cash flows from financing activities			
Repayment of borrowings		(4,261)	(354)
Repayment of lease liabilities		(193)	(228)
Interest paid		(187)	(226)
Proceeds from bank borrowings		–	110
Dividend paid		(200)	–
Restricted balance in use		(70)	–
Uplift of fixed deposit pledged with financial institutions		135	–
Net cash used in financing activities		(4,776)	(698)
Net increase in cash and cash equivalents		2,463	1,039
Cash and cash equivalents at beginning of the financial year		4,003	3,119
Effect of exchange rate changes on cash and cash equivalents		(163)	(155)
Cash and cash equivalents at end of the financial year	17	6,303	4,003

The accompanying notes form an integral part of these financial statements.

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

1. Corporate information

The Company (Co. Reg. No. 200003708R) is incorporated and domiciled in Singapore and is a public limited company listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST").

The address of its registered office and principal place of business is at 3 Ang Mo Kio Street 62, LINK@AMK, #05-16, Singapore 569139.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

The ultimate controlling party of the Group is Ip Kwok Wing and his spouse, Lim Fong Li Janet.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in Singapore dollar ("$"), which is the Company's functional currency and all information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements of the Group and the balance sheet of the Company have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables (other than lease liabilities and non-current borrowings) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Revenue recognition

Sales of metal components and cleanroom products

Revenue from sales of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The transaction price is the amount of consideration in the sales contract to which the Group expects to be entitled in exchange for transferring the promised goods. Revenue is recognised at the point when the goods are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability upon cash receipts from customers and recognised as revenue when the Group satisfies the performance obligation under its contract.

Logistics services

Revenue from logistics services are recognised at a point in time when control over the goods to be delivered is transferred to the customer and the timing of which is determined by the delivery. The performance obligation is measured at a point in time once the service has been completed upon transfer or delivery of goods as the performance obligation has been met. The Group will bill the customer when the service has been performed and the customer is given a credit term of 30 days, which is consistent with market practice.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Revenue recognition (cont'd)

Sales of tooling products

Revenue from sales of tooling products is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability at the time of the initial sales transaction and recognised as revenue when the Group satisfies the performance obligation under its contract.

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Storage services

Revenue from storage services is recognised over time on a monthly basis when the services are rendered and billed at the commencement of each month.

Rental income

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investment in subsidiaries is accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other components of non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is 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 asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

No depreciation is provided on freehold land. Depreciation is calculated on a straight-line method to allocate the depreciable amounts of other property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Freehold buildings	20
Leasehold land and buildings	18 – 48
Renovation	5
Office equipment	3 – 5
Machinery and equipment	5
Furniture and fittings	3 – 5
Toolings	5
Motor vehicles	3 – 5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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.

Recoverable amount is higher of fair value less costs of disposal and value in use. In estimating 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.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and conditions are accounted for as follow:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Leases

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

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

The lease liabilities are presented as a separate line in the balance sheets.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Leases (cont'd)

When a Group entity is the lessee (cont'd)

Right-of-use assets (cont'd)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the balance sheets.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(f).

The Group applies SFRS(I) 5 *Non-current Assets* Held for Sale and Discontinued Operations to the right-of-use assets and lease liabilities that meet the criteria to be classified as held for sale as described in Note 2(v).

When a Group entity is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases. Initial direct cost incurred in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss on the same basis as the lease income.

i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2. Summary of significant accounting policies (cont'd)

i) Income tax (cont'd)

Deferred tax liability is provided on all taxable temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

j) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

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

The Group classifies its financial assets at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

2. Summary of significant accounting policies (cont'd)

j) Financial assets (cont'd)

Subsequent measurement

Debt instruments

Debt instruments for the Group include trade receivables, other receivables (excluding prepayments and goods and services tax) and cash and bank balances.

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

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

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

2. Summary of significant accounting policies (cont'd)

j) Financial assets (cont'd)

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

k) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions (generally with original maturity of three months or less) which are subject to an insignificant risk of change in value and exclude pledged deposits.

l) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave, and goods and services tax), lease liabilities and borrowings. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

m) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

n) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. Summary of significant accounting policies (cont'd)

o) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

p) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

q) Employee benefits

Employee leave entitlements

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

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

r) Foreign currency

Functional and presentation currency

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

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

Translation of Group entities' financial statements

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

(a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

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

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2. Summary of significant accounting policies (cont'd)

s) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

t) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

v) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

3. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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 assessment of investment in subsidiaries - Company level

The Company reviews the investment in subsidiaries at the balance sheet date to determine whether there is any indication of impairment.

Management assessed the recoverable amount of the Company's investment in subsidiaries based on fair value less costs of disposal or value in use ("VIU") of the investment in subsidiaries. The determination of fair value less costs of disposal involve estimation of the fair values of the underlying assets and liabilities of the subsidiary. The determination of VIU of the investment was based on the discounted cash flow ("DCF") method. The use of the DCF involves significant estimates and judgement for the key assumptions in the forecasted revenue, and forecasted gross profit margin. The DCF model also include other assumptions on forecasted terminal growth rate and discount rates. A small change in the key assumptions used in VIU could affect the recoverable amount of investment in subsidiaries.

The carrying amount of the Company's investment in subsidiaries as at 30 June 2023 is disclosed in Note 12.

Write-down of inventories

Management reviews the inventory listing on a periodic basis. This review involves comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to estimate the net realisable value, based on estimated selling price in the ordinary course of business and to determine any write-down or reversal of write-down is to be made in the financial statements for slow-moving items. Management is satisfied that the inventories have been written down adequately in the financial statements.

At 30 June 2023, the carrying amount of inventories of the Group after the write-down or the reversal of write-down are disclosed in Note 13.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying value of trade receivables and other receivables at balance sheet date are disclosed in Note 29(b), 14 and 15 respectively.

4. Revenue

The following table provides a disaggregation disclosure of the Group's revenue by service lines and timing of revenue recognition.

	Group	
	2023	2022
	$'000	$'000
Revenue stream and timing of revenue recognition		
At a point in time		
- Sales of metal components	26,828	23,101
- Logistic services	4	70
- Sales of cleanroom products	1,915	1,977
- Sales of tooling products	829	1,332
Over time		
- Storage services	153	371
	29,729	26,851
Revenue recognised during the financial year from:		
Amounts included in contract liabilities at the beginning of the financial year	106	148

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

5. Other income

	Group	
	2023	2022
	$'000	$'000
Government grants	35	29
Interest income	150	4
Rental income	220	488
Unrealised gain on foreign currency exchange	70	35
Realised gain on foreign currency exchange	82	71
Gain on disposal of non-current asset classified as held for sale	8,132	–
Gain on disposal of property, plant and equipment	61	–
Others	18	52
	8,768	679

6. Finance costs

	Group	
	2023	2022
	$'000	$'000
Interest expenses:		
- Lease liabilities	18	86
- Bank loans and banker's acceptances	169	140
	187	226

7. Profit before tax

	Group	
	2023	2022
	$'000	$'000
Profit before tax is arrived at after charging/(crediting):		
Audit fees paid/payable to:		
- auditor of the Company	67	66
- other auditors*	45	51
Non-audit fees paid/payable to:		
- auditors of the Company	–	20
- other auditors*	–	–
Depreciation of property, plant and equipment (Note 11)	649	1,099
Directors' fees paid/payable to non-executive directors of the Company	57	67
Net reversal of inventories write-down (Note 13)	(45)	(4)
Inventories written off (Note 13)	143	71
Gain on lease termination and modification	(12)	(4)
Property, plant and equipment written off	11	–
Net (reversal of impairment losses)/impairment losses on financial assets	(95)	290
Lease expense - short-term leases (Note 20)	186	213
Professional fees	532	339
Staff costs (Note 8)	9,510	8,141

* Includes independent member firms of the Baker Tilly International network.

