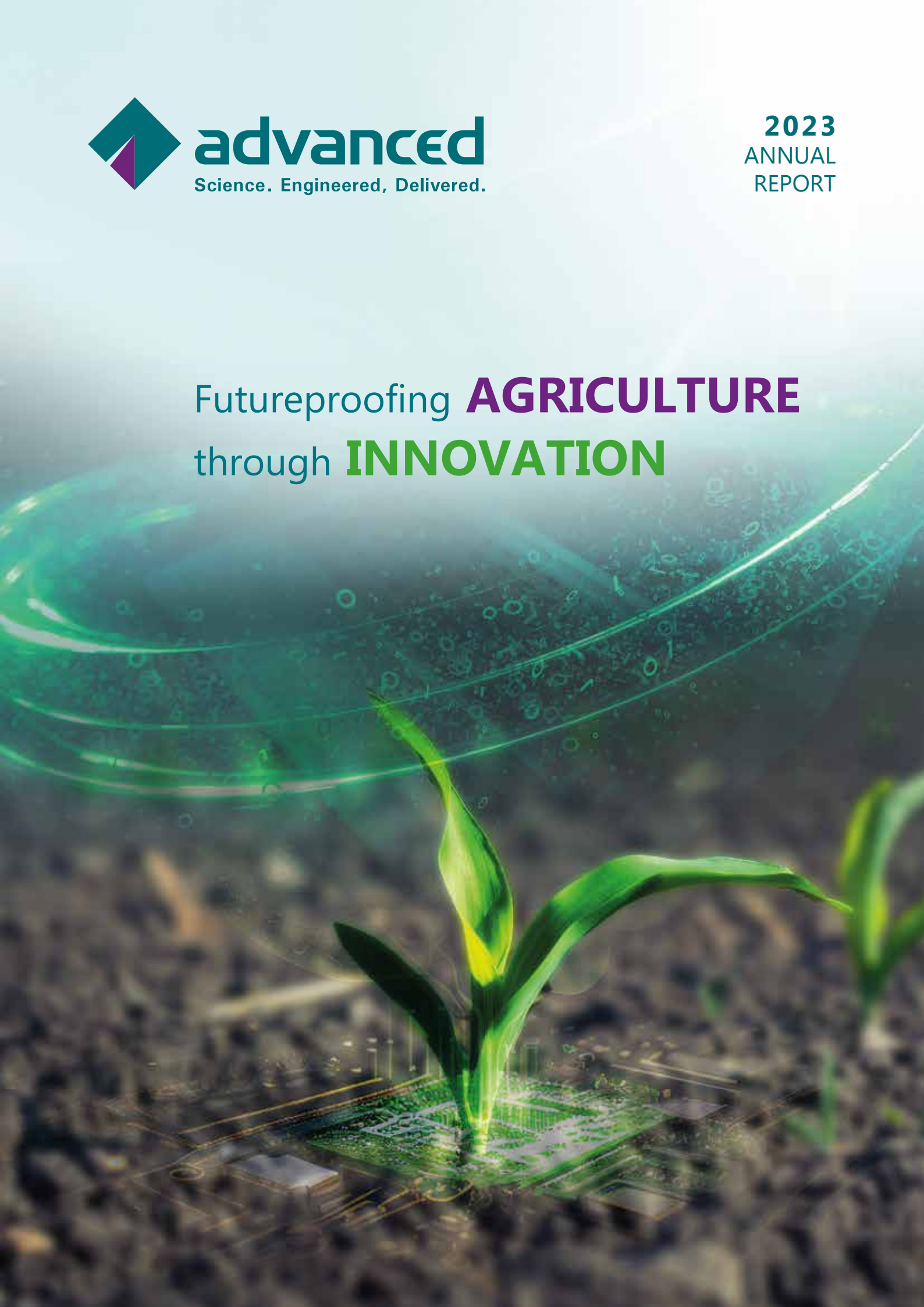




**advanced**  
Science. Engineered, Delivered.

**2023**  
ANNUAL  
REPORT

Futureproofing **AGRICULTURE**  
through **INNOVATION**





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The Annual Report has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor").

The Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

## ABOUT US

Advanced Holdings Ltd. (the “**Company**”), was setup in 1993 and was listed on the Singapore Stock Exchange (SGX)-SESDAQ in September 2004, joined the ranks of SGX Mainboard in August 2007 and subsequently transferred to Catalist board on 1 November 2021.

The Company and its subsidiaries (the “**Group**”) started and grown to be a global engineering science organisation that designs, manufactures and markets a diverse range of innovative products and solutions to the Oil & Gas, Petrochemicals & Chemicals industries to make operations safer, cleaner and more efficient. Since 2022, the management of the Company (the “**Management**”) took the decision to divest several

subsidiaries in this sector, given the gloomy prospect due to the inherent pollution arising from transportation fuels, the sector in the oil and gas industry which the Group mainly serves.

With the accumulated knowledge in engineering science and having found the right partners, the Group started to venture into the Agri-Technology (“**Agri-Tech**”) sector in 2019 when the Company acquired 12.25% equity stake of Agricore Global Pte Ltd (“**Agricore**”). In 2021, the Company also entered into a joint venture agreement and successfully built a corn processing facility in Sulawesi Island, Indonesia and ventured into the business of processing animal feed for the Indonesian and South-East Asian markets.



### OUR MISSION

Advancing Innovations in  
Agri-Technology and  
Engineering Science.



### OUR VISION

To Gain Visible Advancement and  
Becoming a Leading Organisation  
in Agri-Technology.



### CORPORATE VALUES

#### Adherence

To Advanced’s Ethical Principles

#### Care

For Our Stakeholders,  
the Community, the Environment and  
Respect for the Rights, Differences  
and Dignity of Others

#### Excellence

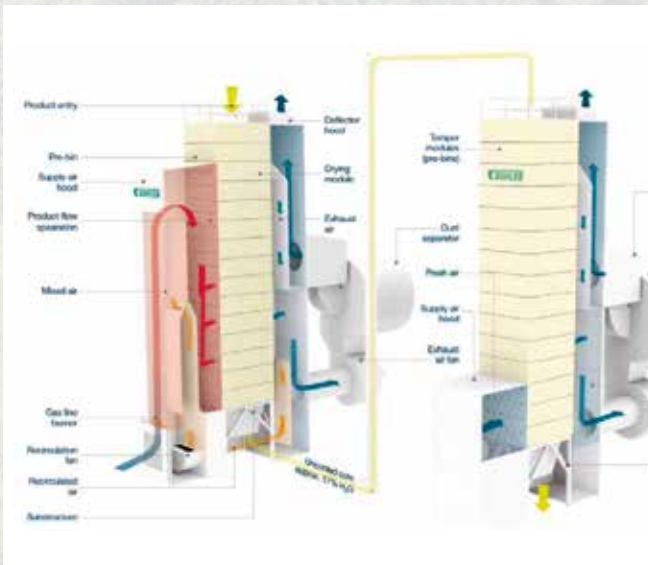
Is a Virtue We Fully Commit to  
All Stakeholders



# OUR SYSTEMS AND PRODUCTS

## AGRI-TECHNOLOGY

### Systems



1

#### Industrial drying system Eco Dry – STKX6-15/02 (Bühler (Switzerland))

A system that focuses on efficiency and quality and can be used for both the food and feed industries.

Guaranteed homogeneous final moisture content, low energy consumption through air recirculation, compatible with biomass combustion heating solutions/systems, effective dedusting system, intelligent dryer control with seamless integration for monitoring and traceability of data.



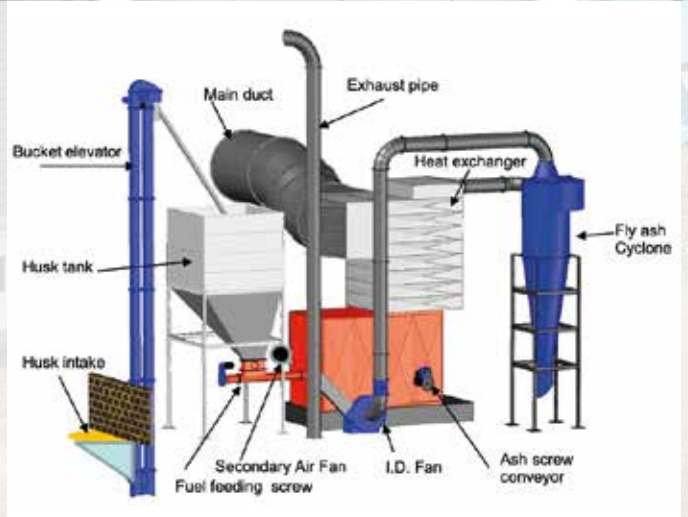
2

#### Rice Husk Furnace – UF3000 (High Beam Engineering Co. Ltd. (Thailand))

An indirect heating furnace with air preheated system principal, ensuring smokeless combustion with a high CO<sub>2</sub> and low CO content in waste gas.

The furnace will burn economically with any biofuel such as rice husk, corn cobs, sawdust or wood chips.

The combustion chamber is manufactured from strengthened refractories and castable concrete providing high temperature resistance ensuring a long life cycle endurance.





## OUR SYSTEMS AND PRODUCTS

## ENGINEERING SYSTEMS

## Products

**1 Ball Valves**

High quality standard and customised ball valves for speciality industrial use such as coal-gasification / liquefaction, LNG, PTA etc.

**2 Process Analyser System**

Consisting of analysers, sample conditioning system and shelter, it is used mainly in the process and quality controls in manufacturing.

**3 Clearview® DB Photometer**

A true dual-beam, process-proven filter photometer that can measure up to six parameters (chemical concentrations and physical parameters) at one or two independent monitoring points in liquid or gas process streams.

**4 Near Infrared (NIR) Online Process Analyser**

Coupled with Guided Wave's optically-matched, industry-proven process insertion Probes, Flow Cells, and Fiber Optic Cables, NIR-O is designed for continuous use in liquid and gas phase applications within the chemical, petrochemical, hydrocarbon processing, polymer, and consumer product markets.

**5 WIM Compas™**

Plays a crucial role in controlling thermal input and maintaining the air-fuel ratio, minimizing disturbances from fluctuations in fuel gas quality, optimizing combustion efficiency, and reducing emissions to a minimum.

**6 Sample Point Interfaces**

Optically matched process insertion probes and flow cells for use online or at-line, complete a process analyser system. They can withstand a wide variety of temperatures, pressures, and chemical compositions, which allow direct real-time monitoring of liquid or gas process streams.

# MANAGING DIRECTOR'S MESSAGE TO SHAREHOLDERS

“

We are making steady progress as we completed the construction of our corn processing facility (the “Corn Facility”) in Sulawesi, Indonesia in December 2023. The Corn Facility will be fully operational by the end of the first quarter in 2024, ready to capture on the next peak corn harvesting season in Indonesia.

”





As the restructuring of the Group's businesses continued into financial year ended 31 December 2023 ("FY2023"), the divestment of our underperforming business entities and reduction in our trading activities in the oil and gas industry have inevitably diminished our revenue for the financial year to S\$8.4 million.

We are still in a transitional period as we diversify our interests from the oil and gas industry to a more sustainable agriculture business which is in the startup phase. We are making steady progress as we completed the construction of the Corn Facility in Sulawesi, Indonesia in December 2023. The Corn Facility will be fully operational by the end of the first quarter in 2024, ready to capture on the next peak corn harvesting season in Indonesia.

As with any business ventures, whilst we are focusing on making our agriculture business profitable, we will ensure that our operations contribute to the well-being of the community in terms of economic, environmental, social and governance factors.

In spite of the loss after tax of S\$4.4 million in FY2023, we generated a net increase in cash and cash equivalents of S\$7.7 million to S\$30.8 million as at 31 December 2023. The main cash receipt of S\$10.6 million was from the disposal of our subsidiary in China, Advanced CAE Ltd ("CAECN"), which was more than enough to fund the capital expenditure of S\$4.3 million spent on the Corn Facility in FY2023.

I believe that for the time being, it is in the best interest of the Company to retain the cash until we have reviewed and considered all the business and investment opportunities available to the Company, particularly those that may bring better returns to the shareholders.

Henceforth, the Company is seeking approval from the shareholders in the forthcoming shareholders' meeting to diversify our existing businesses to deepen our focus on the agriculture business, build sustainable growth towards an integrated agricultural supply chain in the food and feed sector, and at the same time exploring green energy initiatives. Please refer to the accompanying letter to the shareholders on the proposed diversification for greater details.

I look forward to your continuous support.

Yours Sincerely,  
**Dr Wong Kar King**  
Managing Director



# FINANCIAL & OPERATIONAL REVIEW



## Income Statement

### Continuing operations

The Group recorded a revenue of S\$8.4 million from continuing operations in FY2023, a 36.9% decrease from the S\$13.3 million reported in the financial year ended 31 December 2022 (“**FY2022**”). Gross profit was down 66.5% year-on-year, from S\$2.5 million in FY2022 to S\$0.8 million in FY2023. Gross profit margin for the year was 10.1%, a decrease of 8.8 percentage point from 18.9% in FY2022.

The decline in revenue from continuing operations in FY2023 was mainly attributable to (i) the disposal of two subsidiaries of the Group, being Analytical Technology & Control Ltd (“**ATAC**”) in the United Kingdom and Guided Wave Inc (“**GW**”) in the United States of America, during the first quarter of FY2022 which contributed a combined revenue of S\$1.6 million in FY2022; and (ii) approximately S\$5 million reduction in the Group’s trading activity. Such decline was partially offset by the S\$1.2 million in revenue generated by PT Advanced Agri Indonesia (“**AAI**”) in FY2023.

The lower gross margin from trading revenue largely played a part in the decline in the FY2023 gross profit margin, as did the negative margin associated with the startup operations of a satellite dryer in Indonesia by AAI. Trading revenue recorded in FY2023 was derived from the resolution of orders managed and executed by the team at our former China subsidiary, CAECN which was disposed of in late 2022 and the Company received the cash consideration on 9 January 2023.

Looking at the revenue generation in regional terms, China was the top performer contributing S\$5.3 million, the Middle East came in second with S\$1.4 million, and Indonesia generated S\$1.2 million in third place. China and the Middle East represent the main markets for our Engineering Services and Manufacturing business segment while Indonesia is key to our Agri-Tech segment.

The increase of S\$0.8 million in other operating income was the result of fixed deposit interest accrued on cash considerations from the disposal of Advanced CAE Pte Ltd and its subsidiary Advanced CAE Inc. (“**CAESG Group**”) and CAECN.



## FINANCIAL & OPERATIONAL REVIEW

Distribution and marketing costs dropped S\$0.3 million year-on-year to S\$0.1 million as the Group did not actively engage in marketing activities in FY2023 for the remaining subsidiaries providing engineering services, while administrative expenses grew to S\$3.5 million from S\$2.4 million for FY2022 due to the consolidation of Advanced Agri Pte Ltd (“AAPL”) and AAI (the “AAPL Group”) administrative expenses of S\$0.8 million to the Group’s FY2023 results, as opposed to the previous financial year when they had been accounted for as a joint venture.

In FY2023, there were no additional operating expenses, whereas in FY2022, both ATAC and GWI incurred S\$121,000 in research and development costs.

Other losses increased S\$0.7 million year-on-year, amounting to S\$2.1 million in FY2023. The Group recorded an impairment loss on investment in an associate of S\$1.95 million in addition to a foreign exchange loss of S\$0.3 million.

The Group reported a loss from continuing operations of S\$4.4 million as compared to a loss of S\$1.6 million reported in FY2022.

The Group is in a healthy financial position with cash and cash equivalents of S\$30.8 million as of 31 December 2023, compared to S\$23.1 million at the end of FY2022.

### Discontinued operations

The Group disposed of CAECN and CAESG Group in the second half of FY2022 and recorded a loss from discontinued operations of S\$4.6 million in FY2022.

### Statement of Financial Position

The Group’s financial position as at 31 December 2023 remains healthy with a strong net working capital of S\$29.4 million as at 31 December 2023, a decrease of about S\$3.6 million from S\$33.0 million as at 31 December 2022.

The Group’s total assets increased by S\$1.5 million, from S\$41.6 million as at 31 December 2022 to S\$43.1 million as at 31 December 2023. Current assets of S\$34.6 million as at 31 December 2023 accounted for 80% of the Group’s total assets. The decrease in current assets was due to reduction in the other receivables of S\$11.1 million as cash consideration from the disposal of CAECN was received into the bank, partially offset with increase in cash and bank balance by about S\$7.9 million and increase in trade receivables of S\$1.3 million to support the trading revenue.

The Group’s non-current assets increased by S\$2.8 million to S\$8.5 million as at 31 December 2023 and consist mainly of property, plant and equipment, right-of-use assets and investment in an associate. The increase in the non-current assets was due to the consolidation of the AAPL Group which collectively increased the Group’s non-current assets by S\$0.7 million on 1 January 2023. AAI’s construction of the Corn Facility further increased the Group’s property, plant and equipment by S\$4.3 million by the end of FY2023 and were partially offset by the impairment loss of S\$1.95 million on investment in an associate.

The Group’s total liabilities increased by S\$4.8 million and stood at S\$9.6 million as at 31 December 2023 with current liabilities amounted to S\$5.2 million or 54% of the Group’s total liabilities. The increased liabilities were mainly resulted from the consolidation of the AAPL Group and included loans by the non-controlling interests of AAPL of S\$3.6 million as at 31 December 2023, increase in trade payables of S\$2.0 million to support the trading revenue where payments to the suppliers are aligned to receipts of trade receivables from the customer and partially offset by a reduction in the Group’s borrowings from the monthly repayments to the banks.

### Statement of Cash Flows

The Group’s cash and cash equivalents remain healthy, standing at S\$30.8 million as at 31 December 2023, an increase of S\$7.7 million from the S\$23.1 million reported for FY2022.

The Group recorded net cash used in operating activities of S\$0.8 million in FY2023 mainly due to losses recognised in FY2023 and partially offset by the net cash inflow from changes in working capital.


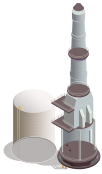


Net cash generated from investing activities amounted to S\$8.5 million in FY2023. The Group received cash consideration of S\$10.6 million from the disposal of CAECN, recognised a net cash inflow of S\$2.2 million as the Company consolidated the AAPL Group from 1 January 2023 and partially offset by capital expenditure of S\$4.3 million for the construction of the Corn Facility during FY2023.

Net cash generated from financing activities amounted to S\$0.1 million in FY2023 due to loans from non-controlling interests of AAPL of S\$1.4 million and partially offset by the repayments of bank borrowings of S\$1.2 million.


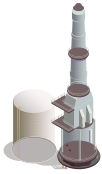



# FINANCIAL HIGHLIGHTS

	2019	2020	2021	2022	2023
Revenue (S\$'000)	91,156	59,137	10,146*	13,274*	<b>8,372</b>
Profit (Loss) after tax (S\$'000)	(14,743)	3,064	(2,335)	(6,261)	<b>(4,443)</b>
Shareholders' equity attributed to owners of Company (S\$'000)	42,647	45,955	43,908	36,791	<b>33,282</b>
Cash and bank balances (S\$'000)	16,161	31,548	19,245	23,067	<b>30,954</b>
Earnings (Losses) per share "EPS" (cents)	(14.69)	2.77	(4.06)#	(1.63)#	<b>(3.53)</b>
Dividend per share "DPS" (cents)	-	-	-	-	-
Net asset value attributed to owners of Company per share "NAV" (cents)	42.11	45.38	43.36	36.33	<b>32.87</b>
Current ratio (times)	1.56	2.52	2.03	12.57	<b>6.71</b>

## REVENUE (\$M)

2019	2020	2021	2022	2023
				
<b>91.2</b>	<b>59.1</b>	<b>10.1*</b>	<b>13.3*</b>	<b>8.4</b>

## PROFIT (LOSS) AFTER TAX (\$M)

2019	2020	2021	2022	2023
				
<b>(14.7)</b>	<b>3.1</b>	<b>(2.3)</b>	<b>(6.3)</b>	<b>(4.4)</b>

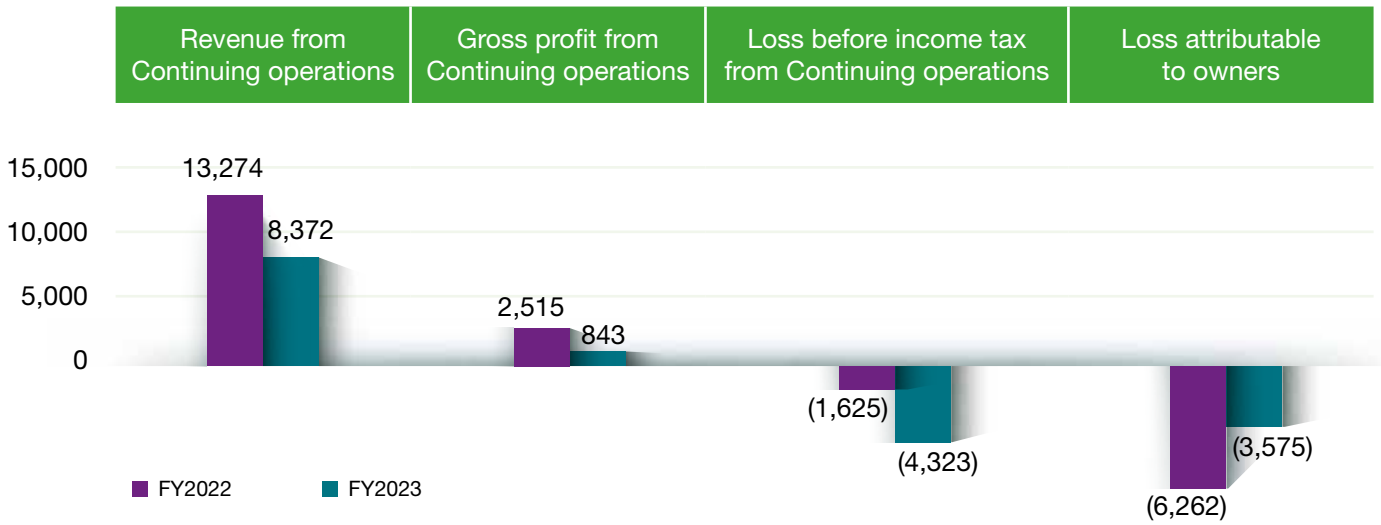
\* Revenue from the Group's Continuing operations

# EPS from the Group's Continuing operations

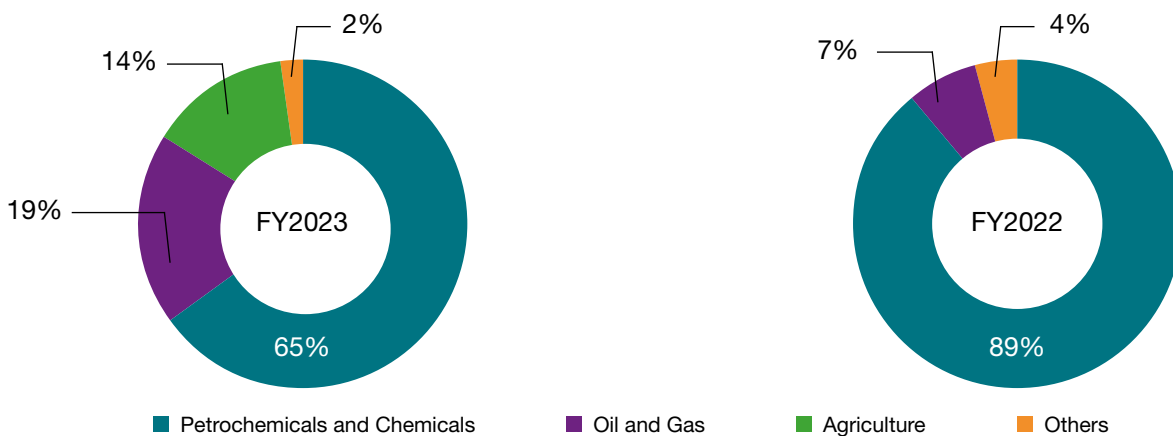


## FINANCIAL HIGHLIGHTS

### TWO YEARS COMPARISON (S\$'000)



### REVENUE FROM CONTINUING OPERATIONS BY PERCENTAGE (%) OF REVENUE



### REVENUE FROM CONTINUING OPERATIONS BY GEOGRAPHICAL MARKET (S\$M) AND PERCENTAGE (%) OF REVENUE



\* Revenue from the Other European countries was about S\$4,000 and there was no revenue from the USA in FY2023.

## BOARD OF DIRECTORS

### DR WONG KAR KING Managing Director

Dr Wong is the founder and Managing Director of the Group and was appointed to the Board on 19 February 2004. His key responsibilities include the overall management and operations of the business, in addition to formulating business strategies poised at spearheading the Group's growth forward. Dr Wong has 39 years of experience in technical sales and marketing. He also spent three years in the field of research and development. Prior to establishing the Group in 1992, Dr Wong worked in Rotork PLC (in England) and subsequently Rotork Asia (in Singapore) from 1987 to 1992. Dr Wong graduated from The Queen's University of Belfast, United Kingdom with a Bachelor Degree in Engineering (First Class Honours) and a Doctorate in Engineering. He was conferred the Outstanding Entrepreneur Award at the Asia Pacific Entrepreneurship Awards 2013 organised by Enterprise Asia and was later crowned the EY Entrepreneur of the Year 2014 led by Ernst & Young in Singapore.



### MR LIM BOON CHENG Independent & Non-Executive Chairman

Mr Lim was appointed as an Independent Director to the Board of Directors of Advanced Holdings Ltd. on 1 April 2013. Subsequently, he was appointed as the Independent Non-Executive Chairman on 14 August 2019. Mr Lim was previously the Managing Partner and then Chairman of the public accounting firm, LTC LLP, until his retirement from the practice in March 2012. He has more than 30 years of extensive experience in the public accounting and auditing profession; and has trained and worked in major accounting firms in the United Kingdom and Singapore. Currently, Mr Lim is also an independent director of BBR Holdings (S) Ltd in Singapore and Design Capital Ltd in Hong Kong. He serves as a Panel Member of the Strata Titles Boards and as a Lay Member of the Inquiry Panel of the Law Society of Singapore. Mr Lim is a Fellow of Chartered Accountants Ireland and a Fellow of the Institute of Singapore Chartered Accountants. He holds a Master of Business Administration degree from the University of Ulster, Northern Ireland, United Kingdom.





## BOARD OF DIRECTORS



### **DR HO CHOON HOU** Independent Director

Dr Ho Choon Hou was appointed as an Independent Director of the Board on 4 January 2013. Dr Ho is the Vice Chairman of Cordlife Group Ltd and the Chairman and Independent Director of Vividthree Holdings Ltd. He was a Managing Director at Southern Capital Group Limited, a private equity firm, where he was responsible for the management of assets as well as the origination and execution of investments. Prior to that, Dr Ho held various medical portfolios in the healthcare industry. From 2004 to 2007, he served as Project Office Head and subsequently Deputy Director at National Healthcare Group where he was involved in directing special projects and investments and held general management responsibilities. Dr Ho holds a Bachelor of Medicine and Bachelor of Surgery from The University of Sheffield (Honours), as well as a Masters in Medicine (Surgery) from the National University of Singapore. He also obtained his Masters of Business Administration (Honours) from The University of Chicago.



### **BG (RET) LIM YEOW BENG** Independent Director

BG (RET) Lim was appointed as an Independent Director of the Board on 14 August 2019. He has more than 30 years of experience in the logistics and engineering industry, having served in various leadership roles in the ST Logistics Group of Companies, the Singapore Mainboard Listed Sembcorp Logistics as well as various directorships of more than 25 commercial companies spanning across North America, Europe, Middle East, South Asia, PRC and other Asia Pacific countries. Prior to joining the private sector, BG (RET) Lim was a Brigadier General (Retired) who held various command and staff appointments in his career with the Singapore Armed Forces. His pinnacle military appointment was the Head of Air Engineering and Logistics, being responsible for the total integrated logistics and engineering operations for the Republic of Singapore Air Force (RSAF). A graduate of the National University of Singapore, Mr Lim holds a Bachelor of Engineering Degree in Mechanical Engineering (Hons) and Master of Science in Industrial Engineering. He has attended an Executive Development Program by IMD, Switzerland. BG (RET) Lim received the Senior Directorship Accreditation award from the Singapore Institute of Directors on 16 January 2024.

## BOARD OF DIRECTORS

### **MS TAY BEE GEK DORRIZ** Executive Director



Ms Dorriz is our Group Chief Financial Officer who joined our Group on 21 March 2022 and was appointed as an Executive Director of the Board on 30 November 2022. She has more than 30 years of broad-based financial management experience in various local and global multinational companies. She is responsible for all financial and management reporting, treasury, taxation, regulatory compliance and corporate matters of our Group and oversees the human resource and information technology functions of our Group. Prior to joining our Group, Dorriz was a Director of the business advisory division of Incorp Global Pte Ltd and held several senior finance positions including Chief Financial Officer and Group Financial Controller in OneApex Limited (formerly known as Chews Group Limited), Woleco Hotel Supplies Pte Ltd and Sei Wool Polymer. She was also a Manager, Business Consulting and Business Development with Stone Forest Consulting Pte Ltd and a Financial Analyst Manager with Citibank NA.

A graduate of the Nanyang Technological University, Dorriz holds a Bachelor of Accountancy. She has also completed the Chartered Appraiser and Valuer (CVA) Programme conducted by the Nanyang Technological University and holds a Diploma in Investment from The Institute of Banking and Finance. Dorriz is a member of the Institute of Singapore Chartered Accountants since 2000 and a CVA Chartered Holder since 2021.

## KEY MANAGEMENT

### **MR NELSON HERIJANTO** Director of Business Operations, AAI

Mr Nelson joined our Group as the Director, Business Operations of AAI, on 29 June 2021. He oversees the daily operations of AAI and is involved in the planning, formulation, and implementation of AAI's business strategies, including regulatory compliance, corporate matters, and human resource functions.

Nelson graduated with a Bachelor of Science Degree in Business Administration from University of San Francisco, California, U.S.A in 2012.

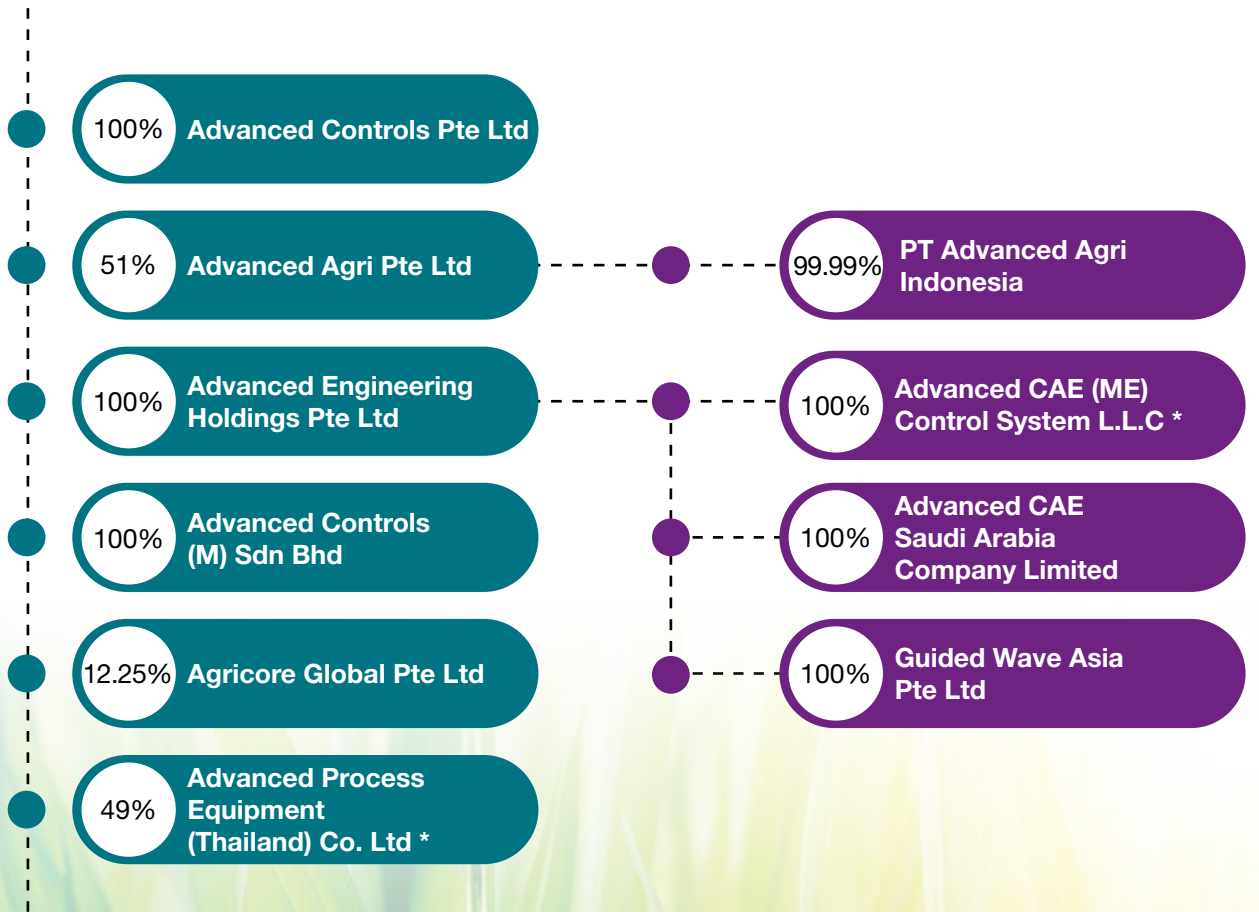
Prior to joining our Group, Nelson started his career in 2012 as a business development executive for an agriculture company based in the Sulawesi island region, Indonesia where he was actively involved in plantation estate operation, management, and cultivation. He also held several operation management positions including Senior Operations Manager of PT. Golden Land Gemilang (a subsidiary of a Malaysian Stock Exchange listed company, Golden Land Bhd) that operates a palm oil plantation of more than 8,000 hectares in Indonesia.





# GROUP STRUCTURE

(as at 31 December 2023)



\* Voluntary liquidation in progress



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dr Wong Kar King**  
(Managing Director)

**Mr Lim Boon Cheng**  
(Independent and Non-Executive Chairman)

**Dr Ho Choon Hou**  
(Independent Director)

**BG (RET) Lim Yeow Beng**  
(Independent Director)

**Ms Tay Bee Gek Dorriz**  
(Executive Director)

## AUDIT COMMITTEE

**Mr Lim Boon Cheng**  
(Chairman)

**Dr Ho Choon Hou**  
**BG (RET) Lim Yeow Beng**

## NOMINATING COMMITTEE

**Dr Ho Choon Hou**  
(Chairman)

**Mr Lim Boon Cheng**  
**BG (RET) Lim Yeow Beng**

## REMUNERATION COMMITTEE

**Mr Lim Boon Cheng**  
(Chairman)

**Dr Ho Choon Hou**  
**BG (RET) Lim Yeow Beng**

## COMPANY SECRETARY

**Ms Ong Beng Hong (LL.B)**

## SPONSOR

**UOB Kay Hian Private Limited**  
8 Anthony Road #01-01, Singapore 229957

## REGISTERED OFFICE

21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854  
Tel : +65 6320 0102  
Fax: +65 6320 0103  
Website : [www.AdvancedHoldings.com](http://www.AdvancedHoldings.com)  
Email : [sales@AdvancedHoldings.com](mailto:sales@AdvancedHoldings.com)

## SHARE REGISTRAR

**Tricor Barbinder Share Registration Services**  
(A division of Tricor Singapore Pte Ltd)  
9 Raffles Place #26-01, Republic Plaza Tower 1, Singapore 048619

## INDEPENDENT AUDITOR

**Nexia Singapore PAC**  
Public Accountants and Chartered Accountants  
120 Robinson Road #16-01, Singapore 068913

## AUDIT PARTNER-IN-CHARGE

**Mr Chang Fook Kay**  
Date of Appointment: Since financial year ended 31 December 2023

## PRINCIPAL BANKERS

**Oversea-Chinese Banking Corporation Limited**  
65 Chulia Street  
OCBC Centre, Singapore 049513


**DBS Bank Ltd**  
12 Marina Boulevard  
DBS Asia Central @ Marina Bay Financial Centre Tower 3,  
Singapore 018982



# GLOBAL PRESENCE

(as at 31 December 2023)

SINGAPORE	ASIA	MIDDLE EAST
<p> <b>Advanced Holdings Ltd</b>  <b>Advanced Agri Pte Ltd</b>  <b>Advanced Controls Pte Ltd</b>  <b>Advanced Engineering Holdings Pte Ltd</b>  <b>Guided Wave Asia Pte Ltd</b> </p> <p>           21 Woodlands Close,            #06-23 Primz Bizhub,            Singapore 737854            Tel : +65 6320 0102            Fax : +65 6320 0103         </p> <p> <b>Agricore Global Pte Ltd</b>            9 Raffles Place #26-01,            Republic Plaza Tower 1,            Singapore 048619         </p>	<p> <b>MALAYSIA</b>  <b>Advanced Controls (M) Sdn Bhd</b>            No. 6, Jalan Indah 14/12,            Bukit Indah, 81200 Johor Bahru,            Johor         </p> <p> <b>INDONESIA</b>  <b>PT Advanced Agri Indonesia</b>            Rukan Puri Mutiara Blok BC No.3,            Kel. Sunter Agung, Kec. Tanjung Priok,            Jakarta Utara, DKI Jakarta            14350 Indonesia            Tel : +62 2129461411         </p>	<p> <b>KINGDOM OF SAUDI ARABIA</b>  <b>Advanced CAE Saudi Arabia Company Limited</b>            3381, Road 124 - 1st Industrial Area,            Unit No: 4584,            P.O. Box: 386, Zip Code : 35717,            AL JUBAIL            Kingdom of Saudi Arabia            Tel : +966 13 367 0701         </p>



# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Advanced Holdings Ltd. (the “**Company**”) is committed to ensuring that high standards of corporate governance and transparency are practised for the protection of the interests of Shareholders. This statement sets out the Company’s corporate governance processes with specific reference to the Code of Corporate Governance 2018 (the “**Code 2018**”). The Company has complied with the principles of the Code 2018 but in areas where the Company deviates from the provisions of the Code 2018, the rationale is provided.

## BOARD MATTERS

### The Board’s Conduct of Affairs

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

The Board is responsible for protecting and enhancing long-term shareholders’ value. It provides directions and guidance to the overall management of the Group and holds Management accountable for performance. It puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. The Board comprises an Independent Chairman, two Executive Directors and two Independent Directors. The experience and competence of each Director contributes to the overall effective management of the Group. Each Director is a fiduciary who acts objectively in the best interests of the Company.

The primary role of the Board includes the following:

- setting and approving policies and strategies of the Group;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed;
- reviewing management performance;
- reviewing the remuneration packages of the board members and key management personnel;
- reviewing and approving the financial performance of the Group including its periodic and full year financial results announcements;
- reviewing the adequacy of the Company’s internal controls and the financial information reporting system;
- approving the nomination of Directors and appointments to the Board Committees;
- authorising major transactions such as fund-raising exercises and material acquisitions;
- setting the Company’s values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met;
- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- assuming responsibility for corporate governance of the Group.

The Board has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance. All Board members bring their independent judgment, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct.



# STATEMENT OF CORPORATE GOVERNANCE

Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict. The Constitution of the Company provides that at a meeting of the Directors, a Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly, and that such Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. In the event that a Director is interested in any transaction of the Group, he informs the Board accordingly and abstains from making any recommendation or decision with regard to the transaction.

To facilitate effective management, certain roles have been delegated to various Board members by the establishment of Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, which have been constituted with clearly defined terms of reference. Matters which are delegated to these Board Committees for more detailed appraisals are reported to and monitored by the Board. The effectiveness of each Board Committee is also closely monitored. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Company's Directors and their membership on Board Committees (if any) during the financial year ended 31 December 2023 ("FY2023") were as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Mr Lim Boon Cheng	Independent Chairman and Lead Independent Director	Chairman	Member	Chairman
Dr Wong Kar King	Managing Director	–	–	–
Dr Ho Choon Hou	Independent Director	Member	Chairman	Member
BG (RET) Lim Yeow Beng	Independent Director	Member	Member	Member
Ms Tay Bee Gek	Executive Director	–	–	–

The Board meets at least two times a year. Regular meetings are scheduled at least one month before the meetings are held. Ad-hoc meetings are called when there are matters requiring the Board's consideration and decision in between the scheduled meetings. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

Matters which require the Board's approval include the following:

- review of the performance of the Group and approval of the result announcements of the Group released via the SGXNET;
- approval of the corporate strategy and direction of the Group;
- approval of transactions involving a conflict of interest for a substantial shareholder or a Director and interested person transactions;
- material acquisitions and disposals;
- corporate and financial restructuring;
- declaration of dividends and other returns to Shareholders; and
- appointments of new Directors and senior management.

# STATEMENT OF CORPORATE GOVERNANCE

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

The Directors inform the Company, from time to time, of their individual directorship in other companies outside the Group. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Group.

The Constitution of the Company allows the Directors to participate in a Board meeting by telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other, without a Director being in the physical presence of another Director or Directors in which event such Director shall be deemed to be present at the meeting.

The details of the number of meetings held in FY2023 as well as the attendance of each Board member at those meetings are as follows:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
<b>Number of meetings held</b>	5	4	1	1
<b>Number of meetings attended:</b>				
Mr Lim Boon Cheng	5	4	1	1
Dr Wong Kar King	5	4*	1*	1*
Dr Ho Choon Hou	5	4	1	1
BG (RET) Lim Yeow Beng	5	4	1	1
Ms Tay Bee Gek	5	4*	1*	1*

\* Attendance by invitation

Generally, a newly-appointed Director will be given an orientation to familiarise him/her with the Group's business and governance practices and he/she will also be given a formal letter setting out the duties and obligations of a director of a listed company.

Existing Directors are encouraged to participate in seminars or discussion groups to be kept abreast of the latest developments relevant to the Group. In addition, the Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced.

In line with Rule 406(3)(a) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), the Company will arrange for newly-appointed directors who have no prior experience as directors of an issuer listed on the SGX-ST to undergo the mandatory SGX-ST prescribed training on their roles and responsibilities unless the Nominating Committee otherwise at its discretion waives the need for the newly-appointed Director to attend the mandatory SGX-ST prescribed training.



# STATEMENT OF CORPORATE GOVERNANCE

As at the date of this annual report, the Directors have participated in various seminars and other such external programmes. All directors have attended the mandatory sustainability training prescribed by the SGX. All directors have also attended briefings by the external auditor on the changes and amendments to the accounting standards for FY2023. Some of the programmes and seminars attended by some of the directors in FY2023 include Sustainability Reporting Review 2023, Climate Reporting Fundamentals for Listed Companies virtual training by the SGX, The ASEAN Capital Market Forum and International Sustainability Standard joint conference and technical training on the IFRS Sustainability Disclosure Standards, SGX Group GRI Sustainability Report Learning Series, Financing Sustainability in Asia by the Republic Polytechnic and International Finance Corporation, and SID Annual Corporate Governance Roundup 2023 organised by the Singapore Institute of Directors.

In order to ensure that the Board is able to fulfil its responsibilities, the Management is required to provide timely information on matters that require the Board's decision and reports on material operational and financial matters of the Group. The Directors also have unrestricted access to the Company's records and information.

All Directors receive a set of Board papers prior to the Board meeting. This is generally issued to them at least three working days prior to the meeting in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board for decision or information, including issues being dealt with by the Management, relevant forecasts and projections;
- minutes of the previous Board meeting; and
- minutes of meetings of all Board Committees held since the previous meeting of the Board Committees.

In addition, the members of the Board have, at all times, independent and unrestricted access to the Management, the Company Secretary and internal and external auditors on all matters whenever they deem necessary.

The Company Secretary or a representative from the Company Secretary's office attends all Board meetings and meetings of the Board Committees and is responsible for ensuring that procedures for Board meetings (including those stipulated in the Company's Constitution) are followed and that applicable rules and regulations, including the requirements of the Companies Act 1967 and the SGX-ST Catalist Rules, are complied with.

The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The Board supports the taking of any independent professional advice by a Director, at the Company's expense, if necessary, in order for the Director to effectively discharge his duties and responsibilities.

## 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 Company endeavours to maintain a strong independent element on the Board with the Independent Directors making up a majority of the Board. The current Chairman is independent and Independent Directors currently make up a majority of the Board. The current composition of the Board complies with the Code 2018's requirement that non-executive directors make up a majority of the Board. The independence of each Independent Director is reviewed annually by the Nominating Committee.

# STATEMENT OF CORPORATE GOVERNANCE

Under the Code 2018, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Under Rule 406(3)(d) of the Catalist Rules of the SGX-ST, a director will not be independent (i) if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, (ii) if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Remuneration Committee, or (iii) if he has been a director of the issuer for an aggregate period of more than nine years, such director may continue to be considered independent until the conclusion of the next annual general meeting of the Company.

The Independent Directors help develop proposals on strategy, review the performance of the Management in meeting agreed goals and objectives, and participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel. The Independent Directors do not participate in the day-to-day management of the Group. The Board is able to exercise independent judgment on corporate affairs as all Directors debate constructively on subject matters tabled at Board meetings, regardless of whether they were independent or not. All decisions of the Board are based on collective decision without any individual or small group of individuals influencing or dominating the decision-making process.

A director who is not an employee of the Group and who is not the immediate family member of an employee of the Group and who has no relationship with the Group or its officers or its substantial shareholders which could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company, is considered to be independent. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

Mr Lim Boon Cheng and Dr Ho Choon Hou have served on the Board for more than nine years from the date of their first appointment. Under Rule 406(3)(d)(iv) of the Catalist Rules, Mr Lim Boon Cheng and Dr Ho Choon Hou will no longer be considered independent upon the conclusion of the annual general meeting of the Company in April 2024 and will be retiring at the AGM with effect from 26 April 2024. The Company has identified candidates to be appointed as independent directors and the relevant announcements will be released on the SGXNet once the appointment is finalised.

Together, the Board members possess wide ranging experiences in the areas of strategic planning, accounting and finance and business and management in the industries which the Group operates in. Key information regarding the Directors is set out under the section entitled "Board of Directors" in this Annual Report.

The Board is of the view that the current Board comprise persons whose diverse skills, experience, knowledge, expertise, gender and attributes fosters constructive debates and provide for effective direction of the Group. The Management is able to benefit from their external and objective perspectives of issues that are brought before the Board. The Independent Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.

The Company has adopted a board diversity policy (the "**Diversity Policy**") which recognises the importance of having an effective and diverse Board, taking into consideration the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. The main objective of the Diversity Policy is to maintain an appropriate balance and diversity of experience, skills, gender, knowledge and attributes among the directors.

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The Diversity Policy provides that in reviewing the board composition, the Nominating Committee will consider the balance of skills, experience, director independence, potential impact on boardroom dynamics, other principal commitments, previous employment held in the Company, if any, and knowledge of the Company on the Board and the diversity representation of the Board. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of Group, and support succession planning and development of the Board. Further to this, the Board and Nominating Committee will also continue to take into consideration the need for diversity on the Board in the appointment of new Directors in line with the intent of Principle 2 of the Code 2018. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of skills, knowledge, expertise, experience, diversity and gender, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. Such an approach to maintain a diverse satisfactory level of Board diversity is an ongoing process that may change over time as the business of the Group develops and will be disclosed as appropriate.

The current Board consists of individuals with various qualifications and backgrounds. The varied qualifications, skills, experience and gender diversity of the Board serves the needs and plans of the Company, provides effective direction of the Group and provides the necessary range of perspectives, experience and expertise for the benefit of the Company.

The Board understands and embraces the benefits of having diversity and views board diversity as important to achieving the Company's business objectives. Differences in background, skills, experience, knowledge, gender and other relevant qualities will be taken into consideration in determining the composition of the Board. While the Board is of the view that the current Board is diverse and effective and in line with the Diversity Policy, the Company has set an internal target to have a representation of at least one female director on its Board. This target reflects the Group's recognition of the importance of gender diversity especially in leadership positions and the immense value it brings in driving innovation and decision-making. The Nominating Committee shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new Directors. The Company will expand the search and recruitment process to attract a diverse range of candidates for Board positions. This will involve actively seeking candidates from different backgrounds, including those with diverse gender, age, nationalities, cultural background, educational background, experience skills and knowledge.

The current Board comprises one (1) female Director (20%) and four (4) male Directors (80%) with an age group ranging from 51 to 68 years old. Each Director has been appointed and nominated respectively based on his or her relevant experience and competencies, and collectively the Board provides diversity of expertise and knowledge in areas such as accounting, finance, engineering, risk management and business management. This diversity facilitates constructive debate on the business activities of the Company and enables the management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the Nominating Committee, was of the view that the directors possess the necessary competencies to provide the management with a diverse and objective perspective on issues so as to lead, govern and contribute to the Company effectively.

The Board is of the opinion that the current size of the Board and each Board Committee is adequate, taking into account the nature and scope of the Group's operations. The Nominating Committee is of the view that no individual or small group of individuals dominates the Board's decision-making process. The Nominating Committee is also of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience.

Ad-hoc meetings of the Independent Directors (without presence of the Management) will also be convened as and when required to address issues or provide feedback that may arise in-between the scheduled meetings. The Independent Chairman provides feedback to the Board as appropriate.



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## 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.***

The clear division of responsibilities between the Independent Chairman and the Managing Director ensures proper balance of power and authority, increased accountability and greater capacity of the Board for independent decision making in the Group.

The positions of the Independent Chairman and the Managing Director are kept separate and are held by Mr Lim Boon Cheng and Dr Wong Kar King respectively. The Independent Chairman's duties and responsibilities include scheduling meetings, preparing Board agenda and ensuring compliance with the Code 2018. The Independent Chairman leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Managing Director. The Independent Chairman reviews the Board papers and ensures that Board members are provided with accurate, timely and clear information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meeting. The Independent Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

The Managing Director is responsible for the day-to-day operations of the Group and to ensure quality flow of information between the Board and the Management.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all decisions and policy changes are conducted through the respective Board Committees, which are chaired by Independent Directors.

Pursuant to the Code 2018, the Company has appointed Mr Lim Boon Cheng as Lead Independent Director. As Lead Independent Director, he is the contact person for Shareholders where the Shareholders have concerns and for which contact through the normal channels of the Chairman or the Managing Director has failed to resolve or is inappropriate.