8. Staff costs

	Group	
	2023	2022
	$'000	$'000
Salaries and bonuses	7,742	6,632
Contributions to defined contribution plans	451	358
Other benefits	1,317	1,151
	9,510	8,141

9. Tax expense

	Group	
	2023	2022
	$'000	$'000
Tax expense attributable to profits is made up of:		
- Current income tax provision	1,003	781
- Deferred tax	(4)	(4)
	999	777
Over provision in prior years		
- Current income tax	(32)	(186)
- Deferred tax	(60)	(46)
	(92)	(232)
	907	545

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic statutory rate of income tax applicable to the countries where the Group operates due to the following factors:

	Group	
	2023	2022
	$'000	$'000
Profit before tax	11,455	2,433
Tax at the domestic rates applicable to profit in the countries where the Group operates	1,987	629
Income not subject to tax	(1,426)	(81)
Expenses not deductible for income tax purposes	504	369
Tax rebates and exemptions	(4)	(6)
Over provision of tax in prior years	(92)	(232)
Utilisation of previously unrecognised tax losses	(43)	(41)
Change in unrecognised temporary differences	(19)	(87)
Others	–	(6)
	907	545

9. Tax expense (cont'd)

The reconciliation is prepared by aggregating separate reconciliations using the domestic rate in each individual jurisdiction under which the Group's major components operate. For these components which are located in Singapore, Malaysia, Slovak Republic and The People's Republic of China, the applicable domestic tax rates used are 17% (2022: 17%), 24% (2022: 24%), 21% (2022: 21%) and 25% (2022: 25%) respectively.

At the balance sheet date, the Group has unutilised tax losses amounting to $4,478,000 (2022: $4,692,000) that are available for carry forward to offset against future taxable income subject to the compliance with the tax regulations of the respective countries in which the Group companies are incorporated and the approval by the relevant tax authorities.

The potential deferred tax assets on the following temporary differences have not been recognised at the balance sheet date as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised:

	Group	
	2023	**2022**
	$'000	**$'000**
Unrecognised deductible temporary differences:		
Unutilised tax losses	4,478	4,692
Other deductible temporary differences	1,077	1,702
	5,555	6,394

The income tax benefits from tax losses carried forward is available for an unlimited period subject to the conditions imposed by law, except for unrecognised tax losses of $251,000 (2022: $316,000) which will expire progressively over the next 10 years, subject to the conditions imposed by the Malaysian tax authorities.

10. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following:

	Group	
	2023	**2022**
Net profit attributable to equity holders of the Company ($'000)	10,548	1,888
Number of shares ('000)		
Weighted average number of ordinary shares in issue	201,535	201,535

Basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to shareholders of the Company by the weighted average number of fully-paid ordinary shares in issue during the financial year.

The denominators used are the same as those detailed above for both basic and diluted earnings per share as there is no dilutive share outstanding during the relevant period.

11. Property, plant and equipment

Group	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Renovation $'000	Office equipment $'000	Machinery and equipment $'000	Furniture and fittings $'000	Toolings $'000	Motor vehicles $'000	Total $'000
2023										
Cost										
At 1.7.2022	704	2,753	2,104	1,012	1,190	16,555	198	445	888	25,849
Additions	–	–	2,721	143	63	919	41	–	18	3,905
Lease modification	–	–	(52)	–	–	–	–	–	–	(52)
Disposals/write-off	–	–	(285)	(275)	(138)	(327)	(129)	–	(77)	(1,231)
Exchange differences	(61)	(8)	(180)	(60)	(57)	(703)	(3)	6	(50)	(1,116)
At 30.6.2023	643	2,745	4,308	820	1,058	16,444	107	451	779	27,355
Accumulated depreciation										
At 1.7.2022	–	1,841	880	1,002	903	16,040	135	441	817	22,059
Depreciation charge (Note 7)	–	63	265	14	25	235	9	1	37	649
Lease modification	–	–	(27)	–	–	–	–	–	–	(27)
Disposals/write-off	–	–	(285)	(273)	(77)	(245)	(98)	–	(60)	(1,038)
Exchange differences	–	28	(71)	(60)	(55)	(646)	(2)	6	(44)	(844)
At 30.6.2023	–	1,932	762	683	796	15,384	44	448	750	20,799
Accumulated impairment losses										
At 1.7.2022	–	–	–	–	125	137	27	–	–	289
Disposals/write-off	–	–	–	–	(55)	(51)	(27)	–	–	(133)
At 30.6.2023	–	–	–	–	70	86	–	–	–	156
Carrying amount										
At 30.6.2023	643	813	3,546	137	192	974	63	3	29	6,400

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

Group	Freehold land $'000	Freehold buildings $'000	Leasehold land and buildings $'000	Renovation $'000	Office equipment $'000	Machinery and equipment $'000	Furniture and fittings $'000	Toolings $'000	Motor vehicles $'000	Total $'000
2022										
Cost										
At 1.7.2021	750	3,066	12,900	1,059	1,243	16,980	207	488	913	37,606
Additions	–	–	40	1	29	229	18	–	–	317
Lease modification	–	–	(37)	–	–	–	–	–	–	(37)
Reclassified as held for sale	–	–	(10,753)	–	–	–	–	–	–	(10,753)
Disposals/write-off	–	–	–	(31)	(49)	–	(24)	–	(5)	(109)
Exchange differences	(46)	(313)	(46)	(17)	(33)	(654)	(3)	(43)	(20)	(1,175)
At 30.6.2022	704	2,753	2,104	1,012	1,190	16,555	198	445	888	25,849
Accumulated depreciation										
At 1.7.2021	–	1,913	3,471	1,041	945	16,480	157	477	797	25,281
Depreciation charge (Note 7)	–	135	710	9	33	160	4	4	44	1,099
Reclassified as held for sale	–	–	(3,266)	–	–	–	–	–	–	(3,266)
Lease modification	–	–	(18)	–	–	–	–	–	–	(18)
Disposals/write-off	–	–	–	(31)	(41)	–	(24)	–	(5)	(101)
Exchange differences	–	(207)	(17)	(17)	(34)	(600)	(2)	(40)	(19)	(936)
At 30.6.2022	–	1,841	880	1,002	903	16,040	135	441	817	22,059
Accumulated impairment losses										
At 1.7.2021	–	–	–	–	133	137	27	–	–	297
Disposals/write-off	–	–	–	–	(8)	–	–	–	–	(8)
At 30.6.2022	–	–	–	–	125	137	27	–	–	289
Carrying amount										
At 30.6.2022	704	912	1,224	10	162	378	36	4	71	3,501

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

Company	Office equipment $'000
2023	
Cost	
At 1.7.2022 and 30.6.2023	4
Accumulated depreciation	
At 1.7.2022 and 30.6.2023	4
Carrying amount	
At 30.6.2023	–
2022	
Cost	
At 1.7.2021 and 30.6.2022	4
Accumulated depreciation	
At 1.7.2021 and 30.6.2022	4
Carrying amount	
At 30.6.2022	–

(a) Included in property, plant and equipment are right-of-use assets with carrying amount of $3,606,000 (2022: $1,340,000) (Note 20).