## 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 Nominating Committee comprises an Independent Director, the Lead Independent Director and the Independent Chairman:

Dr Ho Choon Hou	(Chairman)
Mr Lim Boon Cheng	(Member)
BG (RET) Lim Yeow Beng	(Member)

The Nominating Committee was established for the purpose of ensuring that there is a formal and transparent process for all board appointments.

The duties and functions of the Nominating Committee include the following:

- a. making recommendations to the Board on all board appointments;
- b. reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the Directors, having regard to the Directors' contribution and performance;
- c. reviewing succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Managing Director and key management personnel;

# STATEMENT OF CORPORATE GOVERNANCE

- d. determining annually, or whenever necessary during the year, the independence of Independent Directors, bearing in mind the relationships which would deem a Director not to be independent;
- e. making recommendations to the Board on the process and criteria for evaluation of the performance of the Board, the Board Committees and the individual Directors;
- f. evaluating the performance of the Board, the Board Committees and the contributions from the individual Directors on a year-to-year basis; and
- g. reviewing training and professional development programmes for the Board and its Directors.

For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria (which includes skills, knowledge, expertise, experience and character) with due consideration given to the size and composition and the mix of skills, knowledge and experience of the existing Board. After evaluating its selection criteria and considering the future needs of the Group, the Nominating Committee (which may use the services of a professional executive search firm), will shortlist the likely candidates, undertake background checks and invite the shortlisted candidates to an interview cum discussion that may include a briefing of the business of the Group and its expectation of its Directors' role and duties. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on board of directors of multiple companies. A formal letter is sent to newly-appointed Directors upon their appointment explaining their statutory and other duties and responsibilities as a Director.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the Nominating Committee, in consultation with the Board, will determine the selection criteria (which includes skills, knowledge, expertise, experience and character) and select the appropriate candidate for the position. The Board is also advised by the Sponsor on the appointment of directors as required under Rule 226(2)(d) of the SGX-ST Catalist Rules.

The Group also releases announcements on the appointment or cessation of Directors via SGXNET.

The Company's Constitution provides that at each Annual General Meeting ("**AGM**"), one-third of the Directors for the time being (excluding the Managing Director), or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, is required to retire from office by rotation. Retiring Directors are selected on the basis of those who have been the longest in office since their last election or appointment, failing which they shall be selected by lot. In addition, any newly appointed Director must retire and may submit himself for re-election at the next AGM following his appointment. Thereafter he is subject to the one-third rotation rule if re-elected. Pursuant to Rule 720(4) of the SGX-ST Catalist Rules, the Managing Director would also have to subject himself to re-nomination and re-appointment at least once every three (3) years.

The Nominating Committee is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments.

After conducting reviews, the Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

# STATEMENT OF CORPORATE GOVERNANCE

Details of the appointment of Directors including the date of initial appointment, the date of last re-election, directorships in listed companies and other principal commitments, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Mr Lim Boon Cheng <sup>(1)</sup>	68	April 1, 2013	April 28, 2022	Present: BBR Holdings (S) Ltd Design Capital Ltd <sup>(2)</sup>	Present: Director of AIB MT Fund Asia Pte Ltd  <u>Past (for the last 3 years):</u> Owner and Principal of Fitzroy Corporate Advisory
Dr Wong Kar King <sup>(3)</sup>	62	February 19, 2004	April 30, 2021	–	Present: Director and shareholder of Greenphyto Pte. Ltd.  Director and shareholder of Green Manor Hotels & Properties Sdn Bhd  Director and shareholder of Manor Properties Group (M) Sdn Bhd  Director of Advanced Controls Pte Ltd  Director of Advanced Engineering Holdings Pte. Ltd.  Director of Advanced CAE. Saudi Arabia Company Limited  Director of Guided Wave Asia Pte. Ltd.  <u>Past (for the last 3 years):</u> Director of Advanced CAE Pte. Ltd.  Director of Advanced China Ventures Pte. Ltd.  Director of Advanced Environmental Technologies Pte. Ltd.  Director of Applied Engineering Pte Ltd  Director of Advanced Resources Holdings Pte. Ltd.  Director of Advanced Water Engineering Pte. Ltd.  Director of Applied Shipyard Pte. Ltd.  Director of Advanced Process Equipment (Thailand) Co. Ltd.



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Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Dr Ho Choon Hou <sup>(4)</sup>	51	January 4, 2013	April 28, 2023	<p><u>Present:</u></p> <p>Cordlife Group Limited</p> <p>Vividthree Holdings Ltd.</p>	<p><u>Present:</u></p> <p>Non-Executive Director of Agricore Global Pte. Ltd.</p> <p>Non-Executive Director of Catermas Engineering Private Limited</p> <p>Non-Executive Director of Core Equipment Holdings Pte. Ltd.</p> <p>Non-Executive Director of Straits Group Pte. Ltd.</p> <p>Non-Executive Director of Catermas Investments Limited</p> <p>Non-Executive Director of Invictus Medical Investments</p> <p><u>Past (for the last 3 years):</u></p> <p>Independent Director of Mclean Technologies Berhad</p> <p>Principal at Southern Capital Group Limited</p> <p>Non-Executive Director of Hoch Ventures Pte. Ltd.</p> <p>Non-Executive Director of Fuelcore Pte. Ltd.</p> <p>Non-Executive Director of SCG+ Private Limited</p> <p>Non-Executive Director of Southern Star Gourmet Pte. Ltd.</p> <p>Non-Executive Director of Star Learners Group Pte. Ltd.</p> <p>Non-Executive Director of Maestro Group Holdings Limited</p>
BG (RET) Lim Yeow Beng <sup>(5)</sup>	65	August 14, 2019	April 28, 2022	-	<p><u>Present:</u></p> <p>Non-Executive Director of Tripod Hospitality Pte Ltd</p> <p>Non-Executive Director of Tripod Hospitality Ltd (Thailand)</p> <p>Non-Executive Director of Unicorn Hotels and Resorts Ltd (Thailand)</p> <p>Non-Executive Director of Unicorn Hospitality Co Ltd (Thailand)</p> <p>Non-Executive Director of Face Bistro Pte Ltd</p> <p>Non-Executive Director of Eat Drink Sleep Play Pte Ltd</p>

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Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
					<p>Independent Adviser to Goldbell Corporation Pte. Ltd.</p> <p>Independent Adviser to Manor Group (Singapore) Pte. Ltd.</p> <p>President/Adviser of AJJ Health Care Management Pte Ltd</p> <p>Non-Executive Director of Legend Logistics Pte. Ltd.</p> <p>Non-Executive Director of ALPS Pte. Ltd.</p> <p>Chairman and Non-Executive Director of Jam Hospitality Investments Pte. Ltd.</p> <p><u>Past (for the last 3 years):</u></p> <p>Legal Representative and Non-Executive Director of Access World Shanghai</p> <p>Legal Representative, Chairman and Non-Executive Director of Access World Tonghua</p> <p>Legal Representative, Chairman and Non-Executive Director of Access World Guangzhou</p> <p>Independent Adviser to Access World Logistics (Singapore) Pte. Ltd.</p> <p>Independent Adviser to Royal Maritimo International Pte Ltd</p>
Ms Tay Bee Gek	53	November 30, 2022	April 28, 2023	-	<p><u>Present:</u></p> <p>Director of Advanced Controls Pte Ltd</p> <p>Director of Guided Wave Asia Pte Ltd</p> <p>Director of Advanced Engineering Holdings Pte Ltd</p> <p>Director of Advanced Agri Pte Ltd</p> <p>Director of Advanced CAE. Saudi Arabia Company Limited</p> <p>Director of PT Advanced Agri Indonesia</p> <p>Director of Advanced Process Equipment (Thailand) Co. Ltd</p> <p>Director of Concorde 2B Pte Ltd</p> <p><u>Past (for the last 3 years):</u></p> <p>Director of Advanced CAE Pte. Ltd.</p>

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## Notes:

- (1) Mr Lim Boon Cheng will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will not be seeking re-election.
- (2) Listed on the Hong Kong Stock Exchange.
- (3) Dr Wong Kar King will retire at the forthcoming AGM pursuant to Rule 720(4) of the SGX-ST Catalist Rules and will be eligible for re-election.
- (4) Dr Ho Choon Hou will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will not be seeking re-election.
- (5) BG (RET) Lim Yeow Beng will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.

## Board Performance

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

The Board's overall performance as well as the effectiveness of its Board Committees will be evaluated by the Nominating Committee. The Nominating Committee will also assess each Director's (including the Chairman's) contribution to the Board. The guidelines for assessment include attendance at meetings of the Board and the Board Committees, the level and quality of participation during the meetings and any other specific contributions. The Board did not engage an external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each Director for FY2023.

At the end of each financial year, a Board evaluation is conducted where the members of the Nominating Committee complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretary then compiles the Nominating Committee's responses to the questionnaire into a summarised report and circulates the same to the Board for discussion. The Chairman will act on the results of the performance evaluation, and in consultation with the Nominating Committee, propose, where appropriate, new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) the size and composition of the Board;
- (ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
- (iii) the Board's access to information;
- (iv) the accountability of the Board to the Shareholders;
- (v) the observation of risk management and internal control policies by the Board; and
- (vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code 2018).



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To assess the effectiveness of each Board Committee, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) the size and composition of the Board Committee;
- (ii) the discussion and decision-making processes of the Board Committee (including the conduct of meetings by the Board Committee);
- (iii) the Board Committee's access to information;
- (iv) the accountability of the Board Committee to the Board; and
- (v) the performance of the Board Committee (including the Board Committee's performance in relation to the discharge of its principal responsibilities set out in the Code 2018).

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) his or her participation at the meetings of the Board;
- (ii) his or her ability to contribute to the discussion conducted by the Board;
- (iii) his or her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
- (iv) his or her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
- (v) his or her compliance with the policies and procedures of the Group;
- (vi) his or her performance of specific tasks delegated to him or her;
- (vii) his or her disclosure of any related person transactions or conflicts of interest; and
- (viii) for Independent Directors, his or her independence from the Group and the Management.

Each member of the Nominating Committee abstains from making any recommendation and/or participating in any deliberation of the Nominating Committee and from voting on any resolution in respect of his own performance or re-nomination as a Director.

The Board and the Nominating Committee have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

# STATEMENT OF CORPORATE GOVERNANCE

## 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 Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on director and executive remuneration, and for fixing the remuneration packages of individual Directors, key management and any employee who is related to a Director or substantial shareholder of the Group.

The Remuneration Committee comprises two Independent Directors and the Independent Chairman:

Mr Lim Boon Cheng	(Chairman)
Dr Ho Choon Hou	(Member)
BG (RET) Lim Yeow Beng	(Member)

The role of the Remuneration Committee is to review and recommend to the Board a general framework of remuneration for the Board and key management personnel. It also carries out a review of the remuneration of the key management personnel of the Group and any employee of the Group who is related to a Director or substantial shareholder. It reviews and recommends to the Board the specific remuneration packages and service contract terms for the executive directors and the key management personnel, as well as the administration and granting of share options or awards in accordance with any share option scheme or performance share plan of the Company. The Remuneration Committee considers all aspects of remuneration, including but not limited to salaries, bonuses, allowances, other benefits-in-kind and termination terms, to ensure that they are fair. No Director or member of the Remuneration Committee is involved in deciding his own remuneration. Each member of the Remuneration Committee abstains from voting on any resolution in respect of his own remuneration package.

The Remuneration Committee may seek professional advice on remuneration matters as and when necessary. The Remuneration Committee ensures that in the event of such advice being sought, 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 has not appointed any remuneration consultant during the financial year under review.

### 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 Group adopts a remuneration policy that is primarily performance based taking into account each person's job responsibilities, function and market conditions. The remuneration for employees of the Group comprises a fixed component and a performance-related variable component in an effort to link rewards to corporate and individual performance, align their interests with those of shareholders and promote the long-term success of the Group. The fixed component consists of a base salary and fixed allowance. The variable component is in the form of a bonus that is linked to the Group's and the individual's performance. The Remuneration Committee will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages. A significant and appropriate proportion of the Managing Directors' and key management personnel's remuneration is structured so as to link rewards to the Group's and individual performance.

# STATEMENT OF CORPORATE GOVERNANCE

The remuneration of the Managing Director is based on the service agreement entered into between Dr Wong Kar King and the Company on June 1, 2007. The service agreement will be for an initial period of 3 years, effective from June 1, 2007 and renewable thereafter. The terms of the service agreement are reviewed by the Remuneration Committee on an annual basis.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Director's remuneration paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties.

The remuneration of the directors is appropriate to their level of contribution and respective responsibilities. The Independent Directors receive directors' fees for serving on the Board and any of the Board Committees. The chairman of the Board or each Board Committee is compensated for his additional responsibilities. Such fees take into account their efforts, time spent, level of contribution and responsibilities as well as the need to pay competitive fees to attract, retain and motivate them. These fees are subject to Shareholders' approval as a quarterly payment in arrears at the AGM of the Company.

The remuneration policy for key management personnel is based largely on the Company's performance and the responsibilities and performance of each individual key management personnel. The Remuneration Committee reviews and recommends the remuneration packages of key management personnel for the Board's approval. The Remuneration Committee reviews the level and mix of remuneration and approves the framework for salary reviews, performance bonus and incentives for the Executive Directors and key management personnel for the Group. In setting the remuneration packages, the Remuneration Committee takes into consideration the performance of the Group and the individual's performance as well as the contribution to revenue and profitability. Salaries are benchmarked against comparable roles in similar industries, while bonuses are granted based on the performance of the Group and the individual.

The remuneration packages for employees who are related to any Director or substantial shareholder of the Company and the responsibilities and performance of each such related employee are also reviewed. The Remuneration Committee reviews and recommends the remuneration packages of such related employees for the Board's approval.

## **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.***

## **Directors of the Company**

Provision 8.1 of the Code 2018 requires disclosure of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (i) each individual director and the CEO; and (ii) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel. The policy and criteria used in setting the level of remuneration is based on various factors including performance of the Group, industry practices and the individual's performance and time commitment, contributions towards achievement of corporate objectives and targets, integrity and accountability.



# STATEMENT OF CORPORATE GOVERNANCE

In respect of the amounts and breakdown of the remuneration, after careful deliberation and taking into consideration the competitive pressures in the talent market, the sensitive and confidential nature of remuneration, the relative size of the Group as well as the competitive business environment in which the Group operates in, the Board has, on review, decided not to disclose the precise remuneration of the Company's Executive Directors. The Board is of the view that it is not in the Group's best interest to make such precise disclosure as the disadvantages which would be caused to the Group's business interest would far outweigh the benefits of such disclosure. The level and mix of remuneration paid to the Executive Directors for FY2023 are as follows:

Executive Director	Remuneration Band	Salary including CPF	Performance Bonus	Benefits	Total
Dr Wong Kar King	From \$750,001 to \$1,000,000	91%	–	9%	100%
Ms Tay Bee Gek	Below \$250,000	85%	14%	1%	100%

Remuneration paid to non-executive Directors comprised solely directors' fees paid quarterly in arrears and were approved by the shareholders in the AGM held on April 28, 2023. The breakdown of directors' fees paid and/or payable to the non-executive Directors for FY2023 is as follows:

Non-executive Directors	Directors' Fees (\$)
Mr Lim Boon Cheng	60,000
Dr Ho Choon Hou	50,000
BG (RET) Lim Yeow Beng	40,000

## Key Management Personnel of the Company

In FY2023, there were only four (4) key management personnel (excluding the Executive Directors). The annual aggregate remuneration paid to the top four (4) key management personnel of the Company (excluding the Executive Directors) for FY2023 is \$206,442. Details of the remuneration paid to such key management personnel are set out below:

Key Management Personnel	Salary including CPF	Performance Bonus	Benefits	Total
<b>Below \$250,000</b>				
Nelson Herijanto	100%	–	–	100%
Siraj Ahamed Abdul Hameed	73%	6%	21%	100%
Wong Swee Yoke Irene <sup>(1)</sup>	50%	25%	25%	100%
Loke Mei Fong <sup>(1)</sup>	100%	–	–	100%

### Notes:

(1) Resigned during FY2023

# STATEMENT OF CORPORATE GOVERNANCE

The Board is of the view that given the sensitive and confidential nature of employees' remuneration and to maintain good morale and a strong team spirit within the Group, detailed disclosure on the top key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

There are no termination, retirement and post-employment benefits granted to Directors or the key management personnel.

## **Employees who are substantial Shareholders of the Company or are immediate family members of a Director or substantial Shareholder**

There was no employee who is a substantial shareholder or who is an immediate family member of a Director or substantial Shareholder of the Company and whose remuneration exceeds \$100,000 for FY2023. The details of the employee who is an immediate family of a Director and her remuneration are as follows:

Name	Designation	Familial Relationship	Remuneration Band
Wong Swee Yoke Irene	Director of Advanced Controls (M) Sdn Bhd	Sister of Dr Wong Kar King	Below \$50,000

The Company believes that, taken as a whole, the disclosures on remuneration provided above are meaningful and sufficiently transparent in giving an understanding of the remuneration of its Directors and employees, the Company's remuneration policies, level and mix of remuneration, performance and value creation.

## **ACCOUNTABILITY AND AUDIT**

### **Risk Management and Internal Controls**

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

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board, with the assistance of the Audit Committee, is responsible for the overall governance of risk by ensuring that the Group maintains sound systems of risk management and internal controls. The Audit Committee reviews and makes recommendations to the Board on the adequacy and integrity of those systems on an annual basis.

The Group has implemented a system of internal controls and risk management to safeguard Shareholders' investments and the Company's assets. Proper accounting records are maintained and financial information used for business purposes and for publication is reliable. The controls are designed by the Management and include, among others, the documentation of key procedures and guidelines relating to the delegation of authorities. The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Group's material internal controls to the extent of their scope as laid out in their audit plan.

In the opinion of the Board, the system of internal controls and risk management maintained by the Management is adequate and effective to meet the needs of the current business environment. However, the Board notes that the review of the Group's system of internal controls and risk management is a continuing process and there is always room for improvement having regard that no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, natural disasters, losses, fraud or other irregularities. The system of internal controls and risk management adopted by the Group is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives.

# STATEMENT OF CORPORATE GOVERNANCE

The Board has received assurances from:

- (a) the Managing Director and the Executive Director and Group Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal controls systems.

The Company has outsourced its internal audit function to Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**" or "**Internal Auditors**"). Baker Tilly is the appointed outsourced internal auditor to many public listed companies in Singapore. The engagement team is led by its engagement partner who has more than 20 years of professional experience in the field and possesses the designation of Certified Internal Auditor and Chartered Accountant (Singapore).

The engagement team from Baker Tilly comprises an Engagement Manager, Lead Consultants and Consultants who possess relevant experience as well as designations such as Chartered Accountant, Certified Internal Auditor etc. The Internal Auditors conduct their work in accordance to the International Professional Practices Framework issued by the Institute of Internal Auditors.

The role of the internal auditors is to support the Audit Committee in ensuring that the Company maintains a sound system of internal controls and risk management. The internal auditors monitor and assess the effectiveness of the key controls and procedures, conduct in-depth audits of high-risk areas and undertake investigation as directed by the Audit Committee. The findings from the reviews and checks on the adequacy of internal controls and risk management are rated and reported to the Audit Committee. In particular, high-risk matters are highlighted to the Audit Committee and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management. The Audit Committee approves the hiring, removal, evaluation and compensation of the internal auditors. The Audit Committee ensures that the internal auditors are adequately resourced and has appropriate standing within the Company.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee. To ensure the adequacy of the internal audit function, the Audit Committee meets at least once a year to review the internal audit findings and to approve the annual internal audit plans. The members of the Audit Committee have unrestricted access to the internal auditors on all matters whenever they deem necessary and will meet the internal auditors without the presence of the Management at least once annually.

In addition, the Company's external auditors carry out, in the course of their statutory audit, a review of the effectiveness of the internal financial controls to the extent of their scope as laid out in the audit plan. The external auditors, during the conduct of their normal audit procedures, may also report on any matters relating to the internal controls. Any non-compliance or recommendation for improvement will be reported to the Audit Committee. The Management will follow up on the auditors' recommendations as part of its role in the review of the Company's internal controls systems.

The Audit Committee will assess the independence, adequacy and effectiveness of the internal audit function annually. Based on the audit reports and management controls in place, the Board, with the concurrence of the Audit Committee, 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 as at December 31, 2023 in its current business environment.



# STATEMENT OF **CORPORATE GOVERNANCE**

## **Risk Management**

The Board oversees the Group's financial risk management policies. Where there are significant risks in respect of the Group's operations, risk management practices will be put in place to address these risks.

### Financial Risk Management Policies

The Group's principal financial instruments comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. Financial assets that expose the Company to financial risk consist principally of cash and cash equivalents, trade and other receivables. Financial liabilities that expose the Company to financial risk consist principally of trade and other payables and bank borrowings. The carrying amounts of the current financial assets and liabilities carried at amortised cost approximate to their fair values.

The Group's activities are exposed to a variety of financial risks, including the effects of changes in foreign currency rates and interest rates, along with credit and liquidity risks. The Group has adopted risk management policies that seek to mitigate these risks in a cost-effective manner. The Board reviews and approves policies for managing each of these risks and they are summarised below.

### Foreign Currency Risk

The Group's main foreign currency risk exposure results from sales transactions and cash and bank balances denominated in foreign currencies, primarily in the United States Dollar and Euro Dollar. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries.

The Group's policy is to manage foreign currency exposure by way of natural hedge and this policy is reviewed quarterly by the Audit Committee. It mitigates foreign currency exposure by striving, where possible, to negotiate sale and purchase transactions in the same currency with counterparties. Exposure to foreign currency risk is monitored on an on-going basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

### Interest Rate Risk

The Group's exposure to changes in interest rates arises primarily from the Group's fixed deposits placed with banks, loans to subsidiaries and bank borrowings.

### Credit Risk

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are deemed to be reputable and are regulated by a supervisory body. For trade receivables, the Group trades only with recognised and creditworthy counterparties. It is the Group's policy to perform on-going credit evaluation of its customers' financial condition. In addition, receivable balances are monitored on a monthly basis by the Management.

The carrying amount of financial assets represents the maximum credit exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. Therefore, there are no significant concentrations of credit risk within the Group.

### Liquidity Risk

To manage liquidity risk, the Group prepares cashflow projections, and reviews its cash requirement on a regular basis. It maintains sufficient level of cash and cash equivalents to enable it to meet its normal operating commitments and secures committed funding facilities from financial institutions.

# STATEMENT OF CORPORATE GOVERNANCE

## Audit Committee

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

The Audit Committee comprises two Independent Directors and the Independent Chairman:

Mr Lim Boon Cheng	(Chairman)
Dr Ho Choon Hou	(Member)
BG (RET) Lim Yeow Beng	(Member)

The Audit Committee held four meetings during FY2023. Dr Wong Kar King, the Managing Director and Ms Tay Bee Gek, the Executive Director, attended all four meetings. The Group's external auditors and internal auditors were also present at the relevant junctures during some of these meetings. Separate sessions with the external auditors are also held without the presence of the Management at least annually, to consider any matters which might be raised privately.

The primary responsibility of the Audit Committee is to provide support and assistance to the Board in ensuring that a high standard of corporate governance is maintained at all times. The Audit Committee has full access to all management personnel and has full discretion to invite any Director or executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The responsibilities of the Audit Committee include the following:

- review the Group's financial and operating results and accounting policies;
- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- review the periodic and annual announcements as well as the related press releases on the result and financial position of the Group;
- review the audit plan of the external auditors;
- review the consolidated financial statements of the Group before submission to the Board together with the external auditors' report on those financial statements;
- review and evaluate at least annually the adequacy and effectiveness of the Group's systems of internal controls and risk management;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit;
- review and make recommendations to the Board on the re-appointment of external auditors of the Company and the Group;
- review and make recommendations to the Board on the remuneration and terms of engagement of the external auditors;
- review the effectiveness of the internal audit function and ensure co-ordination between the internal and external auditors and the Management;
- review the assurance from the Managing Director and the Chief Financial Officer on the financial records and financial statements;
- review interested person transactions;

## STATEMENT OF CORPORATE GOVERNANCE

- review any potential conflicts of interest;
- review the policy and arrangements for concerns about improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- review and discuss with the external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- undertake such reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- generally undertake such other functions and duties which may be required by statute or the rules of the Catalist Rules of the SGX-ST, and by such amendments made thereto from time to time.