(b) The net carrying amounts of property, plant and equipment which have been charged to financial institutions for credit facilities and borrowings granted to the Group are as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
Freehold land	458	522
Freehold buildings	250	329
Leasehold land and buildings	3,080	1,124
	3,788	1,975

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

(c) Details of land and buildings of the Group are as follows:

Location	Description	Tenure	Approximate build-up area (sqm)	Held by
No. 4, Jalan Haji Sa'at, Sungai Tiram 81800 Ulu Tiram, Johor Darul Takzim Malaysia	Office/factory	Freehold	4,905	Hantong Metal Component Sdn. Bhd.
Radlinskeho 17, 052 01 Spisska Nova Ves Slovak Republic	Office/factory	Freehold	5,253	CFM Slovakia s.r.o.
Lot no.83 & 84 Jalan PKNK 1/8 Kawasan Perusahaan Sungai Petani LPK, Taman Ria Jaya, 08000 Sungai Petani, Kedah, Malaysia	Office/factory	Leasehold	8,391	Hantong Metal Component (Penang) Sdn. Bhd.
Batu 14 ¾ Jalan Sungai Tiram, Johor Darul Takzim Malaysia	Vacant land	Freehold	–	Hantong Metal Component Sdn. Bhd.
No. 3 Ang Mo Kio Street 62, LINK@AMK, #05-15 and #05-16, Singapore 569139	Office/factory	Leasehold	400	CFM Infratrade Pte. Ltd.

(d) Net cash outflow for additions of property, plant and equipment are as follows:

	Group	
	2023	2022
	$'000	$'000
Aggregate cost of property, plant and equipment acquired	3,905	317
Less: Acquired through new lease arrangement (Note 20(a))	(563)	(130)
Less: Acquired through new bank borrowings (Note 19(d))	(1,680)	–
Net cash outflow for purchase of property, plant and equipment	1,662	187

12. Investment in subsidiaries

	Company	
	2023	2022
	$'000	$'000
Unquoted equity shares, at cost	22,577	22,577
Less: Impairment losses	(3,778)	(6,142)
	18,799	16,435
Movements in the impairment losses are as follows:		
Balance at beginning of the financial year	6,142	11,921
Reversal of impairment loss	(2,364)	(5,779)
Balance at end of the financial year	3,778	6,142

(a) Details of the subsidiaries held by the Company are:

Name	Country of incorporation	Principal activities	Equity interest 2023 %	Equity interest 2022 %
Held by the Company				
Cheong Fatt Holdings Pte. Ltd. [(2)]	Singapore	Warehousing and logistics services	100	100
Hantong Metal Component Sdn. Bhd. [(1)]	Malaysia	Manufacturing of metal plates and metal stamping	100	100
Hantong Metal Component (Penang) Sdn. Bhd. [(1)]	Malaysia	Manufacturing of metal plates and metal stamping	100	100
CFM Slovakia s.r.o. [(5)]	Slovak Republic	Manufacturing of metal plates and metal stamping	100	100
CFM (USA), Inc. [(4)]	The United States of America	Dormant	100	100
Dalian CFM Precision Tooling Co., Ltd [(3)]	The People's Republic of China	Manufacturing and fabricating engineering tools	100	100
CFM Infratrade Pte. Ltd. [(2)]	Singapore	Trading and supplying disposable and wearable for use in clean room, bio-medical, laboratories and hospitals	100	100

(1) Audited by independent member firms of Baker Tilly International.
(2) Audited by Baker Tilly TFW LLP, Singapore.
(3) Audited by Huanyu Certified Public Accountants, The People's Republic of China.
(4) Not required to be audited by law of country of incorporation.
(5) Audited by Kreston Slovakia, Slovakia.

12. Investment in subsidiaries (cont'd)

(b) Company level - Impairment review of investment in subsidiaries

CFM Infratrade Pte. Ltd.

During the financial year, management performed an impairment test for the investment in CFM Infratrade Pte. Ltd. ("CFM Infratrade") as management expects an improvement in the economic performance of CFM Infratrade. The recoverable amount of the investment in CFM Infratrade has been determined based on value in use calculation using cash flow projections approved by management covering a five-year period. The compound annual growth rate for revenue and pre-tax discount rate applied to the cash flow projections are 4% (2022: 2%) and 13.7% (2022: 15.5%) respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 2% (2022: 1.5%). Based on the assessment performed, no additional or reversal of impairment is recorded for the financial year ended 30 June 2023 (2022: reversal of impairment loss of $250,000).

An increase/decrease in the compound annual growth rate for revenue by 1% (2022: 2%) would increase/decrease the recoverable amount of CFM Infratrade by $401,000 (2022: increase/decrease by $357,000).

Hantong Metal Component Sdn. Bhd.

During the financial year, management performed a review of recoverable amount of the investment in Hantong Metal Component Sdn. Bhd. ("HTJB") as management expects an improvement in the economic performance of HTJB. The recoverable amount of the investment in HTJB has been determined based on value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. The compound annual growth rate gross profit margin and pre-tax discount rate applied to the cash flow projections are 5% (2022: 4%), 16% (2022: 15.6%) and 14.6% (2022: 16.9%) respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 2.4% (2022: 4%). A reversal of impairment loss of $375,000 (2022: $735,000) is recognised for the financial year ended 30 June 2023 as the recoverable amount of $1,754,000 (2022: $1,379,000) is higher than the carrying amount.

An increase/decrease in the gross profit margin by 1% (2022: 0.5%) would increase/decrease the recoverable amount of HTJB by $86,000 (2022: 203,000).

Cheong Fatt Holdings Pte. Ltd.

During the financial year, the management performed a review of recoverable amount of the investment in Cheong Fatt Holdings Pte. Ltd. ("Cheong Fatt") as the net assets of Cheong Fatt was higher than the net carrying amount of investment. The recoverable amount of the investment in Cheong Fatt has been determined based on fair value less costs of disposal ("FVLCD"). The FVLCD is determined based on the fair valuation of Cheong Fatt taking into account the fair values of underlying assets and liabilities of Cheong Fatt, which mainly comprises cash at bank and other receivables. A reversal of impairment loss of $753,000 is recognised for the financial year ended 30 June 2023 as the recoverable amount of $8,600,000 is higher than the carrying amount. The fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

In 2022, management performed an impairment test for the investment in Cheong Fatt. The recoverable amount of the investment in Cheong Fatt was computed based on value in sue calculation using cash flow projections approved by management covering a two-year period and taking into consideration the sale of property. A reversal of impairment loss of $3,156,000 was recognised as the recoverable amount of $7,847,000 was higher than the carrying amount.

12. Investment in subsidiaries (cont'd)

(b) Company level - Impairment review of investment in subsidiaries (cont'd)

Dalian CFM Precision Tooling Co., Ltd

During the financial year, management performed a review of recoverable amount of the investment in Dalian CFM Precision Tooling Co., Ltd ("CFM Dalian") as this subsidiary showed improved performance. The recoverable amount of the investment in CFM Dalian has been determined based on value in use calculation using cash flow projections approved by management covering a five-year period. The compound annual growth rate for revenue and pre-tax discount rate applied to the cash flow projections are 1.8% (2022:1%) and 12.3% (2022:13.2%) respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 2.2% (2022: 2%). Full reversal of impairment loss of $1,236,000 (2022: a reversal of impairment loss of $1,638,000) is recognised for the financial year ended 30 June 2023 as the recoverable amount of $4,705,000 (2022: $1,638,000) is higher than the carrying amount.

With regards to the assessment of value in use for CFM Dalian, management believes that the change in the estimated recoverable amount from any reasonably possible changes in the above key assumption would not cause the recoverable amount to be materially lower than the carrying amount of CFM Dalian.

13. Inventories

	Group	
	2023	**2022**
	$'000	**$'000**
Raw materials	1,447	2,141
Work in progress	773	510
Finished goods	1,529	1,692
	3,749	4,343

Raw materials, consumables and changes in finished goods and work in progress included as cost of sales during the financial year amounted to $20,535,000 (2022: $19,057,000).

The Group has recognised a net reversal of inventories write-down of $45,000 (2022: $4,000) (Note 7) as the inventories were sold above their carrying amounts. During the financial year, the Group had recorded inventories written off of $143,000 (2022: $71,000). The reversal and written off were included in cost of sales.

14. Trade receivables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Third parties	6,535	6,193	–	–
Less: Impairment allowance for trade receivables (Note 29(b))	(144)	(290)	–	–
	6,391	5,903	–	–

15. Other receivables

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Deposits	109	148	–	–
Prepayments	102	149	1	2
Sundry debtors	67	40	2	2
	278	337	3	4
Less: Impairment allowance for other receivables (Note 29(b))	(3)	(3)	–	–
	275	334	3	4

16. Amounts due from/(to) subsidiaries

	Company	
	2023 $'000	2022 $'000
Current assets		
Receivables due from subsidiaries (non-trade)	1	297
Loan to a subsidiary		
- Interest at 6.0% per annum	–	22
	1	319
Current liabilities		
Amounts due to subsidiaries	(1,781)	(692)

Current assets

The non-trade receivables amounting to $1,000 (2022: $297,000) are unsecured, interest-free and repayable on demand.

Loan to a subsidiary is unsecured and repayable on demand. In the previous year, the Company has agreed to waive the interest charges on loan to a subsidiary. During the financial year, the loan to a subsidiary has been fully settled.

Current liabilities

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

17. Cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash and bank balances	6,373	4,003	273	69
Fixed deposits	7,278	211	–	–
	13,651	4,214	273	69

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

	Group	
	2023	2022
	$'000	$'000
Cash and bank balances	6,373	4,003
Fixed deposits	7,278	211
	13,651	4,214
Fixed deposits pledged	(76)	(211)
Restricted balance in use	(70)	–
Short-term deposits with maturities of more than three months	(7,202)	–
	6,303	4,003

At the balance sheet date, the fixed deposits earn interest ranging 2.10% to 3.95% (2022: 0.58% to 2.10%) per annum and mature within 1 to 12 months (2022: 10 to 12 months) from the balance sheet date. Fixed deposits and bank balance amounting to $76,000 (2022: $211,000) and $70,000 (2022: $Nil) respectively are pledged with financial institutions as securities for loans and credit facilities granted to the Group.

18. Non-current asset classified as held for sale
Liabilities directly associated with disposal of non-current asset classified as held for sale

In the previous financial year, the Group had entered into an option to sell the leasehold property to a third party. The third party had exercised the option on 28 June 2022. The related assets and liabilities had been reclassified and presented separately on the consolidated balance sheet as "non-current asset classified as held for sale" and "liabilities directly associated with disposal of non-current asset classified as held for sale" respectively.

	Group
	2022
	$'000
Details of disposal of leasehold property classified as held for sale are as follows:	
Property, plant and equipment	5,256
Right-of-use assets	2,231
	7,487
Liabilities directly associated with disposal of non-current asset classified as held for sale:	
Lease liabilities	2,326

The disposal of non-current asset classified as held for sale had been completed on 20 December 2022.

19. Borrowings

		Group	
	Note	**2023**	**2022**
		$'000	**$'000**
Current			
Secured			
Bank loan I	(a)	94	105
Bank loan II	(b)	–	4,035
Bank loan III	(c)	53	–
Bankers' acceptances	(d)	271	397
		418	4,537
Non-current			
Secured			
Bank loan I	(a)	628	783
Bank loan III	(c)	1,597	–
		2,225	783
		2,643	5,320

19. Borrowings (cont'd)

Details of the borrowings are as follows:

(a) Bank loan I bears interest at 3.65% to 4.65% (2022: 3.90%) per annum and is repayable in 180 monthly instalments commencing August 2015. It is secured by a first charge over the subsidiary's leasehold land and building with a net carrying amount of $952,000 (2022: $1,124,000) and fixed deposits of a subsidiary.

(b) In the previous year, Bank loan II bears interest at 1.18% per annum above 3-month Singapore Interbank Offered Rates ("SIBOR") and is repayable over 15 years.

The mortgage loan is secured by:

(i) Fixed deposit pledged with financial institutions;

(ii) All-monies legal mortgage over the property at 4 Ang Mo Kio Avenue 12, Singapore 569498; and

(iii) Undertakings in connection with the operations of the leasehold property as approved by Housing Development Board.

The mortgage loan was fully settled during the first half of the financial year as the leasehold property was disposed.

(c) Bank loan III bears interest at 0.65% per annum above 1-month Cost of Funds and is repayable over 20 years.

The mortgage loan is secured by:

(i) All-monies legal charge over the property at 3 Ang Mo Kio Street 62 #05-15 and #05-16, LINK@AMK, Singapore 569139 with a net carrying amount of $2,128,000 (2022: Nil)

(ii) A joint and several personal guarantee for all monies owing to be provided by the directors

(iii) A charge over the Debt Servicing Reserve Account

(d) Bankers' acceptances bear interest at 3.15% to 4.88% (2022: 2.59% to 3.55%) per annum and are secured by a first and legal charge over the subsidiary's freehold land and building with a net carrying amount of $708,000 (2022: $851,000) and a corporate guarantee by the Company.

19. Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Lease liabilities (Note 20) $'000	Loan from a third party (Note 23) $'000	Borrowings $'000	Total $'000
Balance at 1 July 2021	2,663	–	5,638	8,301
Changes from financing cash flows:				
- Proceeds	–	40	70	110
- Repayment	(228)	–	(354)	(582)
- Interest paid	(86)	–	(140)	(226)
Non-cash changes:				
- Interest expense	86	–	140	226
- New leases	130	–	–	130
- Leases termination	(23)	–	–	(23)
- Reclassification to liabilities directly associated with disposal of non-current asset classified as held for sale	(2,326)	–	–	(2,326)
Effect of changes in foreign exchange rates	(1)	–	(34)	(35)
Balance at 30 June 2022	215	40	5,320	5,575
Changes from financing cash flows:				
- Repayment	(193)	–	(4,261)	(4,454)
- Interest paid	(18)	–	(169)	(187)
Non-cash changes:				
- Interest expense	18	–	169	187
- New leases	563	–	–	563
- Leases termination	(17)	–	–	(17)
- Acquisition of property, plant and equipment	–	–	1,680	1,680
- Modification	(20)	–	–	(20)
Effect of changes in foreign exchange rates	(28)	–	(96)	(124)
Balance at 30 June 2023	520	40	2,643	3,203

20. Leases

a) The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

(i) The Group leases various motor vehicles, machinery and equipment and office equipment and also makes annual lease payments for leasehold land. The right-of-use of these assets are classified as property, plant and equipment (Note 11). As at 30 June 2023, the leasehold land of the Group has remaining tenure period of 48 years. In prior year, the leasehold land with remaining tenure period of 24 years was reclassified as non-current assets classified as held for sale (Note 18).