Following discussions with the Management and the external auditors, the Audit Committee has determined that the following areas are the key risks of misstatement of the Group's financial statements. The table below indicates how these matters were discussed and addressed:

Significant Matter	How the Matter was Addressed by the Audit Committee
a) Impairment assessment of property, plant and equipment and right-of-use assets	<p>The Audit Committee noted the completion of the Group's construction of the corn processing facility in Sulawesi, Indonesia in December 2023, and has considered recent market developments in its Agri-Technology business segment of the Group.</p> <p>In line with the impairment assessment requirements under SFRS(I) 1-36 Impairment of Assets for property, plant and equipment including right-of-use assets, the Audit Committee discussed with the external auditor on the key assumptions used in the impairment exercise including the machine capacity utilisation rate, corn supply harvest seasonality, expected costs, discount rate and future growth forecast in arriving at the recoverable amount. After due consideration and having regard to the Group's experience with its Satellite dryer corn processing operations in Indonesia, the Audit Committee was satisfied that no impairment allowance was necessary.</p>
b) Impairment of investment in an associate	<p>Considering the subjectivity and complexity in the valuation of the Group's investment in an associated company, Agricore Global Pte Ltd and its subsidiaries, for impairment purposes, the Audit Committee has reviewed the appropriateness of the use of an independent Indonesian professional valuer by the Management and was satisfied with the methodologies, assumptions and estimates used therein, and the resulting impairment loss of S\$1.95 million on the investment in an associate that was recognised in the profit or loss of the Group for FY2023.</p>

The external auditors have included the above significant matters as key audit matters in their audit report for FY2023 together with a detailed description of the audit procedures adopted (refer to pages 55 and 56 of this Annual Report).

The Board is of the view that all the members of the Audit Committee collectively have relevant accounting or related financial management expertise and are appropriately qualified to discharge their responsibilities. The Audit Committee takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external and internal auditors. The Audit Committee does not comprise former partners or directors of the Company's existing auditing firm within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm and for as long as they have any financial interest in the auditing firm.



# STATEMENT OF CORPORATE GOVERNANCE

The Company has also set in place whistle-blowing procedures pursuant to which employees of the Group may, in confidence or anonymously, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. The Audit Committee is responsible for the oversight and monitoring of whistleblowing procedures. All such investigations are undertaken by members of Audit Committee with the assistance of the Executive Directors and/or senior management, where appropriate to ensure that Rule 1204(18B) of the Catalist Rules is complied with. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the Audit Committee will then decide on recommended disciplinary or remedial action, if any. The action so determined by the Audit Committee to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively. The Company is committed to ensure that employees making any reports will be treated fairly and protected from reprisal or detrimental or unfair treatment. The Company also ensures that the identity of such employees is kept confidential.

There were no whistle-blowing letters or communication received during FY2023 and as of the date of this Annual Report.

The Audit Committee has reviewed the work performed by the external auditors, Nexia Singapore PAC, after taking into consideration the relevant guidelines issued to the Audit Committees by the SGX-ST and/or the Singapore Accounting & Corporate Regulatory Authority.

After taking into consideration the adequacy of the resources and experience of Nexia Singapore PAC (including the audit partner in charge of auditing the Company), the other audit engagements of Nexia Singapore PAC, the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the Audit Committee and the Board are of the view that Nexia Singapore PAC has been able to assist the Company in meeting its audit obligations and the Company is in compliance with Rule 712 of the Catalist Rules.

Nexia Singapore PAC is the Company's current external auditors and was appointed since 28 April 2023. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees payable to Nexia Singapore PAC for their audit and non-audit services for FY2023 are \$100,000 and \$18,000 respectively.

The Audit Committee is satisfied with the independence and objectivity of the external auditors. The Audit Committee has conducted an annual review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services do not affect the independence of the external auditors.

The Company engages different audit firms for its subsidiaries or significant associated companies and the names of these audit firms are disclosed on pages 112 and 113 of this Annual Report. The Board and Audit Committee have reviewed the appointments of these audit firms and are of the view that the appointments of these other audit firms do not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 715 (when read with Rule 716) and Rule 717 of the Catalist Rules.

## 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 Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Catalist Rules of the SGX-ST.

# STATEMENT OF CORPORATE GOVERNANCE

Shareholder meetings are the principal forum for communication with Shareholders. Annual Reports and notices of the AGMs or any other Shareholder meetings (as the case may be) are sent to all Shareholders at least 14 days before the scheduled date of such meeting. The external auditors and the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders. Appropriate management personnel are also present at general meetings to respond, if necessary, to operational questions from Shareholders. All Directors attended the AGM and EGM of the Company held during FY2023, except Dr Ho Choon Hou who was absent from the AGM held during FY2023 due to technical issues which prevented him from attending the AGM.

A Shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies. The Constitution of the Company allows Shareholders to attend and vote at general meetings of the Company by proxies. A Shareholder of the Company may appoint up to two proxies to attend and vote on behalf of the Shareholder at shareholder meetings, save that no limit shall be imposed on the number of proxies for Shareholders that are nominee companies.

Resolutions to be passed at general meetings are always separate and distinct on each substantially separate issue so that Shareholders are better able to exercise their right to approve or deny the issue or motion, unless the issues are interdependent and linked so as to form one significant proposal.

At the general meetings, Shareholders are given the opportunity to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Group and its operations. There is an open question and answer session at each general meeting during which Shareholders may raise questions or share their views regarding the proposed resolutions and the Company's business and affairs.

Votes at all Shareholder meetings are taken by poll so that Shareholders are accorded rights proportionate to their shareholding and all votes are counted. The procedures of the poll will be explained by the appointed scrutineers at the general meeting prior to the taking of the poll.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and such minutes will be published on the Company's corporate website as soon as practicable. Results of the general meeting are also released as an announcement via SGXNET.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to Shareholders via announcements released on 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.***

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. All material information and financial results are released through SGXNET and where appropriate, through media releases.

# STATEMENT OF CORPORATE GOVERNANCE

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. All press releases to explain the Group's strategy, performance and major developments are also made available on SGXNET.

In presenting the annual and periodic financial statements to Shareholders, it is the aim of the Board to provide a detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects. In addition, the Company will also release timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Catalist Rules of the SGX-ST. Pertinent information will be disclosed to Shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price and/or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts.

The Company does not have an investor relations policy but maintains a website ([www.AdvancedHoldings.com](http://www.AdvancedHoldings.com)) which allows the public to be aware of the Group's latest development and businesses. Shareholders can provide feedback to the Company via email to [IRs@advancedholdings.com](mailto:IRs@advancedholdings.com) or via mail to the registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that key management personnel may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

The notices of general meetings setting out the agenda are despatched to shareholders while copies of the annual report or circular, explanatory notes, and if necessary, letters to shareholders on the items of special business, are circulated to shareholders at least 14 days before the general meetings called to pass ordinary resolutions or 21 days before general meetings called to pass special resolutions.

## 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, customers, community, government and regulators, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

Please refer to the Sustainability Report of the Company which the Company will publish by 30 April 2024 for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2023.

As mentioned in the previous page, the Company maintains a website ([www.AdvancedHoldings.com](http://www.AdvancedHoldings.com)) and email address, which allows the stakeholders to communicate and engage with the Company.



# STATEMENT OF CORPORATE GOVERNANCE

## SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Catalist Rules requires Singapore-listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance issued on August 6, 2018 (the “Code 2018”) in their annual reports for the financial years commencing on or after January 1, 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code 2018.

Board Matters	Remuneration Matters	Shareholder Rights and Responsibilities
<p><b>The Board’s Conduct of Affairs</b></p> <p><u>Principle 1</u></p> <p>Provision 1.1 Page 16            Provision 1.2 Pages 18-19            Provision 1.3 Page 17            Provision 1.4 Pages 22-23, 29, 35-36            Provision 1.5 Page 18            Provision 1.6 Page 19            Provision 1.7 Page 19</p> <p><b>Board Composition and Guidance</b></p> <p><u>Principle 2</u></p> <p>Provision 2.1 Page 20            Provision 2.2 Page 19            Provision 2.3 Page 19            Provision 2.4 Pages 20-21            Provision 2.5 Page 21</p> <p><b>Chairman and Chief Executive Officer</b></p> <p><u>Principle 3</u></p> <p>Provision 3.1 Page 22            Provision 3.2 Page 22            Provision 3.3 Page 22</p> <p><b>Board Membership</b></p> <p><u>Principle 4</u></p> <p>Provision 4.1 Pages 22-23            Provision 4.2 Page 22            Provision 4.3 Page 23            Provision 4.4 Page 23            Provision 4.5 Page 18</p> <p><b>Board Performance</b></p> <p><u>Principle 5</u></p> <p>Provision 5.1 Pages 27-28            Provision 5.2 Pages 27-28</p>	<p><b>Procedures for Developing Remuneration Policies</b></p> <p><u>Principle 6</u></p> <p>Provision 6.1 Page 29            Provision 6.2 Page 29            Provision 6.3 Page 29            Provision 6.4 Page 29</p> <p><b>Level and Mix of Remuneration</b></p> <p><u>Principle 7</u></p> <p>Provision 7.1 Page 29            Provision 7.2 Page 30            Provision 7.3 Page 30</p> <p><b>Disclosure on Remuneration</b></p> <p><u>Principle 8</u></p> <p>Provision 8.1 Page 31            Provision 8.2 Page 32            Provision 8.3 Page 31</p> <p style="background-color: #d3d3d3;"><b>Accountability and Audit</b></p> <p><b>Risk Management and Internal Controls</b></p> <p><u>Principle 9</u></p> <p>Provision 9.1 Pages 32-34            Provision 9.2 Page 33</p> <p><b>Audit Committee</b></p> <p><u>Principle 10</u></p> <p>Provision 10.1 Pages 35-36            Provision 10.2 Page 35            Provision 10.3 Page 37            Provision 10.4 Page 37            Provision 10.5 Page 35</p>	<p><b>Shareholder Rights and Conduct of General Meetings</b></p> <p><u>Principle 11</u></p> <p>Provision 11.1 Pages 37-38            Provision 11.2 Page 38            Provision 11.3 Page 38            Provision 11.4 Page 38            Provision 11.5 Page 38            Provision 11.6 Page 38</p> <p><b>Engagement with Shareholders</b></p> <p><u>Principle 12</u></p> <p>Provision 12.1 Page 39            Provision 12.2 Page 39            Provision 12.3 Page 39</p> <p style="background-color: #d3d3d3;"><b>Managing Stakeholders Relationships</b></p> <p><b>Engagement with Stakeholders</b></p> <p><u>Principle 13</u></p> <p>Provision 13.1 Page 39            Provision 13.2 Page 39            Provision 13.3 Page 39</p>

# STATEMENT OF **CORPORATE GOVERNANCE**

## **ADDITIONAL INFORMATION**

### **SUSTAINABILITY REPORTING**

The Company will publish its Sustainability Report for FY2023 by 30 April 2024 and is prepared in accordance with the Global Reporting Initiative Standards and in line with the requirements of the Catalist Rules on Sustainability reporting. The report highlights the key economic, environmental, social and governance factors such as economic performance, emission and occupational health and safety and include the climate-related disclosure as recommended by the Task Force on Climate Financial Disclosure.

### **INTERESTED PERSON TRANSACTIONS**

The Company has established internal control policies to ensure transactions with interested persons are properly reviewed and approved, and are conducted on an arm's length basis.

If the Company does enter into an interested person transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

There were no discloseable interested person transactions during FY2023.

### **SECURITIES TRANSACTIONS**

The Board has in place a policy on share dealings. All Directors, officers and staff of the Group who have access to price-sensitive and confidential information are not permitted to deal in the Company's shares during the period commencing one month before the announcement of the Group's half year and full year results, and ending on the date of the announcement of such results. All Directors, officers and staff of the Group are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the policy discourages trading in the Company's securities on short term considerations. The Company does not have a share buyback plan and therefore does not deal in its own shares.

### **MATERIAL CONTRACTS**

There are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Managing Director or any Director or Controlling Shareholders.

### **NON-SPONSOR FEES**

No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2023.

## ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Dr Wong Kar King and BG (RET) Lim Yeow Beng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on April 26, 2024 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	<b>DR WONG KAR KING</b>	<b>BG (RET) LIM YEOW BENG</b>
Date of Appointment	February 19, 2004  March 23, 2004 (date of appointment as Managing Director)	August 14, 2019
Dates of last re-appointment	April 30, 2021	April 28, 2022
Age	62	65
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 and has reviewed and considered the qualifications, work experience and suitability of Dr Wong Kar King for re-appointment as Managing Director. The Board has reviewed and concluded that Dr Wong Kar King 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 Nominating Committee and has reviewed and considered the qualifications, work experience and suitability of BG (RET) Lim Yeow Beng for re-appointment as Independent Director, and redesignation as the Independent and Non-Executive Chairman, the Chairman of the Nominating Committee and a member of each of the Audit Committee and the Remuneration Committee. The Board has reviewed and concluded that BG (RET) Lim Yeow Beng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.
Whether appointment is executive, and if so, the area of responsibility	Executive; responsible for the overall management and operation of the business, in addition to formulating business strategies poised at spearheading the Group’s growth forward.	Non-executive

## ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	<b>DR WONG KAR KING</b>	<b>BG (RET) LIM YEOW BENG</b>
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Independent Non-Executive Chairman  Chairman of the Nominating Committee  Member of the Audit Committee  Member of the Remuneration Committee
Professional qualifications	Bachelor Degree in Engineering (First Class Honours), Queen's University of Belfast  Doctorate in Engineering, Queen's University of Belfast	Bachelor of Engineering Degree in Mechanical Engineering (Hons), National University of Singapore  Master of Science in Industrial Engineering, National University of Singapore  Graduate of the Executive Development Programme by IMD, Switzerland  Senior Accredited Director by Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	Managing Director of Advanced Holdings Ltd. and director of the subsidiaries	April 2005 to December 2014: Toll Logistics Holdings (Director of Government Business Group); ST Logistics Pte Ltd (President and CEO of ST Logistics group of companies)  Since January 2015: Director/ Adviser to a number of companies in the hotel development, hospitality, engineering, logistics, healthcare and retail/ecommerce sectors, such as Manor Group (Singapore) Pte. Ltd., Tripod Hospitality Pte Ltd, Tripod Hospitality Ltd (Thailand), Unicorn Hotels and Resorts Ltd (Thailand), Unicorn Hospitality Co Ltd (Thailand), Face Bistro Pte Ltd, Eat Drink Sleep Play Pte Ltd, Goldbell Corporation Pte. Ltd., AJJ Health Care Management Pte Ltd, ALPS Pte Ltd, Legend Logistics Pte. Ltd., and Jam Hospitality Investments Pte. Ltd.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR WONG KAR KING	BG (RET) LIM YEOW BENG
Shareholding interest in the Company and its subsidiaries	25,402,109 shares in the capital of the Company as at 13 March 2024	6,666 ordinary shares as at 13 March 2024
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes
Other Principal Commitments*	<u>Present:</u>	<u>Present:</u>
Including Directorships (for the last 5 years)	Director and shareholder of Greenphyto Pte. Ltd.	Non-Executive Director of Tripod Hospitality Pte Ltd
**“Principal Commitments” has the same meaning as defined in the Code 2018.	Director and shareholder of Green Manor Hotels & Properties Sdn Bhd	Non-Executive Director of Tripod Hospitality Ltd (Thailand)
	Director and shareholder of Manor Properties Group (M) Sdn Bhd	Non-Executive Director of Unicorn Hotels and Resorts Ltd (Thailand)
	Director of Advanced Controls Pte Ltd	Non-Executive Director of Unicorn Hospitality Co Ltd (Thailand)
	Director of Advanced Engineering Holdings Pte. Ltd.	Non-Executive Director of Face Bistro Pte Ltd
	Director of Advanced CAE. Saudi Arabia Company Ltd.	Non-Executive Director of Eat Drink Sleep Play Pte Ltd
	Director of Guided Wave Asia Pte. Ltd.	Independent Adviser to Goldbell Corporation Pte. Ltd.
		Independent Adviser to Manor Group (Singapore) Pte. Ltd.
		President/Adviser of AJJ Health Care Management Pte Ltd

## ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	<b>DR WONG KAR KING</b>	<b>BG (RET) LIM YEOW BENG</b>
	<p><u>Past:</u></p> <p>Director of Advanced CAE Pte. Ltd.</p> <p>Director of Advanced China Ventures Pte. Ltd.</p> <p>Director of Advanced Environmental Technologies Pte. Ltd.</p> <p>Director of Applied Engineering Pte Ltd</p> <p>Director of Advanced Resources Holdings Pte. Ltd.</p> <p>Director of Advanced Water Engineering Pte. Ltd.</p> <p>Director of Applied Shipyard Pte. Ltd.</p> <p>Director of Advanced Process Equipment (Thailand) Co. Ltd.</p>	<p>Non-Executive Director of Legend Logistics Pte. Ltd.</p> <p>Non-Executive Director of ALPS Pte. Ltd.</p> <p>Chairman and Non-Executive Director of Jam Hospitality Investments Pte. Ltd.</p> <p><u>Past:</u></p> <p>Independent Director of Medtecs International Corporation Limited</p> <p>Legal Representative and Non-Executive Director of Access World Shanghai</p> <p>Legal Representative, Chairman and Non-Executive Director of Access World Tonghua</p> <p>Legal Representative, Chairman and Non-Executive Director of Access World Guangzhou</p> <p>Independent Adviser to Access World Logistics (Singapore) Pte. Ltd.</p> <p>Independent Adviser to Royal Maritimo International Pte Ltd</p>
(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

## ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	<b>DR WONG KAR KING</b>	<b>BG (RET) LIM YEOW BENG</b>
(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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR WONG KAR KING	BG (RET) LIM YEOW BENG
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or 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



## ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	<b>DR WONG KAR KING</b>	<b>BG (RET) LIM YEOW BENG</b>
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to these securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No

## ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	DR WONG KAR KING	BG (RET) LIM YEOW BENG
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of 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).	Not applicable	Not applicable



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# DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

The directors present their statement together with the audited consolidated financial statements of Advanced Holdings Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

## Opinion of the directors

In the opinion of the directors,

- a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Dr. Wong Kar King  
Mr. Lim Boon Cheng  
Dr. Ho Choon Hou  
BG (RET) Lim Yeow Beng  
Ms. Tay Bee Gek

## Arrangements to enable directors to acquire shares and debentures

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



# DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

## Directors' interest in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 except as follows:

Name of directors and company in which interests is held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
<b>Advanced Holdings Ltd.</b> (Ordinary shares)				
Dr. Wong Kar King	41,402,109	38,202,109	–	–
BG (RET) Lim Yeow Beng	6,666	6,666	–	–

By virtue of Section 7 of the Singapore Companies Act 1967, Dr. Wong Kar King is deemed to have an interest in the shares of all the related corporations of the Company.

The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same at 31 December 2023.

## Share options

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

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

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

## Audit Committee

The Audit Committee of the Company, comprising all independent directors, is chaired by Mr. Lim Boon Cheng, and includes Dr. Ho Choon Hou and BG (RET) Lim Yeow Beng. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and independent and internal auditors of the Company:

- (a) the audit plans of the internal auditors of the Group and the Company and ensured the adequacy of the Group's system of internal accounting controls and the co-operation given by the Company's management to the independent and internal auditors;
- (b) the Group's financial and operating results and accounting policies;

# DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

## Audit Committee (Cont'd)

- (c) the periodic and annual announcements on the results and financial position of the Group and the Company before their submission to the Board of Directors;
- (d) the annual audit plan of the Company's independent auditor and the results of their examination of the financial information of the Company, the consolidated financial statements of the Group and the independent auditor's report on those financial statements before their submission to the Board of Directors;
- (e) effectiveness of the material internal controls of the Group, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- (f) met with the independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (g) legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (h) the cost effectiveness and the independence and objectivity of the independent auditors;
- (i) the nature and extent of non-audit services provided by the independent auditors;
- (j) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation of the independent auditors and reviewed the scope and results of the audit;
- (k) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and
- (l) reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

## Auditors

Nexia Singapore PAC have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors:

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Dr. Wong Kar King  
Director

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Mr. Lim Boon Cheng  
Director

Singapore

# INDEPENDENT AUDITOR'S REPORT

To the Members of Advanced Holdings Ltd.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Advanced Holdings Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the statements of financial position of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

### Basis of 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.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Advanced Holdings Ltd.

## Key Audit Matters

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

Impairment of investment in an associate	Audit Response/ Procedures
<p><u>Risk identified</u></p> <p>The Group holds a 12.25% (2022: 12.25%) equity interest in Agricore Global Pte. Ltd., ("AGPL"), which is accounted for as an associate as at 31 December 2023.</p> <p>The Group is required to assess the investment in the associate for impairment, if there is objective evidence of impairment. An impairment assessment of AGPL was performed by an independent professional valuer ("Independent Valuer") engaged by management at the year-end date based on the fair value less cost of disposal (FVLCD) method. The FVLCD was based on market value of the land permits held by AGPL and its subsidiaries and adjustments made for the effects of liabilities, cash and non-operating assets.</p> <p>Based on the assessment, an impairment loss of \$1,952,000 (2022: \$2,155,000) was recognised in profit or loss of the Group and impairment loss of \$2,039,000 (2022: \$1,748,000) was recognised in the profit or loss of the Company for the financial year ended 31 December 2023.</p> <p>The impairment assessment is complex and includes significant judgements and assumptions applied by management, that are affected by expected future market or economic conditions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>a) read the terms of engagement of the Independent Valuer to consider the objectivity and independence of the Independent Valuer, and also considered the qualification and competency of the Independent Valuer.</li> <li>b) engaged an auditor expert and evaluated that the auditor expert has the necessary competence, capabilities and objectivity for our purposes.</li> <li>c) considered the appropriateness of the valuation methodology used by the Independent Valuer. We, with the support of the auditor expert, held discussions with the Independent Valuer and challenged the appropriateness of the inputs and key assumptions adopted by the Independent Valuer in estimating the fair value of the land permits.</li> <li>d) recomputed the accuracy of the adjustments made in the impairment exercise against the underlying books and records of the associate.</li> <li>e) assessed the adequacy of the related disclosures in Notes 3.2 and 23 to the financial statements.</li> </ul>



# INDEPENDENT AUDITOR'S REPORT

To the Members of Advanced Holdings Ltd.

## *Key Audit Matters (Cont'd)*

<b>Impairment assessment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets</b>	<b>Audit Response/ Procedures</b>
<p><u>Risk identified</u></p> <p>The carrying amount of the Group's PPE and ROU assets amounted to \$8.276 million (2022: \$0.5 million) and \$0.23 million (2022: Nil) as at 31 December 2023 respectively. These assets comprised, in aggregate, approximately 19.7% of the total assets of the Group.</p> <p>Most of the Group's PPE and ROU assets relate mainly to the construction of the new corn processing facility in Indonesia during the financial year ended 31 December 2023. The Group is exposed to various risks such as market risks, supply chain risks, competition and other risks. Changes in demand for corn products and market volatility could affect the facility's profitability and viability. Supply chain risks could affect the steady supply of raw materials and weather conditions affect the production and harvest of wet corns. Competition in the corn processing industry in Indonesia may be highly competitive with both domestic and international players vying for market share.</p> <p>Management has assessed the recoverable amount of the PPE and ROU assets based on its value-in-use by performing cash flow projection for those PPE and ROU assets. Based on the outcome of this impairment test, the Group did not recognise any impairment charge. This assessment required management to use significant judgement over the assumptions and estimations used in performing the cash flow forecast. The key assumptions and estimates used are the annual revenue growth rate of the corn processing business, forecasted gross margins, estimated operating expenses, machine capacity utilisation, terminal rate and discount rate used to discount the future cash flow to its present value. As such, we determined that this is a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>a) evaluated the assumptions and methodologies used by the Group in estimating the recoverable amount.</li> <li>b) checked that the cash flows were based on approved management budgets that reflected business plans, and evaluated management's forecasting process by reviewing the machine capacity and related production specifications issued by the supplier of the plant and equipment against our understanding of the satellite corn dryer operations in Indonesia and actual results achieved during the financial year.</li> <li>c) the value-in-use calculations involved the use of cash flow projections approved by management and the application of suitable discount rates. The cash flow projections included key assumptions of future revenues, profitability and related growth expectations, projected machine utilisation rate, discount rates, growth rates, expected changes to selling prices and direct costs and capital expenditure during the period, budgeted gross profit margin and operating profit margin and terminal value.</li> <li>d) on the discount rates applied to determine present values, we have evaluated the rates by considering the key elements and risks of the cash flow projections, and making comparison to market comparable data.</li> <li>e) performed sensitivity analysis by applying a range of discount rates and revenue growth rates to obtain a range of recoverable amounts for the Group.</li> <li>f) reviewed the adequacy of the disclosures on the impairment test in Notes 3.2, 18 and 19 to the financial statements.</li> </ul>

## *Other Matter*

The financial statements of the Group and the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 5 April 2023.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Advanced Holdings Ltd.

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Advanced Holdings Ltd.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship 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 Chang Fook Kay.