(ii) In addition, the Group leases certain other office equipment. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 29(b).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in consolidated balance sheet

	Group	
	2023	**2022**
	$'000	**$'000**
Carrying amount of right-of-use assets classified within property, plant and equipment		
Leasehold land and building	3,546	1,224
Machinery and equipment	47	66
Motor vehicles	3	38
Office equipment	10	12
	3,606	1,340
Carrying amount of right-of-use assets classified within non-current asset classified as held for sale		
Leasehold land	–	2,231
Carrying amount of lease liabilities		
Current	377	126
Non-current	143	89
	520	215
Carrying amount of lease liabilities classified within liabilities directly associated with disposal of non-current asset classified as held for sale		
Current	–	2,326
Additions to right-of-use assets		
Leasehold land and building	2,721	41
Machinery and equipment	–	76
Office equipment	–	13
	2,721	130

20. Leases (cont'd)

a) The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

Amounts recognised in profit or loss

	Group	
	2023	**2022**
	$'000	**$'000**
Depreciation charge for the financial year		
Leasehold land and building	265	307
Machinery and equipment	14	9
Motor vehicles	18	24
Office equipment	2	1
	299	341
Lease expense not included in the measurement of lease liabilities		
Lease expense - short-term leases (Note 7)	186	213
Interest expense on lease liabilities	18	86
Gain on lease termination and modification	12	4

Total cash flow for leases during the financial year amounted to $397,000 (2022: $527,000).

b) The Group as a lessor

Nature of the Group's leasing activities - Group as a lessor

The Group leased out its leasehold building to various third parties for monthly lease payments. The leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasehold building is disclosed in Note 5.

Maturity analysis of lease payments - the Group as a lessor

Undiscounted lease payments from the operating leases to be received after the balance sheet date are as follows:

	Group	
	2023	**2022**
	$'000	**$'000**
Less than one year	–	266

21. Deferred tax liabilities

Deferred tax liabilities arising from:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Excess of net carrying amount over tax written down value of property, plant and equipment	206	250	–	–
Other temporary differences	(15)	10	–	45
	191	260	–	45

The movements in the deferred tax account are as follows:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Balance at beginning of the financial year	260	338	45	45
Tax credit to profit or loss (Note 9)	(64)	(50)	(45)	–
Exchange differences	(5)	(28)	–	–
Balance at end of the financial year	191	260	–	45

22. Contract liabilities

Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers:

	Group			Company		
	2023	2022	1.7.2021	2023	2022	1.7.2021
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables from contracts with customers (Note 14)	6,391	5,903	5,084	–	–	–
Contract liabilities	129	134	282	–	–	–

There were no significant changes in the contract liability balances during the financial year.

23. Other payables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Sundry creditors	378	466	23	92
Loan from a third party	40	40	40	40
Accrued operating expenses	1,613	1,909	106	109
Accrual for directors' fee	57	66	57	66
	2,088	2,481	226	307

The loan from a third party is non-trade in nature, unsecured, interest-free and repayable on demand.

24. Share capital

	Group and Company	
	2023	2022
	$'000	$'000
Issued and fully paid capital		
201,535,276 ordinary shares with no par value	22,963	22,963

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

25. Accumulated profits/(losses)

Group

Included in accumulated profits/(losses) of the Group is an amount of $318,000 (2022: $318,000) relating to legal reserve fund of a subsidiary. In accordance with the Slovak Commercial Code applicable to the subsidiary in the Slovak Republic, the subsidiary is required to make appropriation to a legal reserve fund based on a minimum amount of 5% of net profit annually, until the legal reserve fund exceeds at least 10% of the registered share capital. This fund can be used for covering the subsidiary's losses only and thus not available for dividend distribution to shareholders. No appropriation was made during the financial years ended 30 June 2023 and 30 June 2022 as the legal reserve fund is at least 10% of the registered share capital of the subsidiary.

	Company	
	2023	2022
	$'000	$'000
Balance at beginning of the financial year	(7,217)	(12,443)
Profit and total comprehensive income for the financial year	1,506	5,226
Final tax-exempt dividend of 0.09924 cents per ordinary shares in respect of financial year 2022	(200)	–
Balance at end of the financial year	(5,911)	(7,217)

26. Contingent liabilities

Guarantees

	Company	
	2023	2022
	$'000	$'000
Corporate guarantees provided by the Company to financial institutions for banking facilities granted to subsidiaries	464	505
Amount utilised by the subsidiaries	271	397

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the financial performance of the Company for the financial years ended 30 June 2023 and 30 June 2022.

27. Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2023	2022
	$'000	$'000
Salaries and bonus	1,099	661
Directors' fees	57	67
Contributions to defined contribution plan	69	49
Other short-term benefits	42	19
	1,267	796

28. Segment information

For management purposes, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products in the respective markets. The Group has four reportable operating segments as follows:

i) Metal stamping - manufacturing of metal plates and metal stamping

ii) Tooling - manufacturing and fabricating of engineering tools and die

iii) Components and parts - trading of other components and parts, and warehousing and others service logistic business

iv) Cleanroom products - trading of disposables and wearables for use in cleanroom, bio-medical, laboratories and hospitals

28. Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	Metal stamping		Tooling		Components and parts and others		Cleanroom products		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue												
- Sales to external customers	26,828	23,101	829	1,332	157	441	1,915	1,977	–	–	29,729	26,851
- Intersegment sales	–	–	–	–	51	108	–	–	(51)	(108)	–	–
Segment result	4,378	2,742	407	285	7,858	301	276	443	–	–	12,919	3,771
Unallocated expenses											(1,277)	(1,112)
Finance costs											(187)	(226)
Profit before tax											11,455	2,433
Tax expense											(907)	(545)
Profit after tax											10,548	1,888
Group assets and liabilities												
Segment assets	21,381	18,936	55	59	8,469	7,537	3,850	2,202	(3,575)	(3,024)	30,180	25,710
Unallocated assets											286	72
Total assets											30,466	25,782

28. Segment information (cont'd)

	Metal stamping		Tooling		Components and parts and others		Cleanroom products		Eliminations		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment liabilities	6,317	6,483	–	–	38	6,863	2,026	269	(617)	(999)	7,764	12,616
Unallocated liabilities											723	901
Total liabilities											8,487	13,517

	Metal stamping		Tooling		Components and parts		Cleanroom products		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other segment information										
Capital expenditure	1,404	297	–	–	–	–	2,501	20	3,905	317
Depreciation of property, plant and equipment	537	548	4	4	9	515	99	32	649	1,099
Net (reversal of impairment losses) /impairment losses on financial assets	(95)	290	–	–	–	–	–	–	(95)	290
Net reversal of inventories write-down	(45)	(4)	–	–	–	–	–	–	(45)	(4)
Inventories written off	143	71	–	–	–	–	–	–	143	71
Other significant non-cash income	(16)	(2)	–	–	(8,132)	–	(45)	–	(8,193)	(2)

28. Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit which is measured differently from the net profit before tax in the consolidated financial statements. Corporate and finance expenses are not allocated to segments as these are managed on a Group basis.