## **NEXIA SINGAPORE PAC**

Public Accountants and  
Chartered Accountants  
Singapore

Date: 25 March 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
<b>Continuing Operations</b>			
<b>Revenue</b>	4	8,372	13,274
Cost of sales		(7,529)	(10,759)
<b>Gross profit</b>		843	2,515
Other operating income	5	942	149
Distribution and marketing costs		(100)	(397)
Administrative expenses		(3,511)	(2,381)
Other operating expenses	6	–	(121)
Other losses, net	7	(2,114)	(1,393)
Finance costs	8	(296)	(93)
Share of results of an associate and a joint venture		(87)	96
<b>Loss before taxation from continuing operations</b>	9	(4,323)	(1,625)
Income tax expense	10	(120)	(21)
<b>Loss from continuing operations, net of tax</b>		(4,443)	(1,646)
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	11	–	(4,615)
Loss for the year		(4,443)	(6,261)
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		26	(174)
Realisation of foreign currency translation differences on disposal of subsidiaries		–	(686)
<b>Total comprehensive loss for the year</b>		(4,417)	(7,121)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2023

	Note	2023	2022
		\$'000	\$'000
<b>Loss attributable to:</b>			
<b>Owners of the Company</b>			
Loss from continuing operations, net of tax		(3,575)	(1,647)
Loss from discontinued operations, net of tax		–	(4,615)
		<u>(3,575)</u>	<u>(6,262)</u>
<b>Non-controlling interests</b>			
(Loss)/Profit from continuing operations, net of tax		(868)	1
		<u>(4,443)</u>	<u>(6,261)</u>
<b>Total comprehensive loss attributable to:</b>			
<b>Owners of the Company</b>			
Loss from continuing operations, net of tax		(3,509)	(1,816)
Loss from discontinued operations, net of tax		–	(5,301)
		<u>(3,509)</u>	<u>(7,117)</u>
<b>Non-controlling interests</b>			
Loss from continuing operations, net of tax		(908)	(4)
		<u>(4,417)</u>	<u>(7,121)</u>
<b>Losses per share (cents)</b>			
From continuing operations attributable to equity owners			
Basic and diluted	12	(3.53)	(1.63)
From discontinued operations attributable to equity owners			
Basic and diluted	12	<u>–</u>	<u>(4.56)</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	13	30,954	23,067	12,875	7,064
Trade receivables	14	2,539	1,205	–	–
Other receivables and prepayments	15	369	11,441	99	10,642
Contract assets	16	567	5	606	371
Inventories	17	134	183	–	–
Total current assets		34,563	35,901	13,580	18,077
<b>Non-current assets</b>					
Property, plant and equipment	18	8,276	478	392	437
Right-of-use assets	19	230	–	31	–
Goodwill on consolidation	20	–	–	–	–
Intangible assets	21	–	–	–	–
Investments in subsidiaries	22	–	–	25,319	23,720
Investment in an associate	23	–	2,039	–	2,039
Investment in a joint venture	24	–	943	–	1,436
Loans to a subsidiary	25	–	–	3,689	–
Loans to a joint venture	26	–	2,246	–	2,246
Deferred tax assets	27	–	–	–	–
Total non-current assets		8,506	5,706	29,431	29,878
<b>Total assets</b>		<b>43,069</b>	<b>41,607</b>	<b>43,011</b>	<b>47,955</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank borrowings	28	1,320	1,132	625	625
Trade and other payables	29	3,303	1,316	13,079	15,823
Contract liabilities	16	439	313	–	–
Lease liabilities	30	72	–	25	–
Income tax payable		19	95	–	–
Total current liabilities		5,153	2,856	13,729	16,448
<b>Non-current liabilities</b>					
Bank borrowings	28	735	1,884	469	1,094
Lease liabilities	30	91	–	7	–
Loans from non-controlling interests	31	3,551	–	–	–
Employee benefit liability	32	42	–	–	–
Deferred tax liabilities	27	3	–	–	–
Total non-current liabilities		4,422	1,884	476	1,094
<b>Total liabilities</b>		<b>9,575</b>	<b>4,740</b>	<b>14,205</b>	<b>17,542</b>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	33	47,433	47,433	47,433	47,433
Treasury shares	34	(1,837)	(1,837)	(1,837)	(1,837)
Foreign currency translation reserve	35	(158)	(224)	–	–
General reserve	36	–	–	–	–
Accumulated losses		(12,156)	(8,581)	(16,790)	(15,183)
Equity attributable to owners of the Company		33,282	36,791	28,806	30,413
Non-controlling interests		212	76	–	–
Total equity		33,494	36,867	28,806	30,413
<b>Total liabilities and equity</b>		<b>43,069</b>	<b>41,607</b>	<b>43,011</b>	<b>47,955</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

Group	Attributable to equity holders of the Company						
	Share capital (Note 33)	Treasury shares (Note 34)	Foreign currency translation reserve (Note 35)	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>							
<b>Balance as at 1 January 2023</b>	47,433	(1,837)	(224)	(8,581)	36,791	76	36,867
Loss for the year	-	-	-	(3,575)	(3,575)	(868)	(4,443)
Other comprehensive income for the year	-	-	66	-	66	(40)	26
<b>Total comprehensive loss for the year</b>	-	-	66	(3,575)	(3,509)	(908)	(4,417)
<b>Others</b>							
Deemed control of new subsidiary (Note 24)	-	-	-	-	-	848	848
Present value of loan from non-controlling interests (Note 31)	-	-	-	-	-	196	196
<b>Total others</b>	-	-	-	-	-	1,044	1,044
<b>Balance as at 31 December 2023</b>	47,433	(1,837)	(158)	(12,156)	33,282	212	33,494

Group	Attributable to equity holders of the Company							
	Share capital (Note 33)	Treasury shares (Note 34)	Foreign currency translation reserve (Note 35)	General reserve (Note 36)	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>								
<b>Balance as at 1 January 2022</b>	47,433	(1,837)	631	1,617	(3,936)	43,908	80	43,988
(Loss)/profit for the year	-	-	-	-	(6,262)	(6,262)	1	(6,261)
Other comprehensive loss for the year	-	-	(855)	-	-	(855)	(5)	(860)
Total comprehensive loss for the year	-	-	(855)	-	(6,262)	(7,117)	(4)	(7,121)
<b>Others</b>								
Disposal of subsidiaries	-	-	-	(1,617)	1,617	-	-	-
Total others	-	-	-	(1,617)	1,617	-	-	-
<b>Balance as at 31 December 2022</b>	47,433	(1,837)	(224)	-	(8,581)	36,791	76	36,867

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2023

Company	Share capital (Note 33)	Treasury shares (Note 34)	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2022</b>	47,433	(1,837)	(9,776)	35,820
Loss for the year, representing total comprehensive loss for the year	-	-	(5,407)	(5,407)
Balance as at 31 December 2022 and 1 January 2023	47,433	(1,837)	(15,183)	30,413
Loss for the year, representing total comprehensive loss for the year	-	-	(1,607)	(1,607)
<b>Balance as at 31 December 2023</b>	<b>47,433</b>	<b>(1,837)</b>	<b>(16,790)</b>	<b>28,806</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	Note	Group	
		2023	2022
		\$'000	\$'000
<b>Operating activities</b>			
Loss before taxation from continuing operations		(4,323)	(1,625)
Loss before taxation from discontinued operations		–	(4,520)
Loss before taxation		(4,323)	(6,145)
Adjustments for:			
Depreciation of property, plant and equipment	18	94	750
Depreciation of right-of-use assets	19	57	182
Property, plant and equipment written off	9	–	59
(Reversal of provision)/Allowance for expected credit losses on trade receivables and contract assets	14	(160)	427
Gain on disposal of property, plant and equipment and right-of-use assets	11	–	(2,013)
Impairment loss on investment in an associate	23	1,952	2,155
Loss on deemed disposal of a joint venture	24	61	–
Share of result of an associate		87	(407)
Share of result of a joint venture		–	311
Provision for warranty		–	169
Loss on disposal of subsidiaries	22	–	3,481
Interest expense on bank borrowings	28	61	221
Interest expense on loans from non-controlling interests	31	218	–
Interest expense on lease liabilities	28	17	73
Interest income	5, 11	(940)	(176)
Post-employment benefit expenses	32	42	–
Unrealised exchange loss		–	79
<b>Operating cash flows before movements in working capital</b>		(2,834)	(834)
Decrease/(Increase) in inventories		56	(603)
(Increase)/Decrease in contract assets		(642)	3,253
Increase in trade receivables		(1,342)	(3,079)
Decrease/(Increase) in other receivables and prepayments		931	(6,061)
Increase in contract liabilities		144	9,351
Increase in trade and other payables		2,258	759
<b>Cash (used in)/generated from operations</b>		(1,429)	2,786
Income tax paid		(196)	(11)
Interest received		779	115
<b>Net cash flows (used in)/generated from operating activities</b>		(846)	2,890

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2023

	Note	Group	
		2023	2022
		\$'000	\$'000
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment and right-of-use assets		–	13,224
Consideration received from subsidiary disposed in prior year	15	10,600	–
Net cash outflow arising on disposal of subsidiaries, representing cash and cash equivalents of subsidiaries disposed	22	–	(2,612)
Purchase of property, plant and equipment	18	(4,313)	(1,551)
Investment in a joint venture		–	(561)
Loans to a joint venture		–	(2,550)
Net cashflow arising from deemed control of a subsidiary	24	2,179	–
<b>Net cash flows generated from investing activities</b>		<b>8,466</b>	<b>5,950</b>
<b>Financing activities</b>			
Proceeds from bank borrowings	28	177	603
Repayment of principal portion of bank borrowings	28	(1,133)	(5,855)
Repayment of principal portion of lease liabilities	28	(73)	(79)
Loan from non-controlling interests	31	1,372	–
Interest paid	28	(78)	(294)
(Increase)/Decrease in pledged cash and bank balances and fixed deposits		(171)	515
<b>Net cash flows generated from/(used in) financing activities</b>		<b>94</b>	<b>(5,110)</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,714</b>	<b>3,730</b>
Cash and cash equivalents at beginning of the year	13	23,067	19,553
Effects of exchange rate changes on the balance of cash held in foreign currencies		2	(216)
<b>Cash and cash equivalents at end of the year</b>	13	<b>30,783</b>	<b>23,067</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 1. Corporate information

Advanced Holdings Ltd. (the “**Company**”) is a limited liability company incorporated in Singapore with its principal place of business and registered office at 21 Woodlands Close #06-23 Primz BizHub, Singapore 737854. The Company is listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries, an associate and a joint venture are disclosed in Notes 22, 23 and 24 respectively.

On 1 January 2023, the Group’s investment in 51% owned company, Advanced Agri Pte. Ltd. (“**AAPL**”) was accounted as a subsidiary of the Group following the amendments to the joint venture agreement that resulted in the deemed control of the joint venture from that date in accordance with SFRS(I) 10 *Consolidated Financial Statements*. The principal activities of AAPL’s subsidiary, PT Advanced Agri Indonesia (“**AAI**”) is that of corn cultivation, corn accumulation and trading, and corn processing in Indonesia.

The financial statements of the Group and the Company for the current financial year were approved and authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

## 2. Material accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“**SGD**” or “**\$**”) and all values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2023:

Description	Effective for annual periods beginning on or after
SFRS(I) 17 <i>Insurance contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-12: <i>International Tax Reform — Pillar Two Model Rules</i>	1 January 2023

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following relevant standards applicable to the Group that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i>	1 January 2024
Amendments to SFRS(I) 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-1: <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21: <i>Lack of Exchangeability</i>	1 January 2025
SFRS(I) 10, SFRS(I) 1-28 Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

### 2.4 Basis of consolidation and business combinations

#### Basis of consolidation

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

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

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the statement of profit or loss and other comprehensive income. Any investment retained is recognised at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.4 Basis of consolidation and business combinations (Cont'd)

#### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred in the statement of profit or loss and other comprehensive income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in the statement of profit or loss and other comprehensive income.

### 2.5 Transactions with non-controlling interest

Non-controlling interest represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.6 Foreign currency

The financial statements are presented in Singapore Dollars (“SGD”), which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of comprehensive income of the Group on disposal of the foreign operation.

#### Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

### 2.7 Revenue

The Group recognises revenue from the following major sources:

- Contract income from system integration solutions for process analyser and specialty valves.
- Sale of analyser technologies products.
- Maintenance and repair of analysers, specialty valves and systems.
- Commission income from agency agreements.
- Processing and sale of corns.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The Group has generally concluded that it is the principal in its revenue arrangements, except for the commission income from agency agreements below, because it typically control the goods or services before transferring them to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.7 Revenue (Cont'd)

#### a) Contract income from system integration solutions for process analyser and specialty valves

The Group provides comprehensive one-stop system integration solutions and services for process analyser systems, specialty valves as well as chemical metering skids. Starting from front-end engineering design (FEED), project management and execution, factory manufacturing, installation, field commissioning, start-ups, supply of spare parts and upgrading to on-site maintenance services to the oil & gas, petrochemical, pharmaceutical and semiconductor industries.

These solutions and services are customised for each customer, and can range from short term of a few months to long term of a few years.

Such contracts are entered into before construction of the systems begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the products to another customer and has an enforceable right to payment for work done.

Revenue from construction of system integration solutions is therefore recognised over time on input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The Group becomes entitled to invoice customers for construction of the system integration solutions based on achieving a series of performance-related milestones. A particular milestone is reached after the customer is sent relevant documentary proof such as statement of work, along with an invoice for the related milestone payment. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the input method and the milestone payment is typically less than one year.

#### Extended warranty

The Group may provide extended warranty in addition to the assurance-type warranty to certain customers. The extended warranty is a distinct service because the customer has the option to purchase the extended warranty separately. Hence, the Group accounts for the extended warranty as a separate performance obligation and recognises it over time.

#### b) Sales of goods – analyser technologies products

The Group specialises in online and laboratory analysers and offers a range of products, uses for which include: process measurement, analytical chemistry as well as quality controls analysis to the petroleum, petrochemicals, chemicals, oil & gas, polymer, printing and paint industries. The products are sold mainly to other businesses in the abovementioned industries.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.7 Revenue (Cont'd)

#### b) Sales of goods – analyser technologies products (Cont'd)

Sales-related warranties associated with the analysers cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* in accordance with the accounting policy set out in Note 2.24.

#### c) Sale of services – Maintenance and repair of analysers, specialty valves and systems

The Group provides maintenance and repair services of analysers, specialty valves and systems. The maintenance services pertain to contractually agreed-upon task(s) for a customer which include but not limited to maintenance services, testing and commissioning services. Such services are recognised as a performance obligation satisfied over time based on the time spent over the agreed rate.

#### d) Commission income from agency agreements

The Group receives commission income from suppliers that they have agency agreements with, at agreed upon percentages of the sale the suppliers make with the referred customer. The Group is acting as an agent in the arrangement with the suppliers for being exclusive distributors, and amounts collected should be recognised as a net amount of commission.

#### e) Processing and sales of corns

The Group derives revenue from the processing and sale of corns in its Agri-Technology operating segment in Sulawesi, Indonesia. The processed corns are sold mainly to feed mills businesses. Revenue from the sale of corns is recognised when the control of the corns has transferred being when the goods have been delivered to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

### 2.8 Employee benefits

#### a) Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and state-sponsored retirement benefit scheme in China, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No.13/2003 (the "**Labour Law**"). The said additional provisions, which are unfunded, are estimated by actuarial calculations using the projected unit credit method.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.8 Employee benefits (Cont'd)

#### a) Defined contribution plans (Cont'd)

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligations at the end of the reporting period.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability; and
- Remeasurements of the net defined benefit liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time, which is determined by applying the discount rate to the net defined benefit liability. Net interest on the net defined benefit liability is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

#### b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

### 2.9 Borrowing costs

Borrowing costs 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.10 Taxes

#### a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in the statement of comprehensive income except to the extent that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in associate where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investment in associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.10 Taxes (Cont'd)

#### b) Deferred tax (Cont'd)

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 the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 2.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.11 Property, plant and equipment (Cont'd)

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

Buildings and improvements	–	30 years (2022: 10 to 47 years)
Plant and equipment	–	3 to 12 years (2022: 3 to 10 years)
Renovation	–	3 to 10 years (2022: 3 to 10 years)
Motor vehicles	–	5 to 10 years (2022: 5 to 10 years)

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

The residual values, useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is de-recognised.

### 2.12 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment at each reporting date and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.13 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.14 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the statement of comprehensive income.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.15 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.

#### a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use representing the right to use the underlying assets.

#### 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). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land use rights	–	10 years (2022: over the lease period of 47 years)
Leasehold land	–	Not applicable (2022: over the period of 42 years)
Office premises	–	2 to 5 years (2022: Not applicable)
Motor vehicles	–	3 to 5 years (2022: 2 to 3 years)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.16.

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.15 Leases (Cont'd)

#### a) As lessee (Cont'd)

##### Lease liabilities (Cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if 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.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 2.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.16 Impairment of non-financial assets (Cont'd)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

### 2.17 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

#### a) Financial assets

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

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

#### Classification of financial assets

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

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

#### Amortised cost and effective interest method

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

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.17 Financial instruments (Cont'd)

#### a) Financial assets (Cont'd)

##### *Amortised cost and effective interest method (Cont'd)*

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income (“**FVTOCI**”), except for short-term balances when the effect of discounting is immaterial.

Interest income is recognised in the statement of comprehensive income and is included in the “other operating income” line item.

##### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of comprehensive income in the “other gains and losses” line item.

##### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses (“**ECL**”) on investments in debt instruments that are measured at amortised cost, contract assets, as well as on financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.17 Financial instruments (Cont'd)

#### a) Financial assets (Cont'd)

##### Significant increase in credit risk

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

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

For financial guarantee contracts, the date that the Group or the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group or the Company considers the changes in the risk that the specified debtor will default on the contract.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.17 Financial instruments (Cont'd)

#### a) Financial assets (Cont'd)

##### Definition of default

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

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

##### Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

##### Write-off policy

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

##### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.17 Financial instruments (Cont'd)

#### a) Financial assets (Cont'd)

##### *Measurement and recognition of expected credit losses (Cont'd)*

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

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size or industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument 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 the statement of comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Derecognition of financial assets*

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.17 Financial instruments (Cont'd)

#### b) Financial liabilities

##### Classification as debt or equity

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

##### Equity instruments

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

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

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

##### Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not i) contingent consideration of an acquirer in a business combination, ii) held-for-trading, or iii) designated as at fair value through profit or loss ("FVTPL"), are subsequently measured at amortised cost using the effective interest method.

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

##### Financial guarantee contracts

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 payments when due in accordance with the terms of a debt instrument.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.17 Financial instruments (Cont'd)

#### b) Financial liabilities (Cont'd)

##### *Financial guarantee contracts (Cont'd)*

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in the statement of comprehensive income for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of comprehensive income for financial liabilities that are not part of a designated hedging relationship.

##### *Derecognition of financial liabilities*

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

#### c) Offsetting of financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of pledged deposits to financial institution.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.19 Inventories

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

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

Cost is calculated on the following methods:

Raw materials and finished goods	–	First-in, first-out method
Spare parts and consumable tools	–	Weighted average method

### 2.20 Contract assets and liabilities

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

### 2.21 Share capital and share issuance expense

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.

### 2.22 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if issued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

### 2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Group Managing Director, who is the Group's chief operating decision maker. All operating segments' operating results are reviewed regularly by the Group Managing Director to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii. the amount of the obligation cannot be measured with sufficient reliability.

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

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

### 2.25 Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 2. Material accounting policies (Cont'd)

### 2.25 Current versus non-current classification (Cont'd)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

#### a) Determination of functional currency

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

### 3.2 Key sources of estimation uncertainty

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

#### a) Construction contracts

The Group recognises contract revenue overtime by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by reference to the proportion of total costs incurred at the statement of financial position date compared to management's budgeted total contract cost (the "input method").

Significant assumptions are required for the estimation of each contract's stage of completion, total cost required for completion and assessing the risk of onerous contract. Total contract revenue may include an estimation of the variation works recoverable from the customers to the extent it is probable that the claim on customers will succeed. In making these estimates, management relies on its past experience.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 3. Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

### 3.2 Key sources of estimation uncertainty (Cont'd)

#### a) Construction contracts (Cont'd)

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 16 to the financial statements. As at 31 December 2023, \$470,000 of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's revenue and contract assets would have been lower/higher by \$19,000 and \$19,000 respectively. If the total contract costs of on-going contracts to be incurred had been higher by 10% from management's estimates, a provision for onerous contracts of \$Nil would have been recognised.

#### b) Impairment assessment of investment in an associate

The Group assesses whether there are any indicators of impairment for its investment in an associate at each reporting date. The Group also assesses whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

An impairment exists when the carrying value of investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on market value of the land permits held by the associate and adjustments were made for the effects of liabilities, cash and non-operating assets.

The Group engaged professional independent valuers to determine the fair value of the land permits. The fair value is determined using recognised valuation techniques which require the use of estimates such as market comparables, specifications and physical condition of the objects being valued. These estimates are based on market conditions existing at each valuation date.

The carrying amount, valuation technique and key assumptions used to determine the fair value of the land permits is disclosed in Note 23 to the financial statements. In 2023, a decrease of 5% fair value, will not lead to further impairment loss recognised of investment in an associate.

#### c) Impairment assessment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("**CGU**") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("**FVLCD**") and its value in use ("**VIU**"). The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a discounted cash flow ("**DCF**") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets in the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Significant judgements are used to estimate the gross margin, machine capacity utilisation rate, availability of production and supply of wet corns, direct costs and capital expenditure and terminal rate, weighted average growth rates and pre-tax discount rates applied in computing the recoverable amounts of different CGUs. In making these estimates, management has relied on past performance, its expectations of market developments in Indonesia, the industry trends for agriculture and corn processing.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 3. Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

### 3.2 Key sources of estimation uncertainty (Cont'd)

#### c) Impairment assessment of non-financial assets (Cont'd)

The carrying amount of the, property, plant and equipment, right-of-use assets and goodwill in the Group's consolidated financial statements are disclosed in Notes 18, 19 and 20 respectively. In 2023, a decrease of 5% in the gross profit margin, 5% of production capacity or an increase of 100 basis points in the discount rate, as applied in the VIU calculations, will not lead to further impairment loss recognised on these non-financial assets.

#### d) Impairment assessment of investment in subsidiaries

The Group assesses whether there are any indicators of impairment for its investment in subsidiaries at each reporting date. The Group also assesses whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

An impairment exists when the carrying value of investment in subsidiaries exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is determined based on net assets value, comprising related parties' balances and cash and cash equivalents which are mainly short-term in nature.

The carrying amount of the investment in subsidiaries in the Group's consolidated financial statements is disclosed in Note 22, a decrease of 5% fair value, will not lead to further impairment loss recognised of investment in subsidiaries.

## 4. Revenue from continuing operations

	Group	
	2023	2022
	\$'000	\$'000
<b>Type of goods or services</b>		
Sales of goods	1,860	12,064
Contract income	6,385	808
Service income	127	402
	8,372	13,274
<b>Timing of revenue recognition</b>		
At a point in time:		
Sales of goods	1,860	12,064
Over time:		
Contract income	6,385	808
Service income	127	402
	6,512	1,210
	8,372	13,274

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 4. Revenue from continuing operations (Cont'd)

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Group	
	2023	2022
	\$'000	\$'000
Contract income	3,142	659
Service income	8	68
Total	3,150	727

Management expects that 100% (2022: 54%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2023 amounting to \$3,150,000 (2022: \$395,000) will be recognised as revenue during the next reporting period. The remaining \$Nil (2022: \$332,000) will be recognised as revenue in 2025 (2022: 2024).

For sales of goods, the Group applies a practical expedient for not disclosing the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied as at the end of the reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less at the end of the reporting period.

## 5. Other operating income from continuing operations

	Group	
	2023	2022
	\$'000	\$'000
Interest income from fixed deposits	940	56
Accretion of interest on loans to a joint venture	–	61
Sundry income	2	32
	942	149

## 6. Other operating expenses from continuing operations

	Group	
	2023	2022
	\$'000	\$'000
Research and development expenses	–	121

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 7. Other losses from continuing operations

	Group	
	2023	2022
	\$'000	\$'000
(Reversal of provision)/ Allowance for expected credit losses	(160)	57
Bad debt recovered	(5)	–
Property, plant and equipment written off	–	59
Gain on disposal of subsidiaries	–	(1,220)
Impairment loss on investment in an associate (Note 23)	1,952	2,155
Foreign exchange loss, net	266	342
Loss on deemed disposal of a joint venture (Note 24)	61	–
	2,114	1,393

## 8. Finance costs from continuing operations

	Group	
	2023	2022
	\$'000	\$'000
Interest expense on bank borrowings	61	86
Interest expense on lease liabilities	17	7
Interest expense on loan from non-controlling interests	218	–
	296	93

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 9. Loss before taxation from continuing operations

	Group	
	2023	2022
	\$'000	\$'000
Audit fees:		
- Auditors of the Company	100	194
- Other auditors	43	22
Non-audit fees:		
- Auditors of the Company	18	-
- Other auditors	-	8
Depreciation of property, plant and equipment	94	98
Depreciation of right-of-use assets	57	22
Interest expenses on bank borrowings	61	86
Interest expenses on loan from non-controlling interests	218	-
Interest expense on lease liabilities	17	7
Interest income	(940)	(117)
(Reversal of provision)/Allowance for expected credit losses on trade receivables and contract assets	(160)	57
Impairment loss on investment in an associate	1,952	2,155
Property, plant and equipment written off	-	59
Loss on deemed disposal of a joint venture	61	-
Gain on disposal of subsidiaries	-	(1,220)
Foreign exchange loss, net	266	342
Research and development expenses	-	121
Post-employment benefit expenses	42	-
Employees benefit expense (including directors)	2,256	1,768
Defined contribution plans (including directors)	34	65



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 10. Income tax expense

### Major components of income tax expense

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<b>Continuing operations:</b>		
Income tax		
- Current year	20	16
- Under provision in prior years	89	-
	109	16
Deferred tax (Note 27)	3	5
Withholding tax	8	-
	120	21
<b>Discontinued operations:</b>		
Income tax attributable to discontinued operations	-	95
	120	116

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 10. Income tax expense (Cont'd)

### Relationship between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate is as follows:

	Group	
	2023	2022
	\$'000	\$'000
Loss before taxation from continuing operations	(4,323)	(1,625)
Loss before taxation from discontinued operations	–	(4,520)
	<u>(4,323)</u>	<u>(6,145)</u>
Tax benefits at the applicable tax rate of 17% (2022: 17%)	(735)	(1,045)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(93)	(3)
Tax effect on non-allowable items <sup>(a)</sup>	760	1,312
Tax effect on non-taxable items <sup>(b)</sup>	(10)	(218)
Effect of share of results of an associate and a joint venture	–	(16)
Effect of deferred tax assets not recognised	75	108
Withholding tax	8	–
Under/(Over) provision of income tax in prior years	89	(51)
Others	26	29
Income tax expense	<u>120</u>	<u>116</u>

(a) Expenses not deductible for tax purposes relate mainly to depreciation and amortisation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business.