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than corporate assets which are classified as unallocated assets.

Corporate assets included assets from investment holding company.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than corporate liabilities and borrowings which are classified as unallocated liabilities.

Corporate liabilities included liabilities from investment holding company.

28. Segment information (cont'd)

Geographical information

The revenue and non-current assets by geographical segments are based on the geographical location of customers and assets.

	Singapore		Malaysia		United States of America		Slovak Republic		Rest of Europe*		Others**		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	2,869	3,709	6,833	6,721	7,087	3,562	2,616	3,300	6,726	6,274	3,598	3,285	29,729	26,851
Non-current assets	2,387	19	2,285	2,052	–	–	1,470	1,306	–	–	258	124	6,400	3,501
Other geographical information:														
Capital expenditure	2,501	26	839	209	–	–	279	58	–	–	286	24	3,905	317

* Rest of Europe comprise Czech Republic, Germany, Hungary, Italy, Netherland, Poland, Portugal, Romania and Switzerland.

** Others comprise substantially from The People's Republic of China and the remaining from Indonesia, South Korea and Japan.

28. Segment information (cont'd)

Geographical information (cont'd)

Revenue is derived from one (2022: one) external customer who contributed more than 10% of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2023	2022
	Attributable segments	**$'000**	**$'000**
Customer 1	Metal Stamping and Tooling	9,215	5,462

29. Financial instruments

a) Categories of financial instruments

Financial instruments at their carrying amounts as at balance sheet date are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
At amortised costs	20,215	10,295	276	388
Financial liabilities				
At amortised costs	7,566	12,561	1,998	989

b) Financial risk management

The Group, in its normal course of business, is exposed to credit risk, interest rate risk, foreign currency risk and liquidity and cash flow risk. The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risk.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risks as compared to previous financial year.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial asset presented on the balance sheets, except for a notional amount of $464,000 (2022: $505,000) relating to corporate guarantees provided by the Company to financial institutions for banking facilities extended to subsidiaries as disclosed in Note 26.

The Group's and the Company's major classes of financial assets are cash and bank balances, and trade and other receivables.

The credit risk for trade receivables and amounts due from subsidiaries based on the information provided to key management is as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Singapore	500	1,026	1	2
Malaysia	1,544	1,544	–	–
Slovak Republic	1,268	1,242	–	–
The People's Republic of China	1,051	1,058	–	317
United States of America	1,982	926	–	–
Others	46	107	–	–
	6,391	5,903	1	319
By types of debtors				
Subsidiaries	–	–	–	319
Non-related parties				
- Multi-national companies	4,847	4,460	–	–
- Other companies	1,544	1,443	1	–
	6,391	5,903	1	319

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 1 year past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors; and
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available).

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

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

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower 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 borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance

Movements in allowance for expected credit losses are as follows:

	Trade receivables $'000	Other receivables $'000
Group		
2023		
Balance as at 1 July 2022	290	3
Loss allowance recognised/(reversed) in profit or loss during the year on:		
Lifetime ECL		
- Credit impaired, net	(95)	–
Receivables written off as uncollectable	(28)	–
Exchange difference	(23)	–
Balance at 30 June 2023	144	3
2022		
Balance as at 1 July 2021	–	3
Loss allowance recognised in profit or loss during the year on:		
Lifetime ECL		
- Simplified approach	29	–
- Credit impaired	261	–
Balance at 30 June 2022	290	3

Trade receivables and other financial assets at amortised cost

The Group has applied the simplified approach in SFRS(I) 9 to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Group's financial assets:

Group **2023**	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Trade receivables	Lifetime ECL	6,535	(144)	6,391
Other receivables	Not applicable (Exposure limited)	176	(3)	173
Cash and bank balances	Not applicable (Exposure limited)	13,651	–	13,651
2022				
Trade receivables	Lifetime ECL	6,193	(290)	5,903
Other receivables	Not applicable (Exposure limited)	181	(3)	178
Cash and bank balances	Not applicable (Exposure limited)	4,214	–	4,214

The expected credit loss on other receivables and cash and bank balances are immaterial at 30 June 2023 and 30 June 2022.

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Company's financial assets:

Company **2023**	**12-month** **or lifetime ECL**	**Gross carrying amount** **$'000**	**Loss allowance** **$'000**	**Net carrying amount** **$'000**
Amounts due from subsidiaries	12-month ECL	1	–	1
Cash and bank balances	Not applicable (Exposure limited)	273	–	273
2022				
Amounts due from subsidiaries	12-month ECL	319	–	319
Cash and bank balances	Not applicable (Exposure limited)	69	–	69

The expected credit loss on the Company's financial assets is immaterial at 30 June 2023 and 30 June 2022.

Financial guarantees

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries are financially able to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

Interest rate risk

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate risk exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 30 June 2023, there were no such arrangements, interest rate swap contracts or other derivative instruments that were outstanding.

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Interest rate risk (cont'd)

The following table sets out the carrying amounts, by maturity of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Within one year-variable rates				
Borrowings	418	4,537	–	–
More than one year-variable rates				
Borrowings	2,225	783	–	–

The Group's and the Company's certain borrowings are variable-rate financial instruments. No disclosure of the impact of a reasonably possible 100 basis point increase/decrease is made as insignificant.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United States Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), Malaysian Ringgit ("MYR"), Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR"). There is no formal hedging policy with respect to foreign currency exposure. The Group's exposure to foreign currency risk is not significant.

At the balance sheet date, the Group and the Company have the following financial assets and financial liabilities which are denominated in USD:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash and bank balances	1,203	266	–	23
Trade receivables	2,353	1,617	–	–
Trade payables	(48)	(62)	–	–
Other payables	(47)	(35)	–	–
Amounts due from subsidiaries	–	–	–	22
Net financial assets denominated in foreign currencies	3,461	1,786	–	45

No disclosure of the impact of a reasonably possible 10% change in USD/SGD rate is made as it is insignificant.

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity and cash flow risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage the liquidity risk by maintaining a level of cash and cash equivalents to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	Repayable on demand or within 1 year	Within 2 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2023				
Trade payables	2,410	–	–	2,410
Other payables	1,992	–	–	1,992
Borrowings	531	1,105	2,386	4,022
Lease liabilities	403	141	10	554
	5,336	1,246	2,396	8,978
2022				
Trade payables	2,302	–	–	2,302
Other payables	2,397	–	–	2,397
Borrowings	5,378	553	347	6,278
Lease liabilities	133	94	–	227
Liabilities directly associated with disposal of non-current asset classified as held for sale	2,326	–	–	2,326
	12,536	647	347	13,530

29. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity and cash flow risk (cont'd)

	Repayable on demand or within 1 year	Within 2 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2023				
Other payables	217	–	–	217
Amounts due to subsidiaries	1,781	–	–	1,781
	1,998	–	–	1,998
2022				
Other payables	297	–	–	297
Amounts due to subsidiaries	692	–	–	692
	989	–	–	989

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Company	
	2023	2022
	$'000	$'000
Repayable on demand or not later than 1 year		
Financial guarantee contract (Note 26)	271	397

The Company does not consider it probable a claim will be made against the Company under the intragroup financial guarantee.