(b) Income not subject to tax relate mainly to foreign exchange differences arising from non-trade transactions.

## 11. Discontinued operations

### a) Loss from discontinued operations, net of tax

On 1 December 2022 the Group completed the disposal of CAE SG Group and on 14 December 2022, the Group fulfilled all material conditions in sales and purchase agreement, including transfer of ownership with respect to the disposal of CAE CN.

The disposal of CAE SG Group and CAE CN meet the criteria for the classification as discontinued operations. Accordingly, the result of operations for the financial year ended 31 December 2022 are presented separately on the statement of comprehensive income as “loss from discontinued operations, net of tax”.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 11. Discontinued operations (Cont'd)

### a) Loss from discontinued operations, net of tax (Cont'd)

The results of the discontinued operations for the financial year ended 31 December 2022 were as follow:

	<u>2022</u>
	\$'000
Revenue	27,678
Cost of sales	<u>(23,219)</u>
Gross profit	4,459
Other operating income	546
Distribution and marketing costs	(2,499)
Administrative expenses	(2,690)
Other operating expenses	(844)
Other gains and losses, net	(3,148)
Finance cost	<u>(344)</u>
<b>Loss before taxation from discontinued operations</b>	<b>(4,520)</b>
Income tax expense	(95)
<b>Loss from discontinued operations, net of tax</b>	<b><u>(4,615)</u></b>

### b) Loss before taxation from discontinued operations

Loss before taxation from discontinued operations was stated after charging/crediting the following:

	<u>2022</u>
	\$'000
Depreciation of property, plant and equipment	652
Depreciation of right-of-use assets	160
Provision for warranty*	169
Interest expenses on bank borrowings	135
Interest expense on lease liabilities	66
Interest income	(59)
Allowance for expected credit losses on trade receivables and contract assets	370
Gain on disposal of property, plant and equipment and right-of-use assets	(2,013)
Loss on disposal of subsidiaries	4,701
Foreign exchange loss	76
Research and development expenses	932
Employees benefit expense (including directors)	2,322
Defined contribution plans (including directors)	<u>205</u>

\* In prior years, the Group provides 1 to 3 years of warranty on certain products and undertakes to repair or replace the items that fail to perform satisfactorily. The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's warranty program for certain products. The estimate has been made on the basis of historical warranty claims and past experiences of the level of repairs and returns.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 11. Discontinued operations (Cont'd)

### b) Loss before taxation from discontinued operations (Cont'd)

Movement in provision for warranty:

	<b>Group 2022</b>
	<u>\$'000</u>
Balance as at 1 January	20
Charge to the statement of comprehensive income	169
Disposal of subsidiaries	(189)
Balance as at 31 December	<u><u>-</u></u>

### c) Cashflows generated from/(used in) discontinued operations

The cashflows attributable to the discontinued operations for the financial year ended 31 December 2022 were as follow:

	<b>2022</b>
	<u>\$'000</u>
Operating cash flows	(7,338)
Investing cash flows	14,883
Financing cash flows	<u><u>(8,651)</u></u>

## 12. Losses per share

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<u>\$'000</u>	<u>\$'000</u>
<b>Losses</b>		
Losses for the purposes of basic and diluted losses per share [loss for the year attributable to owners of the Company]		
Continuing operations	(3,575)	(1,647)
Discontinued operations	-	<u><u>(4,615)</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 12. Losses per share (Cont'd)

	Group	
	2023	2022
	(cents)	(cents)
<b>Number of shares</b>		
Number of ordinary shares outstanding* for the purposes of basic losses per share ('000)	101,268	101,268
* Excludes treasury shares		
<b>Losses per share</b>		
<u>Continuing operations</u>		
(i) Based on weighted average number of ordinary in issue	(3.53)	(1.63)
(ii) On a fully diluted basis	(3.53)	(1.63)
<u>Discontinued operations</u>		
(i) Based on weighted average number of ordinary in issue	–	(4.56)
(ii) On a fully diluted basis	–	(4.56)

The calculation of basic losses per share is based on loss attributable to owners of the Company in the respective periods divided by the weighted average number of ordinary shares of 101,268,367 (2022: 101,268,367). The calculation of diluted losses per share is the same as the basic losses per share as the Company did not have potentially dilutive ordinary shares as at 31 December 2023 and 31 December 2022. As at the end of the reporting period, no share option was granted.

## 13. Cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	2,600	7,552	293	550
Fixed deposits	28,354	15,515	12,582	6,514
Total	30,954	23,067	12,875	7,064
Less: Pledged fixed deposits	(171)	–	–	–
Cash and cash equivalents as per Consolidated Statement of Cash Flows	30,783	23,067	12,875	7,064

Fixed deposits earn fixed effective interest rates ranging from 0.0% to 5.1% (2022: 3.3% to 3.8%) per annum and for varying tenure periods of between 7 days and 94 days (2022: 3 days and 33 days). These fixed deposits can be terminated with no significant cost to the Group.

In 2023, fixed deposits with 0.0% effective interest rate were pledged to banks for credit facilities of the Group (Note 28).



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 14. Trade receivables

	Group	
	2023	2022
	\$'000	\$'000
Third parties	2,540	1,366
Less: Allowance for expected credit losses ("ECL")	(1)	(161)
	2,539	1,205

As at 1 January 2023, the Group's gross trade receivables related to revenue from contracts with customers due from non-related parties amounted to \$1,366,000 (2022: \$9,188,000). The credit period is generally 0 to 365 days (2022: 30 to 365 days). No interest is charged on the outstanding balance.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, and considering general economic conditions of the industry in which the debtors operate and forecasts of future economic conditions.

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

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

The movement in expected credit loss allowance of trade receivables computed based on lifetime ECL are as follow:

	Group	
	Life-time ECL	
	2023	2022
	\$'000	\$'000
Balance as at 1 January	161	160
(Credited to)/Charge to statement of comprehensive income	(160)	427
Write-off against allowance	-	(1)
Disposal of subsidiaries	-	(425)
Balance as at 31 December	1	161

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 15. Other receivables and prepayments

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Loans to subsidiaries	–	–	–	61
Less: Allowance for ECL	–	–	–	(61)
	–	–	–	–
Sundry receivables	224	124	73	20
Sales consideration receivable from disposal of a subsidiary*	–	10,600	–	10,600
Deposits	10	5	4	–
	234	10,729	77	10,620
Advance payments to suppliers	79	667	–	–
Prepayments	56	45	22	22
	369	11,441	99	10,642

\* Sales consideration receivable from disposal of a subsidiary in prior year was received during the current financial year.

Loans to subsidiaries and other receivables are unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

In 2022, ECL allowance had been made for estimated irrecoverable loan to a subsidiary amounting to \$61,000 in view of the financial position of the subsidiary and uncertainties regarding recoverability from this subsidiary.

The movement in allowance of loans to subsidiaries is as follows:

	Company	
	2023	2022
	\$'000	\$'000
Balance as at 1 January	61	–
Write-off against allowance	(61)	–
Charge to statement of comprehensive income	–	61
Balance as at 31 December	–	61

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and have strong capacity to meet its contractual cashflows obligations in the near term. There has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 15. Other receivables and prepayments (Cont'd)

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of the receivables as well as the loss upon default. Management determines that these receivables are subject to immaterial credit losses other than those balances as provided for above.

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

## 16. Contracts assets and contract liabilities

### Contract assets

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Accrued revenue	97	5	606	371
Amounts related to construction contracts	470	–	–	–
	<u>567</u>	<u>5</u>	<u>606</u>	<u>371</u>

As at 1 January 2023, the Group's gross contract assets related to revenue from contracts with customers amounted to \$5,000 (2022: \$6,144,000). Contract assets relating to accrued revenue are amounts for which the Group and Company have performed work as at statement of financial position date, but have not billed the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract assets relating to construction contracts are balances due from customers under contract income that arise when the relevant performance obligation for the customer contract is satisfied and the Group becomes entitled to the consideration per the contract.

The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry. No ECL allowance on contract assets was recorded in 2023 and 2022.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 16. Contracts assets and contract liabilities (Cont'd)

### Contract liabilities

	Group	
	2023	2022
	\$'000	\$'000
Advance receipts from customers	38	–
Amounts related to construction contracts	401	313
	<u>439</u>	<u>313</u>

Contract liabilities arise from advance receipts from customers, where revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. When the customer makes advance payments prior to delivery of goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

Contract liabilities relating to construction contracts are balances due to customers under construction contracts that arise when a particular milestone payment exceeds the revenue recognised to date under the input method.

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is \$313,000 (2022: \$2,746,000).

## 17. Inventories

	Group	
	2023	2022
	\$'000	\$'000
Raw materials	36	–
Work-in-progress	43	183
Finished products	55	–
	<u>134</u>	<u>183</u>

Inventories are stated at lower of cost and net realisable value. The allowance for inventories obsolescence relates to raw materials, spare parts and consumable tools. The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$2,249,000 (2022: \$442,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 18. Property, plant and equipment

Group	Buildings and improvements	Plant and equipment	Renovation	Motor vehicles	Construction in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
Balance as at 1 January 2022	22,005	2,585	2,570	589	4,256	32,005
Additions	–	187	–	78	1,286	1,551
Disposals	(15,959)	–	(887)	–	–	(16,846)
Write-off	–	(159)	(419)	(29)	–	(607)
Disposal of subsidiaries	(5,479)	(2,000)	(1,171)	(144)	(5,099)	(13,893)
Translation differences	(567)	(90)	(93)	(10)	(405)	(1,165)
Balance as at 31 December 2022 and 1 January 2023	–	523	–	484	38	1,045
Deemed control of a subsidiary (Note 24)	3	59	–	–	3,682	3,744
Additions	–	177	–	–	4,136	4,313
Write-off	–	(459)	–	–	–	(459)
Reclassifications	58	82	–	–	(140)	–
Translation differences	(2)	(5)	–	–	(154)	(161)
Balance as at 31 December 2023	59	377	–	484	7,562	8,482
<b>Accumulated depreciation</b>						
Balance as at 1 January 2022	8,995	2,344	2,335	101	–	13,775
Depreciation charge for the year	419	35	242	54	–	750
Disposals	(4,068)	–	(741)	–	–	(4,809)
Write-off	–	(140)	(380)	(28)	–	(548)
Disposal of subsidiaries	(4,815)	(1,679)	(1,333)	(72)	–	(7,899)
Translation differences	(531)	(41)	(123)	(7)	–	(702)
Balance as at 31 December 2022 and 1 January 2023	–	519	–	48	–	567
Deemed control of a subsidiary (Note 24)	–	5	–	–	–	5
Depreciation charge for the year	4	41	–	49	–	94
Write-off	–	(459)	–	–	–	(459)
Translation differences	–	(1)	–	–	–	(1)
Balance as at 31 December 2023	4	105	–	97	–	206

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 18. Property, plant and equipment (Cont'd)

Group	Buildings and improvements	Plant and equipment	Renovation	Motor vehicles	Construction in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Accumulated impairment losses</b>						
Balance as at 1 January 2022	-	15	66	-	-	81
Disposals	-	-	(66)	-	-	(66)
Disposal of subsidiaries	-	(15)	-	-	-	(15)
Balance as at 31 December 2022 and 2023	-	-	-	-	-	-
<b>Carrying amount</b>						
Balance as at 31 December 2023	55	272	-	387	7,562	8,276
Balance as at 31 December 2022	-	4	-	436	38	478

Company	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000
<b>Cost</b>			
Balance as at 1 January 2022	80	484	564
Write-off	(27)	-	(27)
Balance as at 31 December 2022 and 1 January 2023	53	484	537
Additions	9	-	9
Write-off	(22)	-	(22)
Balance as at 31 December 2023	40	484	524
<b>Accumulated depreciation</b>			
Balance as at 1 January 2022	77	-	77
Depreciation charge for the year	2	48	50
Write-off	(27)	-	(27)
Balance as at 31 December 2022 and 1 January 2023	52	48	100
Depreciation charge for the year	4	50	54
Write-off	(22)	-	(22)
Balance as at 31 December 2023	34	98	132
<b>Carrying amount</b>			
Balance as at 31 December 2023	6	386	392
Balance as at 31 December 2022	1	436	437



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 18. Property, plant and equipment (Cont'd)

During 2022, the Group disposed the building and leasehold land with carrying amounts of \$11,828,000 and \$1,714,000 respectively to a third party. A gain on disposal of property, plant and equipment and right-of-use assets of \$2,013,000 was recognised in the statement of comprehensive income (Note 11).

The depreciation expense has been included in the following line items in the consolidated statement of comprehensive income:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<u>Continuing operations</u>		
- Distribution and marketing costs	–	12
- Administration expenses	94	86
	<u>94</u>	<u>98</u>
<u>Discontinuing operations</u>		
- Cost of sales	–	175
- Distribution and marketing costs	–	25
- Administration expenses	–	452
	<u>–</u>	<u>652</u>
	<u>94</u>	<u>750</u>

### Impairment testing on property, plant and equipment

The management performed an impairment assessment on the Group's property, plant and equipment with a carrying amount of \$8,276,000 and ROU assets with a carrying amount of \$230,000 as at 31 December 2023.

For the purpose of impairment testing assessment, property, plant and equipment and ROU assets have been allocated to the respective cash generating units ("CGUs") of the Group as determined by the management:

	<b>2023</b>
	\$'000
Agri-Technology	8,026
Engineering service and manufacturing	57
Corporate	423
	<u>8,506</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 18. Property, plant and equipment (Cont'd)

### Impairment testing on property, plant and equipment (Cont'd)

No impairment loss was required as the recoverable amount was higher than the carrying amount. The key inputs of the impairment assessment are as follows:

	<u>2023</u>
Machine capacity:	
- Main facility	95%
- Satellite Dryer	90%
Gross margins	6.9%
Pre-tax discount rates	<u>15.7%</u>

The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs is as follows:

	<b>Change in assumption, holding other inputs constant</b>	<b>Additional impairment charge</b>
Machine capacity:		
- Main facility	Reduced by 5%	Nil
Gross margins	Reduced by 5%	Nil
Post-tax discount rates	Increased by 1%	<u>Nil</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 19. Right-of-use assets

Group	Land use rights	Leasehold land and office premises	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
Balance as at 1 January 2022	1,457	2,779	27	4,263
Disposals	–	(2,634)	–	(2,634)
Write-off	–	(12)	–	(12)
Disposal of subsidiaries (Note 22)	(1,372)	(117)	(27)	(1,516)
Translation differences	(85)	(16)	–	(101)
Balance as at 31 December 2022 and 1 January 2023	–	–	–	–
Deemed control of a subsidiary (Note 24)	–	–	99	99
Additions	18	61	123	202
Translation differences	(1)	–	(5)	(6)
Balance as at 31 December 2023	17	61	217	295
<b>Accumulated depreciation</b>				
Balance as at 1 January 2022	263	333	27	623
Depreciation charge for the year	25	157	–	182
Modification of lease	–	(281)	–	(281)
Write-off	–	(12)	–	(12)
Disposal of subsidiaries (Note 22)	(262)	(181)	(27)	(470)
Translation differences	(26)	(16)	–	(42)
Balance as at 31 December 2022 and 1 January 2023	–	–	–	–
Deemed control of a subsidiary (Note 24)	–	–	9	9
Depreciation charge for the year	3	20	34	57
Translation differences	–	–	(1)	(1)
Balance as at 31 December 2023	3	20	42	65

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 19. Right-of-use assets (Cont'd)

Group	Land use rights	Leasehold land and office premises	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
<b>Accumulated impairment</b>				
Balance as at 1 January 2022	–	639	–	639
Disposals	–	(639)	–	(639)
Balance as at 31 December 2022 and 31 December 2023	–	–	–	–
<b>Carrying amount</b>				
Balance as at 31 December 2023	14	41	175	230
Balance as at 31 December 2022	–	–	–	–

Company	Office premise
	\$'000
<b>Cost</b>	
Balance as at 1 January 2023	–
Additions	49
Balance as at 31 December 2023	49
<b>Accumulated depreciation</b>	
Balance as at 1 January 2023	–
Depreciation charge for the year	18
Balance as at 31 December 2023	18
<b>Carrying amount</b>	
Balance as at 31 December 2023	31
Balance as at 31 December 2022	–

Information about the Group's leasing activities are disclosed in Note 30.

### Impairment testing on right-of-use assets

No impairment loss on right-of-use assets was recorded in 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 20. Goodwill on consolidation

	<b>Group</b>
	<u>\$'000</u>
<b>Cost:</b>	
Balance as at 1 January 2022	2,795
Disposal of subsidiaries	<u>(2,609)</u>
Balance as at 31 December 2022 and 31 December 2023	<u>186</u>
<b>Allowance for impairment losses:</b>	
Balance as at 1 January 2022	2,795
Disposal of subsidiaries	<u>(2,609)</u>
Balance as at 31 December 2022 and 31 December 2023	<u>186</u>
<b>Carrying amount:</b>	
Balance as at 31 December 2023	<u><u>-</u></u>
Balance as at 31 December 2022	<u><u>-</u></u>

Goodwill acquired in a business combination is allocated at acquisition to the Group's CGUs that are expected to benefit from the business combination. The gross carrying amounts of goodwill have been allocated to the following CGUs:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<u>\$'000</u>	<u>\$'000</u>
<u>Engineering service and manufacturing:</u>		
Advanced CAE (ME) Control System L.L.C ("CAE ME")	<u>186</u>	<u>186</u>

### Impairment testing on goodwill

No impairment loss on goodwill was recorded in 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 21. Intangible assets

Group	Customer order books	Software	License fee and patents	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>				
Balance as at 1 January 2022	150	121	670	941
Disposal of subsidiaries	(132)	(119)	(679)	(930)
Translation differences	(18)	(2)	9	(11)
<hr/>				
Balance as at 31 December 2022 and 31 December 2023	-	-	-	-
<hr/>				
<b>Accumulated amortisation</b>				
Balance as at 1 January 2022	150	85	495	730
Disposal of subsidiaries	(132)	(82)	(503)	(717)
Translation differences	(18)	(3)	8	(13)
<hr/>				
Balance as at 31 December 2022 and 31 December 2023	-	-	-	-
<hr/>				
<b>Accumulated impairment losses</b>				
Balance as at 1 January 2022	-	36	175	211
Disposal of subsidiaries	-	(33)	(175)	(208)
Translation differences	-	(3)	-	(3)
<hr/>				
Balance as at 31 December 2022 and 31 December 2023	-	-	-	-
<hr/>				
<b>Carrying amount</b>				
Balance as at 31 December 2023	-	-	-	-
Balance as at 31 December 2022	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries

	Company	
	2023	2022
	\$'000	\$'000
Unquoted equity shares, at cost	31,295	31,295
Deemed control of a subsidiary	1,071	–
	32,366	31,295
Less: Allowance for impairment losses	(7,617)	(7,575)
Discount implicit in the loans to a subsidiary	570	–
	25,319	23,720

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%
<i>Held by the Company</i>						
Advanced Controls Pte. Ltd. <sup>(1)</sup>	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries.	Singapore	100	100	100	100
Advanced Controls (M) Sdn. Bhd. <sup>(2)</sup>	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries.	Malaysia	100	100	100	100
Advanced Agri Pte. Ltd. <sup>(1)(b)</sup>	Management of corn plantation(s), corn trading, corn processing and sales and distribution of corn-based products in Indonesia.	Singapore	51	–	51	–
Advanced Engineering Holdings Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries (Cont'd)

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%
<i>Held by the Company (Cont'd)</i>						
Advanced Process Equipment (Thailand) Co., Ltd. <sup>(a) (3)</sup>	Sales and marketing of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemical and energy related industries.	Thailand	49	49	49	49
<i>Held through subsidiaries</i>						
Guided Wave Asia Pte. Ltd. <sup>(1)</sup>	Marketing and sale of Guided Wave products.	Singapore	100	100	100	100
Advanced CAE (ME) Control System L.L.C <sup>(4)</sup>	Installation and maintenance of measurement and control equipment.	United Arab Emirates	100	100	100	100
Advanced CAE Saudi Arabia Company Limited <sup>(5)</sup>	Installation and maintenance of measurement and control equipment.	Kingdom of Saudi Arabia	100	100	100	100
PT Advanced Agri Indonesia <sup>(6)</sup>	Management of corn plantation(s), corn trading, corn processing and sales and distribution of corn-based products in Indonesia.	Indonesia	99.99	–	99.99	–

(a) The Group holds 49% (2022: 49%) effective shareholdings in Advanced Process Equipment (Thailand) Co., Ltd.

The entity is accounted for as subsidiary and its results are consolidated in the Group's financial statements as the Group has effective control over these entities via majority representation on the board of directors, its rights arising from contractual arrangements and power over the entity which gives the Group the practical ability to direct its relevant activity and exposure to variable returns from its involvement in the entity.

(b) On 1 January 2023, the Group is deemed to have control of its joint venture, namely Advanced Agri Pte. Ltd. and its subsidiary, PT Advanced Agri Indonesia (collectively, the "AAPL group"). Accordingly, the Group is deemed to dispose of its joint venture on 1 January 2023. AAPL was accounted as a subsidiary of the Group following the amendments to the joint venture agreement that resulted in the deemed control of the joint venture from that date in accordance with SFRS(I) 10 *Consolidated Financial Statements* (Note 24).

(1) Audited by Nexia Singapore PAC, Singapore (2022: Ernst & Young LLP, Singapore)

(2) Audited by Peter Chong & Co, Malaysia

(3) Under liquidation by Ministry of Commerce, Thailand (2022: Audited by Inter Account 2013 Co., Ltd, Thailand)

(4) Under liquidation by AMCA Auditing Dhabi, United Arab Emirates.

(5) Audited by Mohammad Saad Al-Ghuwainem Office for Accounting & Auditing, Kingdom of Saudi Arabia

(6) Audited by Nexia Kanaka Puradiredja, Suhartono, Indonesia (2022: Not required to be audited by the laws of the country of incorporation)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries (Cont'd)

### (a) Disposal of subsidiaries

#### (i) CAE SG Group and CAE CN

On 31 October 2022, the Group entered into a conditional sale and purchase (“S&P”) agreement with a third party to dispose of its entire equity interest in Advanced CAE Ltd (“CAE CN”). On 14 December 2022, upon the fulfilment of material conditions in the S&P agreement and transfer of legal ownership, the Group assessed that it lost control over CAE CN. As a result, the Group derecognised the assets and liabilities as at 14 December 2022 and consolidated the results of CAE CN from 1 January 2022 to 14 December 2022. The total consideration of this disposal was \$10,600,000. Subsequent to this disposal, the Group recorded a loss on disposal of a subsidiary of \$4,591,000.

On 9 January 2023, the Group received the sales consideration from the third party.

On 1 December 2022, the Group disposed of 100% equity interest in CAE SG and its wholly owned subsidiary, Advanced CAE Inc. (“CAE SG Group”) for a total sales consideration of \$3,200,000. Subsequent to this disposal, the Group recorded a loss on disposal of a subsidiary of \$110,000.

The effects of the disposal of CAE CN and CAE SG Group were as follows:

	<b>CAE CN</b>	<b>CAE SG</b>	
	<b>2022</b>	<b>Group</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>
	\$'000	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	4,214	4,253	8,467
Trade receivables	4,150	5,980	10,130
Other receivables and prepayments	6,288	1,565	7,853
Contract assets	739	2,107	2,846
Inventories	8,789	1,727	10,516
Total current assets	24,180	15,632	39,812
<b>Non-current assets</b>			
Property, plant and equipment	5,958	21	5,979
Right-of-use assets	1,046	–	1,046
Deferred tax assets	423	–	423
Total non-current assets	7,427	21	7,448

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries (Cont'd)

### (a) Disposal of subsidiaries (Cont'd)

#### (i) CAE SG Group and CAE CN (Cont'd)

	<b>CAE CN</b>	<b>CAE SG</b>	<b>Total</b>
	<b>2022</b>	<b>Group</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current liabilities</b>			
Trade and other payables	5,488	2,267	7,755
Contract liabilities	11,368	9,886	21,254
Provision for warranty	–	189	189
Income tax payable	50	6	56
Total current liabilities	<u>16,906</u>	<u>12,348</u>	<u>29,254</u>
Net assets derecognised	<u>14,701</u>	<u>3,305</u>	<u>18,006</u>
<b>Loss on disposal of a subsidiary</b>			
Total sales consideration	10,600	3,200	13,800
Net assets derecognised	(14,701)	(3,305)	(18,006)
Realisation of foreign currency translation differences	(490)	(5)	(495)
Loss on disposal of subsidiaries - discontinued operations	<u>(4,591)</u>	<u>(110)</u>	<u>(4,701)</u>
<b>Cash flows effect</b>			
Total consideration received	–	3,200	3,200
Less: Cash and cash equivalents in subsidiaries disposed	(4,214)	(4,253)	(8,467)
Net cash outflows arising on disposal, representing cash and cash equivalents of subsidiaries disposed	<u>(4,214)</u>	<u>(1,053)</u>	<u>(5,267)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries (Cont'd)

### (a) Disposal of subsidiaries (Cont'd)

#### (ii) ATAC and GWI

On 25 February 2022, the Group disposed of 100% equity interest in Analytical Technology & Control Limited (“ATAC”) for a total consideration of \$2. Subsequent to this disposal, the Group recorded a loss on disposal of a subsidiary of \$389,000.