30. Fair values of assets and liabilities

Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, amounts due from subsidiaries, cash and bank balances, trade and other payables, amounts due to subsidiaries and current borrowings approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of non-current borrowings approximate their fair values as these financial instruments bear interest rates which approximate the market interest rates at the balance sheet date. These fair value measurements for disclosure purposes are categorised in Level 3 of the fair value hierarchy.

Assets and liabilities not carried at fair value but which fair values are disclosed

The recoverable amount of an investment in a subsidiary of the Company has been computed based on fair value less cost of disposal. The basis of determining fair value less cost of disposal is disclosed in Note 12.

31. Capital management

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

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return on capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023 and 30 June 2022.

As disclosed in Note 25, a subsidiary of the Group is required to make appropriation to a legal reserve fund. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 30 June 2023 and 30 June 2022.

32. Subsequent event

The Board collectively have proposed a final exempt dividend for the financial year ended 30 June 2023 of 0.7443 Singapore cents per share amounting to a total of $1,500,027. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained profits of the financial year ending 30 June 2024.

33. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors dated 2 October 2023.

STATISTICS OF SHAREHOLDINGS

As at 22 September 2023

Issued and fully Paid-up Capital	:	S$23,099,267
Number of Ordinary Shares in issue (excluding treasury shares)	:	201,535,276
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary share held

Distribution of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.42	86	0.00
100 - 1,000	118	12.45	100,278	0.05
1,001 - 10,000	187	19.73	1,337,200	0.66
10,001 - 1,000,000	628	66.24	49,479,932	24.55
1,000,001 AND ABOVE	11	1.16	150,617,780	74.74
TOTAL	**948**	**100.00**	**201,535,276**	**100.00**

Substantial Shareholders

As shown in the Register of Substantial Shareholders:

	No. of Ordinary Shares	
	Direct Interest	Deemed Interest
Ip Kwok Wing	74,319,300	61,601,150
Lim Fong Li Janet	61,601,150	74,319,300

Note:
Mr. Ip Kwok Wing and Mdm Lim Fong Li Janet are deemed interested in shares held by the other by virtue of their relationship as spouses.

STATISTICS OF SHAREHOLDINGS

As at 22 September 2023

Twenty Largest Shareholders

NO.	NAME	NO. OF SHARES	%
1	IP KWOK WING	74,319,300	36.88
2	LIM FONG LI JANET	61,601,150	30.57
3	PHILLIP SECURITIES PTE LTD	2,519,331	1.25
4	IFAST FINANCIAL PTE. LTD.	2,491,000	1.24
5	OCBC SECURITIES PRIVATE LIMITED	1,966,800	0.98
6	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,569,800	0.78
7	UOB KAY HIAN PRIVATE LIMITED	1,525,771	0.76
8	DBS NOMINEES (PRIVATE) LIMITED	1,438,814	0.71
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,115,800	0.55
10	YAP HUI MENG @ SIN HUI MENG	1,070,000	0.53
11	CHAN TIN JOR	1,000,014	0.50
12	TAN SIEW CHOO	795,000	0.39
13	RAFFLES NOMINEES (PTE.) LIMITED	741,500	0.37
14	WONG NGIAN CHONG	700,000	0.35
15	CHIN SIEW LING	600,000	0.30
16	PANG HOON KIEW	600,000	0.30
17	TAN GHEE TEE	565,600	0.28
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	535,400	0.27
19	LIM & TAN SECURITIES PTE LTD	472,500	0.23
20	LEE YAN KIT	457,400	0.23
	TOTAL	**156,085,180**	**77.47**

Based on the information available to the Company as at 22 September 2023, approximately 32.55% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

NOTICE OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

CFM HOLDINGS LIMITED
(Company Registration No. 200003708R)
(Incorporated in The Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of CFM Holdings Limited (the "**Company**") will be held at Seminar Room, 31 Ah Hood Road, Singapore 329979 on Thursday, 26 October 2023 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2023 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one tier) dividend of 0.7443 Singapore cents per ordinary share for the financial year ended 30 June 2023. **(Resolution 2)**

3. To re-elect Madam Janet Lim Fong Li who retires pursuant to Article 107 of the Constitution of the Company, and being eligible, has offered herself for re-election. **(Resolution 3)**
[See Explanatory Note (i)]

4. To re-elect Mr. Stephen Poh Yong Meng who retires pursuant to Article 117 of the Constitution of the Company, and being eligible, has offered himself for re-election. **(Resolution 4)**
[See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of S$57,000 for the financial year ended 30 June 2023. (2022: S$66,500) **(Resolution 5)**

6. To re-appoint Messrs. Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares and/or convertible securities

   That pursuant to Section 161 of the Singapore Companies Act 1967 and Rule 806 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) in the capital of the Company 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 the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (a) or (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 the resolution approving the mandate.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution, for the time being, of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

9. Authority to allot and issue shares under the CFM Performance Share Plan

That pursuant to Section 161 of the Singapore Companies Act 1967, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the CFM Performance Share Plan (the "Plan") and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided the total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued shares of the Company (excluding any shares held in treasury and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore,
11 October 2023

Explanatory Notes:

(i) Madam Janet Lim Fong Li, upon re-election as a Director of the Company, will remain as the Executive Director, Chief Executive Officer and a member of the Nominating Committee of the Company. Madam Janet Lim Fong Li is also a controlling shareholder of the Company. Please refer to page 123 to page 127 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

(ii) Mr. Stephen Poh Yong Meng, upon re-election as a Director of the Company, will remain as an Independent Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee, and the Board considers him independent for the purposes of Rule 704(7) of the Catalist Rules. Please refer to page 123 to page 127 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.

(iii) The Ordinary Resolution 7, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to 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, one hundred per centum (100%) of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) The Ordinary Resolution 8, if passed, will authorise the Directors of the Company to grant awards under the Plan in accordance with the provisions of the Plan and pursuant to Section 161 of the Companies Act 1967, to allot and issue shares under the Plan.

The total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued Shares of the Company (excluding any shares held in treasury and subsidiary holdings) on the day shareholders approve the Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST.

NOTICE OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. (a) A member who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote at the annual general meeting of the Company.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a member of the Company.

4. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on his behalf.

5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

   In appointing the Chairman of the AGM as proxy, members should specifically indicate in the proxy form how they wish to vote for or vote against (or abstain from voting on) the resolutions set out in the Notice of the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Ang Mo Kio Street 62 #05-16 Link@AMK Singapore 569139 by 11.00 a.m. on 24 October 2023 (being not less than forty-eight (48) hours before the time appointed for holding the AGM of the Company).

   A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") as at seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM. In view of Section 81SJ(4) of the Securities and Futures Act 2001, Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP as at seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP as at seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the AGM.

7. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

NOTICE OF THE TWENTY-THIRD ANNUAL GENERAL MEETING

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

All documents and information relating to the business of the AGM (including the Annual Report and Proxy Form) have been published on the Company's website at https://cfmholdings.com/ and the SGX website at https://www.sgx.com/securities/company-announcements. The Company will mail the Annual Report, Notice of AGM and Proxy Form to the shareholders accordingly.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

Shareholders may submit questions related to the resolutions to be tabled at the AGM via email to irc@cfmholdings.com or by post to 3 Ang Mo Kio Street 62 #05-16 Link@AMK Singapore 569139. Questions must be submitted by 18 October 2023 so that relevant and substantial queries may be addressed prior to the AGM. The responses would be published on SGXNet and the Company's corporate website no later than 48 hours before the deadline for submission of the proxy form.