On 1 March 2022, the Group disposed of 100% equity interest in Guided Wave Inc. (“GWI”) for a total consideration of \$3,856,000. Subsequent to this disposal, the Group recorded a gain on disposal of a subsidiary of \$1,609,000. The effects of the disposal of ATAC and GWI were as follows:

	<b>ATAC</b>	<b>GWI</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>
	\$'000	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	61	1,140	1,201
Trade receivables	259	801	1,060
Other receivables and prepayments	115	117	232
Inventories	152	1,566	1,718
Total current assets	<u>587</u>	<u>3,624</u>	<u>4,211</u>
<b>Non-current assets</b>			
Property, plant and equipment	–	16	16
Right-of-use assets	–	1,005	1,005
Total non-current assets	<u>–</u>	<u>1,021</u>	<u>1,021</u>
<b>Current liabilities</b>			
Bank borrowings	17	–	17
Trade and other payables	272	1,333	1,605
Provision for warranty	1	48	49
Lease liabilities	–	208	208
Total current liabilities	<u>290</u>	<u>1,589</u>	<u>1,879</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries (Cont'd)

### (a) Disposal of subsidiaries (Cont'd)

#### (ii) ATAC and GWI (Cont'd)

	<b>ATAC</b>	<b>GWI</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>
	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>			
Bank borrowings	63	–	63
Lease liabilities	–	821	821
Deferred tax liabilities	–	24	24
Total non-current liabilities	63	845	908
Net assets derecognised	234	2,211	2,445
<b>(Loss)/gain on disposal of subsidiaries</b>			
Total sales consideration	–*	3,856	3,856
Net assets derecognised	(234)	(2,211)	(2,445)
Realisation of foreign currency translation differences	(155)	(36)	(191)
(Loss)/gain on disposal of a subsidiary – continuing operations	(389)	1,609	1,220
Total consideration received	–*	3,856	3,856
Less: Cash and cash equivalents in subsidiaries disposed	(61)	(1,140)	(1,201)
Net cash (outflows)/inflows arising on disposal, representing cash and cash equivalents of subsidiaries disposed	(61)	2,716	2,655

\* The consideration is \$2.00.

#### Impairment testing on investments in subsidiaries

In 2023, the Company assesses the carrying amounts of its investments in subsidiaries for indicators of impairment.

Based on this assessment, the Company recognises an impairment loss of \$42,141 (2022: \$555,784) for its subsidiaries in Engineering Service & Manufacturing segment. The recoverable amounts of these investments are determined based on their fair value less cost of disposal (“FVLCD”) as at the reporting date under the fair value hierarchy Level 3 measurement. FVLCD was determined based on net assets value, comprising related parties’ balances and cash and cash equivalents which are mainly short-term in nature. The most significant input into this valuation approach is the fair value of the net assets.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 22. Investments in subsidiaries (Cont'd)

### Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

#### *Summarised balance sheet*

	<b>2023</b>
	<b>AAPL Group</b>
	\$'000
Current assets	443
Non-current assets	8,026
Current liabilities	(590)
Non-current liabilities	(7,361)
<b>Net Assets</b>	<b>518</b>

#### *Summarised income statements*

	<b>AAPL Group</b>
	\$'000
Revenue	1,213
Loss before income tax	(1,610)
Income tax expense	(10)
Loss for the year	(1,620)

#### *Summarised cash flows*

	<b>AAPL Group</b>
	\$'000
Net cash used in operating activities	(544)
Net cash used in investing activities	(4,295)
Net cash generated from financing activities	2,730

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 23. Investment in an associate

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	15,000	15,000	15,000	15,000
Share of post-acquisition results	110	197	–	–
Less: Allowance for impairment losses	(15,110)	(13,158)	(15,000)	(12,961)
	–	2,039	–	2,039

Details of the Group's associate are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%

### *Held by the Company*

Agricore Global Pte. Ltd. <sup>(1) (2)</sup>	Palm oil cultivation	Singapore	12.25	12.25	12.25	12.25
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(1) Audited by Nexia Singapore PAC (2022: Ernst & Young LLP, Singapore) for consolidation purposes.

(2) The Group has significant influence over the associate via representation on the board of directors and participation in policy making process.

Analysis of impairment losses of investment in an associate is as follows:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January	13,158	11,003	12,961	11,213
Charge to the statement of comprehensive income	1,952	2,155	2,039	1,748
Balance as at 31 December	15,110	13,158	15,000	12,961

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 23. Investment in an associate (Cont'd)

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

	<b>Agricore Global Pte. Ltd.</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
Current assets	4,641	1,598
Non-current assets	36,849	38,995
Current liabilities	(4,790)	(1,229)
Non-current liabilities	(11,378)	(12,019)
Revenue	78	44
(Loss)/Profit for the year, representing total comprehensive (loss)/income for the year	(706)	3,330

Reconciliation of the above summarised financial information for the carrying amount of the interest in Agricore Global Pte. Ltd. recognised in the consolidated financial statements:

	<b>Agricore Global Pte. Ltd.</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
Net assets of the associate	25,322	27,345
Proportion of the Group's ownership interest	12.25%	12.25%
Share of net assets of the associate	3,102	3,350
Goodwill	11,856	11,856
Allowance for impairment losses	(15,110)	(13,158)
Translation differences	152	(9)
Carrying amount of the investment	–	2,039

Management carried out a review of the recoverable amount of the investment in Agricore Global Pte. Ltd. ("**Agricore**") in consideration of Agricore's financial performance during the year and its net liabilities position as at the statement financial position date. There was no material change in Agricore's operations during the year. Based on the assessment of the recoverable amount for the investment in Agricore, an impairment loss of \$1,952,000 (2022: \$2,155,000) was recognised in the consolidated statement of comprehensive income for the financial year ended 31 December 2023.

The recoverable amount of the investment in Agricore was determined based on its fair value less cost of disposal as at the reporting date under the fair value hierarchy Level 3 measurement. The fair value less costs of disposal was based on market value of the land permits held by Agricore and adjustments made for the effects of liabilities, cash and non-operating assets. The Group engaged Muttaqin Bambang Purwanto Rozak Uswatun & Partners, an independent Indonesian professional valuer to determine the fair value of the land permits.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 23. Investment in an associate (Cont'd)

The valuation techniques and key assumptions were summarised below:

Description	Fair value hierarchy	Valuation technique	Key assumptions
Land permits	Level 3	Market data comparison approach	Include consideration of: <ul style="list-style-type: none"> <li>• Change of regulations in Indonesia</li> <li>• Actual transaction prices of similar assets</li> <li>• Price and discount offer</li> <li>• Ownership rights</li> <li>• Specifications and physical condition of the objects being valued</li> <li>• Conversion of cost of land permits</li> </ul>

## 24. Investment in a joint venture

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	–	1,071	–	1,071
Discount implicit in the loans to a joint venture	–	365	–	365
Share of post-acquisition results	–	(395)	–	–
Translation differences	–	(98)	–	–
	–	943	–	1,436

Details of the Group's joint venture are as follows:

Name of joint venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%
Advanced Agri Pte. Ltd. <sup>(1) (2)</sup>	Management of corn plantation(s), corn trading, corn processing and sales and distribution of corn-based products in Indonesia.	Singapore	–	51	–	51

(1) Audited by Nexia Singapore PAC, Singapore (2022: Ernst & Young LLP, Singapore).

(2) The Group jointly controls the joint venture with other joint venture partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 24. Investment in a joint venture (Cont'd)

On 1 January 2023, the Group is deemed to have control of its joint venture, namely Advanced Agri Pte. Ltd. ("AAPL") and its subsidiary, PT Advanced Agri Indonesia (collectively "AAPL group"). Accordingly, the Group is deemed to dispose of its joint venture on 1 January 2023. AAPL was accounted as a subsidiary of the Group following the amendments to the joint venture agreement that resulted in the deemed control of the joint venture from that date in accordance with SFRS(I) 10 *Consolidated Financial Statements*.

The identifiable net assets of AAPL Group as of 1 January 2023 were as follows:

	<b>1.1.2023</b>
	\$'000
<b><u>Assets</u></b>	
Cash and bank balances	2,179
Other receivables and prepayments	168
<b>Current assets</b>	<u>2,347</u>
Property, plant and equipment	3,739
Right-of-use assets	90
<b>Non-current assets</b>	<u>3,829</u>
<b><u>Liabilities</u></b>	
Trade and other payables	(6)
Lease liabilities	(6)
<b>Current liabilities</b>	<u>(12)</u>
Lease liabilities	(31)
Long term loan payables	(4,403)
<b>Non-current liabilities</b>	<u>(4,434)</u>
<b>Net Assets</b>	<u>1,730</u>
Fair value based on 51% shareholdings	882
Non-controlling interests on 1 January 2023	<u>848</u>
<b><u>Cash flows effect</u></b>	
Total consideration paid	-
Less: Cash and cash equivalents in subsidiary acquired	2,179
Net cash inflows arising on acquisition, representing cash and cash equivalents of subsidiary acquired	<u>2,179</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 24. Investment in a joint venture (Cont'd)

The effect of the deemed disposal of the joint venture was as follows:

	<b>1.1.2023</b>
	\$'000
Carrying amount of the joint venture	943
Fair value of the previously held equity interest in joint venture	882
Loss on deemed disposal of the joint venture	<u>(61)</u>

Included in the Group's loss for the year ended 31 December 2023 was a net loss of \$1,620,000 (2022: Not applicable) attributable to the additional business generated by the AAPL Group when it became a subsidiary (2022: joint venture) of the Group with effect from 1 January 2023. Revenue for the year ended 31 December 2023 generated by the AAPL Group amounted to \$1,212,000 (2022: Not applicable).

PT Advanced Agri Indonesia operated a satellite corn dryer facility in 2023. The construction of a main corn drying facility in Sulawesi commenced in 2023 which was completed in December 2023. The main facility will be commissioned and fully operational in second quarter of 2024.

Summarised financial information in respect of the Group's joint venture as at 31 December 2022 is set out below:

	<b>Advanced Agri Pte. Ltd.</b>
	<b>2022</b>
	\$'000
Current assets	2,347
Non-current assets	3,829
Current liabilities	(12)
Non-current liabilities	<u>(4,434)</u>
Revenue	<u>124</u>
Loss for the year, representing total comprehensive loss for the year	<u>(729)</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 24. Investment in a joint venture (Cont'd)

Reconciliation of the above summarised financial information for the carrying amount of the interest in Advanced Agri Pte. Ltd. recognised in the consolidated financial statements:

	<b>2022</b>
	\$'000
Net assets of the joint venture	1,732
Proportion of the Group's ownership interest	51%
Share of net assets of the joint venture	883
Other adjustments	60
Carrying amount of the investment	<u>943</u>

## 25. Loans to a subsidiary

	<b>Company</b>
	<b>2023</b>
	\$'000
<b>Non-current:</b>	
Loan 1	1,000
Loan 2	1,425
Loan 3	1,264
	<u>3,689</u>

The loans to a subsidiary are non-trade in nature, unsecured, interest-free and is not repayable within 12 months after the reporting date.

These loans were discounted using market rate of 7.75% for similar instruments and the difference between loans and its fair values was recognised in the statement of comprehensive income as interest income of the Company.

## 26. Loans to a joint venture

<b>The Group and the Company</b>	<b>2022</b>
	\$'000
<b>Non-current:</b>	
Loan 1	926
Loan 2	1,320
	<u>2,246</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 26. Loans to a joint venture (Cont'd)

The loans to a joint venture are not repayable within 12 months after the reporting date.

These loans were discounted using market rate of 7.75% for similar instruments and the difference between loans and its fair values was recognised in the statement of comprehensive income as interest income (Note 5).

As disclosed in Notes 22 and 24, on 1 January 2023, the Group's investment in 51% owned company, Advanced Agri Pte. Ltd. ("AAPL") was accounted as a subsidiary of the Group following the amendments to the joint venture agreement that resulted in the deemed control of the joint venture from that date in accordance with SFRS(I) 10 *Consolidated Financial Statements*. Accordingly, the loans by the Company to the joint venture were reclassified as loans to a subsidiary and eliminated at the Group level.

## 27. Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2023	2022
	\$'000	\$'000
Deferred tax assets	–	–
Deferred tax liabilities	(3)	–
Net	(3)	–

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdictions) is as follows:

	Group	
	2023	2022
	\$'000	\$'000
Balance as at 1 January	–	604
Credit to the statement of comprehensive income (Note 10)	(3)	5
Disposal of subsidiaries	–	(609)
Balance as at 31 December	(3)	–

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 27. Deferred taxation (Cont'd)

Group	Statements of Financial Position		Statement of Comprehensive income	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax asset:</b>				
Employee benefit liabilities	9	–	9	–
Lease liabilities	27	–	27	–
<b>Deferred tax liabilities:</b>				
Right-of-use assets	(39)	–	(39)	–
Undistributed earnings of a subsidiary	–	–	–	5
Deferred tax liabilities, net	(3)	–	(3)	5

Subject to agreement by the tax authorities, the Group has unabsorbed tax losses and credits at the end of the reporting period amounting to \$2,878,000 (2022: \$2,438,000), which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unabsorbed tax losses amounting to \$489,000 (2022: \$414,000) due to unpredictability of future profit streams. The unabsorbed tax losses have no expiry date.

At the reporting date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and associates for which deferred tax liabilities have not been recognised is \$Nil (2022: \$Nil). No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The amendments to SFRS(I) 1-12 *Income Taxes* which narrow the scope of the initial recognition exemption in that standard that are effective for the current financial year have no significant impact on the consolidated financial statements of the Group and the Company for the year then ended.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 28. Bank borrowings

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Bank loan A	1,094	1,719	1,094	1,719
Bank loan B	790	1,297	–	–
Bank loan C	171	–	–	–
	2,055	3,016	1,094	1,719
Less: Amount due for settlement within 12 months	(1,320)	(1,132)	(625)	(625)
Amount due for settlement after 12 months	735	1,884	469	1,094
Classified as:				
Current portion	1,320	1,132	625	625
Non-current portion	735	1,884	469	1,094
	2,055	3,016	1,094	1,719

The Group's bank borrowings comprise of:

- (a) Bank loan A is a temporary bridging loan drawdown by the Company and is secured by a corporate guarantee issued by a subsidiary.

Bank loan A is repayable in 47 monthly instalments of \$52,083 each commencing from 1 October 2021 and a final instalment of \$52,083 on 1 September 2025.

Bank loan A bears a fixed interest rate of 2.00% (2022: 2.00%) per annum.

- (b) Bank loan B is a temporary bridging loan drawdown by a subsidiary and is secured by a corporate guarantee issued by the Company.

Bank loan B is repayable in 47 monthly instalments of \$44,933 each commencing from 1 June 2021 and a final instalment of \$44,933 on 1 May 2025.

Bank loan B bears a fixed interest rate of 3.00% (2022: 3.00%) per annum.

- (c) Bank loan C is a security collateral credit agreement drawdown by a subsidiary and is secured by a fixed deposit.

Bank loan C is repayable at one-off after 12 months of the date of agreement, which is repayable on 28 November 2024.

Bank loan C bears a fixed interest rate of 1.00% per annum.

As at 31 December 2023, the Group has complied with financial covenants as required by the bank.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 28. Bank borrowings (Cont'd)

### Reconciliation of liabilities arising from financing activities

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

	1 January 2023	Financing cash flows <sup>(i)</sup>	Non-cash changes			31 December 2023	
			Deemed acquisition of new subsidiary	Addition	Interest expenses		Translation differences
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Bank loans	3,016	(1,017)	–	–	61	(5)	2,055
Lease liabilities	–	(90)	37	202	17	(3)	163
	3,016	(1,107)	37	202	78	(8)	2,218

	1 January 2022	Financing cash flows <sup>(i)</sup>	Non-cash changes			31 December 2022	
			New lease liabilities	Disposal	Interest expenses		Translation differences
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Bank loans	8,267	(5,473)	–	–	221	1	3,016
Lease liabilities	2,518	(152)	–	(2,436)	73	(3)	–
	10,785	(5,625)	–	(2,436)	294	(2)	3,016

(i) The cash flows make up the net amount of repayments of borrowings in the statement of cash flows.

## 29. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,981	370	–	10
Loans from subsidiaries	–	–	8,840	11,007
Accrued operating expenses	1,060	738	506	536
Other payables:				
- third parties	262	208	2	54
- fellow subsidiaries	–	–	3,731	4,216
	3,303	1,316	13,079	15,823

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days (2022: 30 to 60 days) days' terms.

Trade payables and accrued operating expenses principally comprise amounts outstanding for trade purchases and ongoing costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 30. Lease liabilities

The Group makes monthly lease payments to acquire plant and equipment used for manufacturing and construction activities. The Group also acquires motor vehicles under hire purchase arrangements to render internal logistics support. These plant and equipment and motor vehicles are recognised as the Group's right-of-use assets (Note 19). The hire purchase agreements for motor vehicles prohibit the Group from subleasing them to third parties.

The Group also leases several offices, factory cum warehouse premises for operation and storage purposes (Note 19).

The leases for certain factory cum warehouse premises, plant and equipment, and motor vehicles provide for optional extension periods, for which the related lease payments have not been included in lease liabilities because the Group is not reasonably certain to exercise these extension options.

The carrying amounts of right-of-use assets arising from these leases are disclosed in Note 19 to the financial statements.

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Classified as:				
Current portion	72	–	25	–
Non-current portion	91	–	7	–
	163	–	32	–

A reconciliation of lease liabilities is as follows:

	Group	Company
	\$'000	\$'000
Balance as at 1 January 2022	2,518	–
Disposal	(2,474)	–
Accretion of interest	73	–
Payments	(152)	–
Translation differences	35	–
Balance as at 31 December 2022 and 1 January 2023	–	–
Additions	202	49
Deemed control of a subsidiary (Note 24)	37	–
Accretion of interest	17	2
Payments	(90)	(18)
Translation differences	(3)	–
Balance as at 31 December 2023	163	33



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 30. Lease liabilities (Cont'd)

Amount recognised in profit or loss:

	Group	
	2023	2022
	\$'000	\$'000
Depreciation of right-of-use assets	57	182
Interest expense on lease liabilities	17	73
Expense relating to short-term leases	30	40
Expense relating to leases of low-value assets leases	11	12

## 31. Loans from non-controlling interests

	Group	
	2023	2022
	\$'000	\$'000
<b>Non-current:</b>		
Loan 1	961	–
Loan 2	1,370	–
Loan 3	1,220	–
	3,551	–

The loans granted from non-controlling shareholders of a subsidiary are not repayable within 12 months after the reporting date.

These loans were discounted using market rate of 7.75% for similar instruments and the difference between loans and its fair values was recognised accounted for as discount implicit in the loan to subsidiary (Note 8).

### Reconciliation of liabilities arising from financing activities

	Group	
	2023	2022
	\$'000	\$'000
Balance as at 1 January	–	–
Deemed control of a subsidiary	2,157	–
Financing cash flows	1,372	–
Fair value adjustment	(196)	–
Accretion of interest	218	–
Balance as at 31 December	3,551	–

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 32. Employee benefit liability

The Group recognised employee benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for employee benefits is based on the calculation of an independent actuary, using the “Projected Unit Credit” method. As at 31 December 2023, number of employees of 5 (2022: Nil), were included in the computation.

The principal assumptions used in determining employee benefits as of 31 December 2023 were as follows:

	<u>2023</u>
Annual discount rate	6.45% - 7.14%
Annual rate salary increases	10%
Resignation rate	6%
Mortality rate	10% TMI IV
Retirement age	<u>60</u>

The estimated liability for employee benefits as at 31 December 2023 consist of present value of the obligation in which the changes in the present value of defined benefit obligations are as follows:

	<u>Group</u> <u>2023</u> \$'000
Balance as at 1 January	–
Post-employment benefit expenses	<u>42</u>
Balance as at 31 December	<u>42</u>

The following table summarises the component of post-employment benefits expense recognised in statement of comprehensive income as follows:

	<u>Group</u> <u>2023</u> \$'000
Current service cost	21
Past service cost	<u>21</u>
Balance as at 31 December	<u>42</u>

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is deemed to be insignificant to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 33. Share capital

	Group and Company			
	2023		2022	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid up:</b>				
Balance as at 1 January and 31 December	103,521,700	47,433	103,521,700	47,433

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

## 34. Treasury shares

	Group and Company			
	2023		2022	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and paid up:</b>				
Balance as at 1 January and 31 December	2,253,333	1,837	2,253,333	1,837

## 35. Foreign currency translation reserve

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

## 36. General reserve

	Group	
	2023	2022
	\$'000	\$'000
Balance as at 1 January	-	1,617
Disposal of subsidiaries	-	(1,617)
Balance as at 31 December	-	-

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), companies in PRC were required to set up a general reserve fund by way of appropriation of funds from its statutory net profit at a rate of 10% for each year.

The fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the PRC authorities. The appropriation is required until the statutory reserve reaches 50% of the registered capital. The reserve is not available for distribution to shareholders as dividends.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 37. Bankers' and financial guarantees

	Group	
	2023	2022
	\$'000	\$'000
Bankers' guarantees with recourse to the Group	954	831

The maximum amount for which the Group could become liable is as shown above.

Bankers' guarantees of \$954,000 (2022: \$831,000) issued by the banks were drawn on credit facilities secured by the corporate guarantees from the Company and certain fixed deposits (Note 13).

The Company provided corporate guarantees of up to \$15,690,000 (2022: \$24,290,000) to certain banks and financial institutions for credit facilities granted to certain subsidiaries. One of the subsidiaries also provided a corporate guarantee of \$2,500,000 (2022: \$2,500,000) for credit facilities granted to the Company.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Management has evaluated the fair value of these corporate guarantees and is of the view that the fair value of the benefits derived from these guarantees to the banks and financial institutions is not significant and hence this has not been recognised in the financial statements.

Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the above arrangements. At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than the amortised liability for intra-group financial guarantee contracts. The Company does not consider it probable that a claim will be made against the Company under the guarantee. The carrying amount represented the initial fair value less the cumulative amount of income recognised.

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

	One year or less	One year or less
	2023	2022
	\$'000	\$'000
<b>Company</b>		
Financial guarantees	15,690	24,290

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management

### (a) Categories of financial instruments

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

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Financial assets at amortised cost:				
- Cash and bank balances	30,954	23,067	12,875	7,064
- Trade receivables	2,539	1,205	-	-
- Other receivables	234	10,729	77	10,620
- Loans to a subsidiary	-	-	3,689	-
- Loans to a joint venture	-	2,246	-	2,246
	<u>33,727</u>	<u>37,247</u>	<u>16,641</u>	<u>19,930</u>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost:				
- Trade and other payables	3,303	1,316	13,079	15,823
- Bank borrowings	2,055	3,016	1,094	1,719
- Loans from non-controlling interests	3,551	-	-	-
	<u>8,909</u>	<u>4,332</u>	<u>14,173</u>	<u>17,542</u>

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements at 31 December 2023 and 2022.

### (c) Financial risk management policies and objectives

The Group's overall policy for financial risk management is to minimise the potential adverse effects from market and credit changes on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

The Group may use forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods. There is no outstanding forward exchange contract as at 31 December 2023 and 2022.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (i) Foreign exchange risk management

The Group transacts business denominated in various foreign currencies, including the United States Dollars ("USD"), Euro ("EUR") and British Pounds ("GBP") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group's entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Denominated in:				
USD	4,454	4,363	–	(75)
EUR	3,435	4,076	(1,594)	(73)
	Company			
	Assets		Liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Denominated in:				
USD	1,621	2,230	–	–
EUR	3	3	–	–

The Group mitigates foreign currency exposure by striving, where possible, to negotiate sales and purchase transactions in the same currency with counterparties. Exposure to foreign currency risks is monitored on an ongoing basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (i) Foreign exchange risk management (Cont'd)

##### *Foreign currency sensitivity*

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, favourable (unfavourable) effects on operating results will be:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Denominated in:				
USD	445	429	162	223
EUR	184	400	-	-

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effect on operating results will be vice versa.

#### (ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates as a result of fluctuation in interest rates.

The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

The Group's exposure to interest rate risk mainly arises from the Group's fixed deposits placed with banks (Note 13) and certain bank borrowings which bear variable interest rates (Note 28).