Any relevant and subsequent queries received after 18 October 2023 will be addressed at the AGM and published in the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM.

If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and 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. Any question without the identification details will not be addressed.

ATTENDANCE AT THE AGM

As the venue has limited sitting capacity, only shareholders whose names appear in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM shall be entitled to attend the AGM of the Company or appoint a proxy(ies) on his or her behalf.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) or the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(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 in order 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mdm. Janet Lim Fong Li and Mr. Stephen Poh Yong Meng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 26 October 2023 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Catalist Rule 720(5) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F is set out below:

	Mdm. Janet Lim Fong Li	**Mr. Stephen Poh Yong Meng**
Date of Appointment	28 April 2000	13 January 2023
Date of last re-appointment	28 October 2021	Not Applicable
Age	67	79
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mdm. Janet Lim Fong Li for re-appointment as Executive Director and member of the NC of the Company. The Board has reviewed and concluded that Mdm. Janet Lim Fong Li possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Stephen Poh Yong Meng for re-appointment as an Independent Non-Executive Director, a member of the Audit Committee, Remuneration Committee and NC of the Company. The Board has reviewed and concluded that Mr. Stephen Poh Yong Meng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mdm Janet Lim Fong Li oversees day-to-day operations, finance and general management of the Group	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director, Chief Executive Officer and member of the NC	Independent Non-Executive Director, a member of the Audit Committee, Remuneration Committee and Nominating Committee
Professional qualifications	• Bachelor of Science in Business Administration from the University of Wales • Master in Marketing Communication from the University of Canberra	• Associate of The Chartered Institute of Arbitrators • CEDR Accredited Mediator • Certified SIMI Mediator • Certified Behavioral Consultant
Working experience and occupation(s) during the past 10 years	28 April 2000 – present: Chief Executive Director of CFM Holdings Limited	Volunteer Mediator with Community Mediation Centre Friend of Litigant-in-Person of the Court (Community Justice Centre)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mdm. Janet Lim Fong Li	Mr. Stephen Poh Yong Meng
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest : 61,601,150; and deemed interest 74,319,300 (held by Mr. Ip Kwok Wing, husband of Mdm. Janet Lim Fong Li)	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mdm. Janet Lim Fong Li is a substantial shareholder of the Company, and also the wife of Mr. Ip Kwok Wing, a substantial shareholder and Executive Chairman of the Company	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#	**Other Principal Commitments** Not applicable	**Other Principal Commitments** • Volunteer Mediator with Community Mediation Centre • Friend of Litigant-in-Person of the Court (Community Justice Centre)
Past (for the last 5 years)	**Past Directorships (for the last 5 years)** • UT Machinery Trading Sdn Bhd (Voluntary liquidation)	**Past Directorships (for the last 5 years)** • Ecolink Pte. Ltd. • Liquid Health Pte. Ltd. • Grant Sherman Appraisal Advisory Private Limited
Present	**Present Directorships** • CFM Holdings Limited • Cheong Fatt Holdings Pte Ltd • CFM Infratrade Pte Ltd • Hantong Metal Components Sdn Bhd • Hantong Metal components (Penang) Sdn Bhd • PT Hantong Precision Manufacturing Batam	**Present Directorships** • Jack Global Consulting Pte. Ltd. • Metro Premium Steel Pte. Ltd. • Standard Commerce Services Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mdm. Janet Lim Fong Li	Mr. Stephen Poh Yong Meng
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mdm. Janet Lim Fong Li	Mr. Stephen Poh Yong Meng
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mdm. Janet Lim Fong Li	Mr. Stephen Poh Yong Meng
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.	N.A.

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CFM HOLDINGS LIMITED
Company Registration No. 200003708R
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. Relevant intermediaries as defined in Section 181(1C) of the Companies Act 1967 may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is **NOT VALID** for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors should contact their respective CPF Agents Banks or SRS Operators to submit their votes and specify their voting instructions and to ensure that their votes are submitted, at least seven (7) working days (by 11.00 a.m. on 17 October 2023) before the AGM and contact their CPF Agents Banks or SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representatives, a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We,* ______________________ (Full Name) ______________________ (NRIC No./Passport No./Company No.*)

of ____ (Full Address)

being a *member/members of CFM Holdings Limited (the "Company"), hereby appoint:

NAME	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

and/or (delete as appropriate)

NAME	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing the person, or either or both of the persons referred to above, the Chairman of the Annual General Meeting ("**AGM**") as *my/our proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at Seminar Room, 31 Ah Hood Road, Singapore 329979 on Thursday, 26 October 2023 at 11:00 a.m. and at any adjournment thereof.

*I/We direct *my/ our proxy/proxies to vote for or against, or to abstain from voting on the resolution(s) proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies (except where the Chairman of the AGM is appointed as *my/our proxy) will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as *my/our proxy for that resolution will be treated as invalid.** The

Proxy Form is made available on SGXNet and the Company's corporate website.

(Please indicate your vote "For" or "Against" with a tick "√" within the box provided. Alternatively, please indicate the no. of votes as appropriate.)

NO.	RESOLUTIONS RELATING TO:	BY WAY OF POLL		
		FOR**	AGAINST**	ABSTAIN**
1	Directors' Statement and Audited Financial Statements for the year ended 30 June 2023 together with the Independent Auditors' Report thereon			
2	To approve a first and final tax exempt (one tier) dividend of 0.7443 Singapore cents per ordinary share for the financial year ended 30 June 2023			
3	Re-election of Madam Janet Lim Fong Li as a Director			
4	Re-election of Mr. Stephen Poh Yong Meng as a Director			
5	Approval of Directors' fees amounting to S$57,000 for the financial year ended 30 June 2023			
6	Re-appointment of Messrs. Baker Tilly TFW LLP as the Company's Auditors			
7	Authority to Issue New Shares			
8	Authority to Allot and Issue Shares under the CFM Performance Share Plan			

** If you wish to exercise all your votes "For", "Against" or to "Abstain" from voting, please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this __________ day of ___________, 2023

TOTAL NUMBER OF SHARES IN:	NO. OF SHARES
(a) CDP Register	
(b) Register of Members	

____

Signature of Member(s) and/or, Common Seal of Corporate Member

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead.

3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholdings concerned to be represented by each proxy shall be specified in the form of proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy 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 form of proxy.

"Relevant intermediary" means:

(a) A banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) The Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A proxy need not be a member of the Company.

6. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

7. The instrument appointing a proxy must be deposited at the registered office of the Company at 3 Ang Mo Kio Street 62 #05-16 Link@AMK Singapore 569139 or via email to irc@cfmholdings.com or by post to 3 Ang Mo Kio Street 62 #05-16 Link@AMK Singapore 569139 by 11.00 a.m. on 24 October 2023 (being not less than 48 hours before the time appointed for holding the AGM).

8. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the AGM if he so wishes. Any appointment of a proxy or proxies by a member 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.

9. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.

10. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

11. The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies 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.

12. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their votes at least 7 working days before the AGM. CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regards to the appointment of proxy for the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over 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 representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives 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.

CFM Holdings limited

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