Reasonably possible changes on interest rates are not expected to have a material effect in the Group's profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised is as disclosed in Note 37.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iii) Overview of the Group's exposure to credit risk (Cont'd)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

Group	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			\$'000	\$'000	\$'000
<b>2023</b>					
Trade receivables (Note 14)	(a)	Lifetime ECL (simplified approach)	2,540	(1)	2,539
Other receivables (Note 15)	Performing	12-month ECL	234	–	234
Contract assets (Note 16)	(a)	Lifetime ECL (simplified approach)	567	–	567
				(1)	
<b>2022</b>					
Trade receivables (Note 14)	(a)	Lifetime ECL (simplified approach)	1,366	(161)	1,205
Other receivables (Note 15)	Performing	12-month ECL	10,729	–	10,729
Contract assets (Note 16)	(a)	Lifetime ECL (simplified approach)	5	–	5
				(161)	

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iii) Overview of the Group's exposure to credit risk (Cont'd)

Company	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<b>2023</b>					
Other receivables (Note 15)	Performing	12-month ECL	77	–	77
Contract assets (Note 16)	(a)	Lifetime ECL (simplified approach)	606	–	606
				–	
<b>2022</b>					
Other receivables (Note 15)	Performing	12-month ECL	10,681	(61)	10,620
Contract assets (Note 16)	(a)	Lifetime ECL (simplified approach)	371	–	371
				(61)	

- (a) For trade receivables and contract assets, the Group and the Company determine the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions (Notes 14 and 16).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iii) Overview of the Group's exposure to credit risk (Cont'd)

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

Group	Current	< 30 days	31 – 60 days	61 – 90 days	> 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>						
<u>ECL rate (%)</u>	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default						
Trade receivables	1,882	105	218	–	335	2,540
Contract assets	567	–	–	–	–	567
Lifetime ECL	–	–	–	–	–*	–
<b>2022</b>						
<u>ECL rate (%)</u>	0%	0%	0%	0%	31%	
Estimated total gross carrying amount at default						
Trade receivables	420	234	63	122	527	1,366
Contract assets	5	–	–	–	–	5
Lifetime ECL	–	–	–	–	(161)	(161)

\* ECL is deemed immaterial

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iii) Overview of the Group's exposure to credit risk (Cont'd)

Company	Current	< 30 days	31 – 60 days	61 – 90 days	> 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>						
ECL rate (%)	0%	**	**	**	**	
Estimated total gross carrying amount at default						
Contract assets	606	–	–	–	–	606
Lifetime ECL	–	–	–	–	–	–
<b>2022</b>						
ECL rate (%)	0%	**	**	**	**	
Estimated total gross carrying amount at default						
Contract assets	371	–	–	–	–	371
Lifetime ECL	–	–	–	–	–	–

\*\* Not applicable

#### Bankers' and financial guarantees

At 31 December 2023 and 2022, the Company has issued a guarantee to certain banks in respect of credit facilities granted to a subsidiary (see Note 37). These guarantees are subject to the impairment assessment under SFRS(I) 9. The Company has assessed that the subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses from these guarantees. The Company's assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts, and applying experienced credit judgement).



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are reputable and creditworthy. For receivables from subsidiaries, the Company considers the historical default experience and the financial position of the subsidiaries. For trade receivables, the Group performs initial and ongoing credit evaluation of its customers' financial condition, monitors payment and extent of credit granted. Before accepting any new customer, the Group will perform credit risk assessment using the financial results of the customer to determine credit-worthiness.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

The Group and Company do not require or hold collateral on account of its receivables. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The maximum exposure to credit risk for trade receivables as at the end of the reporting period based on location of the Group's customers is set out as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
China	1,730	302
Singapore	38	116
Indonesia	54	–
Other Asian countries	57	286
Middle east	660	501
	2,539	1,205

The Group's exposure to credit risk is influenced by individual characteristics of each customer, as well as the demographics of the Group's customer base including the default risk of the industry and country in which customers operate in.

The trade receivables of the Group included 2 debtors (2022: 6 debtors) that individually represented more than 5% (2022: 5%) of the Group's trade receivables.

Corporate guarantees given by the Company to banks for certain subsidiaries' credit facilities amount to \$15,690,000 (2022: \$24,290,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (v) Liquidity risk management

To manage liquidity risk, the Group prepares cash flow projections, and reviews its cash requirement on a regular basis. It maintains sufficient level of cash and cash equivalents to enable it to meet its normal operating commitments and secures committed funding facilities from financial institutions.

#### *Liquidity and interest risk analyses*

#### Non-derivative financial assets and liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to interest which is not included in the carrying amount of the financial liability on the statement of financial position.

Group	Interest/non-interest bearing	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Carrying amount
		% per annum	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>							
<b>Financial assets</b>							
Trade and other receivables*	Non-interest bearing	-	2,773	-	-	-	2,773
Bank balances	Non-interest bearing	-	2,600	-	-	-	2,600
Fixed deposits	Variable interest rate	0%-5.1%	28,515	-	-	(161)	28,354
	Total financial assets		33,888	-	-	(161)	33,727
<b>Financial liabilities</b>							
Trade and other payables	Non-interest bearing	-	3,303	-	-	-	3,303
Bank borrowings	Fixed interest rate	1%-3%	1,350	740	-	(35)	2,055
Lease liabilities	Fixed interest rate	6%-10%	90	113	-	(40)	163
	Total financial liabilities		4,743	853	-	(75)	5,521
<b>Total financial assets/ (liabilities)</b>			<b>29,145</b>	<b>(853)</b>	<b>-</b>	<b>(86)</b>	<b>28,206</b>
Bankers' and financial guarantees	Non-interest bearing	-	(15,690)	-	-	(15,690)	-

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (v) Liquidity risk management (Cont'd)

*Liquidity and interest risk analyses (Cont'd)*

Non-derivative financial assets and liabilities (Cont'd)

Group	Interest/non-interest bearing	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		% per annum	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>							
<b>Financial assets</b>							
Trade and other receivables*	Non-interest bearing	–	11,934	–	–	–	11,934
Loans to a joint venture	Non-interest bearing	–	–	2,550	–	(304)	2,246
Bank balances	Non-interest bearing	–	7,552	–	–	–	7,552
Fixed deposits	Variable interest rate	3.55%	16,066	–	–	(551)	15,515
	Total financial assets		35,552	2,550	–	(855)	37,247
<b>Financial liabilities</b>							
Trade and other payables	Non-interest bearing	–	1,316	–	–	–	1,316
Bank borrowings	Fixed interest rate	2.50%	1,167	1,903	–	(54)	3,016
	Total financial liabilities		2,483	1,903	–	(54)	4,332
<b>Total financial assets/ (liabilities)</b>			<b>33,069</b>	<b>647</b>	<b>–</b>	<b>(801)</b>	<b>32,915</b>
Bankers' and financial guarantees	Non-interest bearing	–	(24,290)	–	–	(24,290)	–

\* (excluding advance payments to suppliers and prepayments)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (vi) Fair value of financial assets and financial liabilities

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount Other financial liabilities	Fair value		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
<b>2023</b>				
<i>Financial liabilities not measured at fair value:</i>				
Borrowings (non-current portion)	735	–	702	–
<b>2022</b>				
<i>Financial liabilities not measured at fair value:</i>				
Borrowings (non-current portion)	1,884	–	1,751	–
<b>Company</b>				
<b>2023</b>				
<i>Financial liabilities not measured at fair value:</i>				
Borrowings (non-current portion)	469	–	444	–
<b>2022</b>				
<i>Financial liabilities not measured at fair value:</i>				
Borrowings (non-current portion)	1,094	–	1,045	–

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 38. Financial instruments, financial risks and capital management (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (vi) Fair value of financial assets and financial liabilities (Cont'd)

The fair value of current financial assets and liabilities, including cash and cash equivalents, trade and other receivables, trade and other payables, and current portion of borrowings, approximate their carrying amounts due to their short-term maturities.

There are no transfers between Level 1, Level 2 and Level 3 for recurring fair value measurement in 2023 and 2022.

The valuation technique for other financial liabilities not measured at fair value is discounted cash flows. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

### (d) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares or obtain new borrowings.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses. The Group has complied with the externally imposed capital requirements in 2023 and 2022.

The Group's and Company's overall strategy remains unchanged from 2022.

The gearing ratio of the Group at the reporting date is as follows:

	Group	
	2023	2022
	\$'000	\$'000
Debt <sup>(i)</sup>	2,218	3,016
Cash and bank balances	(30,954)	(23,067)
Net debt	(28,736)	(20,051)
Equity <sup>(ii)</sup>	33,282	36,791
Net debt to equity ratio (%)	N.M.*	N.M.*

\* N.M. – Not meaningful

- i. Debt is defined as long and short-term borrowings, including lease liabilities but excluding derivative financial instruments and financial guarantee contracts.
- ii. Equity includes all capital and reserves of the Group that are managed as capital.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 39. Related party transactions

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

### Transactions with related companies

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
Management fee income	1,788	1,834
Interest income from fellow subsidiaries	220	61

### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the year was as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
Short-term benefits	1,168	1,494
Post-employment benefits	28	53
Total	1,196	1,547
Comprises amounts paid/payable to:		
- Director of the Company	1,196	1,115
- Other key management personnel	-	432
	1,196	1,547

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 40. Segment information

Management has determined segment based on how information is reported to the Group's chief operating decision maker for the purposes of resource allocation and operating performance review.

The Group's reportable segments under SFRS(I) 8, from FY2023 consist of (i) Engineering Service and Manufacturing ("ESM") and (ii) Agri-Technology ("Agri-Tech"). The ESM segment consists of customers operating mainly in the Petrochemicals & Chemicals and Oil & Gas industries and includes contract income from system integration solutions for process analyser and specialty valves, sale of analyser technologies products, maintenance and repair of analysers, specialty valves and systems, and commission income from agency agreements. The Agri-Tech segment accounts for revenue from the corn processing activities undertaken by PT Advanced Agri Indonesia.

The Group's activities, following the disposal of ATAC, GWI, CAE SG Group and CAE CN are primarily based in PRC, Indonesia and Middle East. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Segment information about the Group is presented below.

### (a) Analysis by business segment

#### *Segment revenue and profit:*

In determining the profit or loss for each reportable segment, segment revenue and cost of sales are the operating revenue and cost of sales reported in the Group's statement of comprehensive income that are directly attributable to a segment. Operating income and expenses include items directly attributable to a segment and the relevant portion of such operating income and expenses that can be allocated on a reasonable basis to a segment. Non-recurring gains or losses such as gain on disposal of subsidiaries and goodwill impairment are not allocated.

All inter-segment sales are eliminated on consolidation.

#### *Segment assets and liabilities:*

Segment assets include all operating assets used by a segment and consist principally of trade and other receivables, cash and cash equivalents, intangible assets, inventories, contract assets, right-of-use assets and property, plant and equipment, net of allowances and provisions. Segment assets do not include deferred tax assets. Capital additions include the total cost incurred to acquire property, plant and equipment and intangible assets directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities, lease liabilities and bank borrowings. Current and deferred income tax liabilities are not allocated.



# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 40. Segment information (Cont'd)

(a) Analysis by business segment (Cont'd)

Segment information about the Group's revenue and results is presented below:

Continuing operations	Engineering service and manufacturing		Agri-Technology		Corporate / Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	7,159	13,274	1,213	-	-	-	8,372	13,274
<b>Segment result</b>								
Segment result	(1,591)	637	(3,172)	(1,747)	(117)	(642)	(4,880)	(1,752)
Share of results of an associate and a joint venture	-	-	(87)	96	-	-	(87)	96
Interest income	435	24	3	-	502	93	940	117
Interest expense	(31)	(46)	(233)	-	(32)	(40)	(296)	(86)
Loss before taxation from continuing operations	(1,187)	615	(3,489)	(1,651)	353	(589)	(4,323)	(1,625)
Income tax expense	(91)	(21)	(10)	-	(19)	-	(120)	(21)
Loss from continuing operations, net of tax	(1,278)	594	(3,499)	(1,651)	334	(589)	(4,443)	(1,646)
Loss from discontinued operations, net of tax	-	(4,615)	-	-	-	-	-	(4,615)
	(1,278)	(4,021)	(3,499)	(1,651)	334	(589)	(4,443)	(6,261)
<b>Assets</b>								
Segment assets	21,226	18,222	8,469	-	13,374	20,403	43,069	38,625
Investment in an associate	-	-	-	2,039	-	-	-	2,039
Investment in a joint venture	-	-	-	943	-	-	-	943
	21,226	18,222	8,469	2,982	13,374	20,403	43,069	41,607
<b>Liabilities</b>								
Segment liabilities	4,309	2,429	4,258	-	1,005	2,311	9,572	4,740
Current and deferred tax liabilities	-	-	3	-	-	-	3	-
	4,309	2,429	4,261	-	1,005	2,311	9,575	4,740

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 40. Segment information (Cont'd)

### (a) Analysis by business segment (Cont'd)

Continuing operations	Engineering service and manufacturing		Agri-Technology		Corporate / Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### Other segment information

Capital additions:

- Property, plant and equipment	12	2	4,295	-	6	-	4,313	2
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Loss on deemed disposal of a joint venture	-	-	61	-	-	-	61	-
Impairment loss on investment in an associate	-	-	1,952	2,155	-	-	1,952	2,155
(Reversal of provision)/ Allowance for expected credit losses on trade receivables	(160)	57	-	-	-	-	(160)	57
Gain on disposal of subsidiaries	-	(1,220)	-	-	-	-	-	(1,220)
Depreciation and amortisation	7	68	74	-	70	52	151	120

Discontinued operations	Engineering service and manufacturing		Agri-Technology		Corporate / Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### Other information

Capital additions:

- Property, plant and equipment	-	1,549	-	-	-	-	-	1,549
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Allowance for expected credit losses on trade receivables	-	370	-	-	-	-	-	370
Gain on disposal of property, plant and equipment and right-of-use assets	-	(2,013)	-	-	-	-	-	(2,013)
Loss on disposal of subsidiaries	-	4,701	-	-	-	-	-	4,701
Depreciation and amortisation	-	812	-	-	-	-	-	812

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2023

## 40. Segment information (Cont'd)

### (b) Analysis by geographical segment

(i) Analysis of the Group's sales based on the geographical presence of the customers.

	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<u>Revenue from continuing operations</u>		
China	5,292	10,196
Singapore	204	–
USA	–	823
Middle East	1,401	1,292
Indonesia	1,213	–
Other European Countries	4	284
Other Asian Countries	258	679
	<u>8,372</u>	<u>13,274</u>

(ii) Analysis of the carrying amount of non-current assets in the geographical area in which the amounts are located.

	<b>2023</b>	<b>2022</b>
	\$'000	\$'000
<u>Non-current operating assets</u>		
Singapore	432	5,665
Indonesia	8,026	–
Others	48	41
	<u>8,506</u>	<u>5,706</u>

### (c) Revenue from major products and services

The Group does not breakdown revenue beyond the categories disclosed in Note 4.

### (d) Information about major customers

Included in the Group's consolidated revenue are sales of approximately \$5.14 million (2022 : \$8.14million) to a corporate customer who contributes to at least 10% of the Group's revenue for 2023 in the Engineering service and manufacturing segment.

## 41. Comparative figures

The financial statements of the Group and the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 5 April 2023.

# STATISTICS OF SHAREHOLDINGS

As at 13 March 2024

Issued and fully paid capital	:	\$47,432,531
Number of ordinary shares (excluding treasury shares)	:	101,268,367
Number of treasury shares	:	2,253,333
Number of Subsidiary Holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	On a poll: One vote for each ordinary share (excluding treasury shares)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company.

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 13 MARCH 2024

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	172	10.56	8,037	0.01
100 - 1,000	91	5.59	48,301	0.05
1,001 - 10,000	864	53.04	4,402,524	4.34
10,001 - 1,000,000	491	30.14	31,056,881	30.67
1,000,001 and above	11	0.67	65,752,624	64.93
<b>TOTAL</b>	<b>1,629</b>	<b>100.00</b>	<b>101,268,367</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 13 MARCH 2024

No.	Name of Shareholder	No. of Shares	%
1	WONG KAR KING	25,402,109	25.08
2	LOW SIOK LING (LIU SULING)	12,800,000	12.64
3	CHIANG TIN TIAH	5,000,000	4.94
4	PHILLIP SECURITIES PTE LTD	4,384,691	4.33
5	DBS NOMINEES PTE LTD	3,932,759	3.88
6	ANG MENG HAI MARKUS DAVID	3,200,000	3.16
7	YANG WEIREN	2,806,566	2.77
8	YANG XIAOFEI	2,690,000	2.66
9	ABN AMRO CLEARING BANK N.V.	2,200,666	2.17
10	WONG SWEE YOKE	1,830,333	1.81
11	GOH GUAN SIONG (WU YUANXIANG)	1,505,500	1.49
12	MAYBANK SECURITIES PTE. LTD.	977,961	0.97
13	OCBC NOMINEES SINGAPORE PTE LTD	867,198	0.86
14	BD CORPORATION PTE LTD	670,000	0.66
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	603,033	0.60
16	RAFFLES NOMINEES (PTE) LIMITED	563,095	0.56
17	LAI WENG KAY	561,200	0.55
18	IWAN RUSLI @ LIE TJIN VAN	500,000	0.49
19	PANG WING SENG	485,566	0.48
20	LIM THIAM HONG	455,400	0.45
	<b>TOTAL:</b>	<b>71,436,077</b>	<b>70.55</b>

**Note:**

The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 13 March 2024.

# STATISTICS OF SHAREHOLDINGS

As at 13 March 2024

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 13 March 2024)

Name of Substantial Shareholders	Direct Interest	%(1)	Deemed Interest	%
Dr Wong Kar King	25,402,109	25.08	–	–
Low Siok Ling (Liu Suling)	12,800,000	12.64	–	–

**Note:**

(1) Percentage computed is based on 101,268,367 ordinary shares in issue (excluding 2,253,333 shares held as treasury shares) as at 13 March 2024.

As at 13 March 2024, 2,253,333 ordinary shares are held as treasury shares, representing 2.23% of the total number of issued ordinary shares excluding treasury shares.

## PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 13 March 2024, approximately 60.5% of the issued ordinary shares of the Company is held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of SGX-ST has been complied with.

**Note:**

The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 13 March 2024.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting (“**AGM**”) of Advanced Holdings Ltd. (the “**Company**”) will be held at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on **Friday, 26 April 2024 at 10.00 a.m.** to transact the businesses set out below.

This Notice has been made available on SGXNet and the Company’s website and may be accessed at the URL <https://advancedholdings.com/media/news/>.

## ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ Statement and the Auditors’ Report of the Company. **(Resolution 1)**
  
2. To re-elect as a Director, Dr Wong Kar King, who is retiring under Rule 720(4) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).  
  
***Dr Wong Kar King will, upon re-election as a Director of the Company, remain as the Managing Director.*** **(Resolution 2)**
  
3. To re-elect as a Director, BG (RET) Lim Yeow Beng, who is retiring under Article 91 of the Company’s Constitution.  
  
***BG (RET) Lim Yeow Beng will, upon re-election as a Director of the Company, remain as an Independent Director. With effect from 26 April 2024 after conclusion of the AGM, BG (RET) Lim Yeow Beng will be redesignated as the Independent and Non-Executive Chairman, the Chairman of the Nominating Committee and a member of each of the Audit Committee and the Remuneration Committee. The Board considers BG (RET) Lim Yeow Beng to be independent for the purposes of Rule 704(7) of the Catalist Rules.*** **(Resolution 3)**
  
4. To note that Mr Lim Boon Cheng and Dr Ho Choon Hou will be retiring pursuant to Regulation 91 of the Company’s Constitution and will not be seeking re-election.
  
5. To approve directors’ fees of \$143,198.00 for the financial year ending 31 December 2024, to be paid quarterly in arrears. **(Resolution 4)**
  
6. To re-appoint Messrs Nexia Singapore PAC as the Auditors of the Company, to hold office until the conclusion of the next annual general meeting and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
  
7. To transact any other business that may be transacted at an annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without modifications), of which Resolutions 6 and 7 will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution:

### ORDINARY RESOLUTION

#### 8. Share Issue Mandate

“That pursuant to Section 161 of the Companies Act 1967 (“**Act**”) and Rule 806 of the SGX-ST Catalist Rules, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (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 or 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, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided always that:

- (I) 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 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 (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 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 (II) below);
- (II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company at the time of the passing of this Resolution, after adjusting for:



## NOTICE OF ANNUAL GENERAL MEETING

- (aa) new shares arising from the conversion or exercise of any convertible securities which are issued and outstanding or subsisting at the time of the passing of this Resolution;
  - (bb) new shares arising from exercising share options or vesting of share awards which are issued and 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 Catalist Rules; and
  - (cc) any subsequent bonus issue, consolidation or subdivision of shares;
- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (IV) 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 the earlier.”

[See Explanatory Note (i)]

**(Resolution 6)**

*All capitalised terms in the Resolutions 7 and 8 below and defined in the Letter to Shareholders of the Company dated 4 April 2024 (the “Letter”) shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Letter.*

### 9. Proposed Diversification

That:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the Proposed New Business; and
- (b) the Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to this resolution as they or each of them may deem fit, with such modifications thereto (if any) as they or each of them may consider necessary, desirable or expedient, in order to give full effect to this resolution.

[See Explanatory Note (ii)]

**(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

## SPECIAL RESOLUTION

### 10. Adoption of New Constitution

That:

- (a) the regulations contained in the New Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and
- (b) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider expedient or necessary to give effect to this Resolution.

[See Explanatory Note (iii)]

**(Resolution 8)**

By Order of the Board

Dr Wong Kar King  
Managing Director  
4 April 2024

### Explanatory Note:

- (i) Ordinary Resolution 6 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in 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, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 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 total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) Ordinary Resolution 7 set out in item 9 above is to approve the proposed diversification into the Proposed New Business. Please refer to the Letter to Shareholders dated 4 April 2024 for more details on the proposed diversification.
- (iii) Special Resolution 8 set out in item 10 above is to adopt a new Constitution for the Company to confirm with the wide-ranging changes to the Companies Act 1967 introduced pursuant to the Companies (Amendment) Act 2014, the Companies (Amendment) Act 2017, as well as the prevailing SGX listing rules and other regulatory requirements. Please refer to the Letter to Shareholders dated 4 April 2024 for more details on the new Constitution.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

(1) The AGM will be held in a wholly physical format, at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on Friday, 26 April 2024 at 10.00 a.m. There will be no option for shareholders to participate virtually. Printed copies of this Notice of AGM and the Proxy Form will be sent by post to shareholders. These documents will also be uploaded on SGXNet and may also be accessed at the Company's website at the URL <https://advancedholdings.com/media/news/>.

(2) A member may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 11.59 p.m. on 12 April 2024:

(a) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or

(b) by email to [general.meetings@advancedholdings.com](mailto:general.meetings@advancedholdings.com).

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

(a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

(b) the member's NRIC/Passport/UEN number;

(c) the member's contact number and email address; and

(d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members before 11.59 p.m. on 12 April 2024 by 19 April 2024 via an announcement to be published on the Company's website at the URL <https://advancedholdings.com/media/news/> and SGXNet.

(3) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.

(4) A proxy need not be a member of the Company.

(5) The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

(a) if sent personally or by post, be deposited at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or

(b) if submitted by email, be received by the Company at [general.meetings@advancedholdings.com](mailto:general.meetings@advancedholdings.com),

in any case, not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

(6) If sent personally or by post, the instrument a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

(7) Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:

(a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

(b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

# NOTICE OF ANNUAL GENERAL MEETING

- (8) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged if such member, being the appointor, is not shown to have shares entered against his/her 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.
- (9) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967, including CPF and SRS investors, and who wish to participate in the AGM (“**Relevant Intermediary Participants**”) by (a) voting at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (b) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 16 April 2024.
- (10) The Annual Report for the financial year ended 31 December 2023 may be accessed at the Company’s website at the URL <https://advancedholdings.com/investors/annual-report/> under “Annual Report 2023”. The Annual Report has also been made available on SGXNet.

## Personal Data Protection:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, or submitting any details of Relevant Intermediary Participants in connection with the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), the publication of the names and comments of the members at the AGM 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.

**PROXY FORM  
ANNUAL GENERAL MEETING**

**ADVANCED HOLDINGS LTD.**

Company Registration Number: 200401856N  
(Incorporated in the Republic of Singapore)

**IMPORTANT:**

1. 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 CPF/SRS investors who hold ordinary shares through their CPF Agent Banks or SRS Operators.
2. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10 a.m. on 16 April 2024.
3. Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two (2) proxies to attend, speak, and vote at the Annual General Meeting.

I/We \_\_\_\_\_ (name) \_\_\_\_\_ (NRIC/Passport no./UEN no.)

of \_\_\_\_\_ (address)

being a \*member/members of Advanced Holdings Ltd. (the “**Company**”), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
and/or *				

Or failing him/her, the Chairman of the Annual General Meeting (the “**AGM**”)\* as my/our proxy to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on Friday, 26 April 2024 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for, against and/or abstain from voting on the Resolution to be proposed at the AGM as indicated hereunder:

No.	Resolutions relating to:	For**	Against**	Abstain**
	<b>Ordinary Business</b>			
1.	Adoption of Financial Statements			
2.	Re-appointment of Dr Wong Kar King			
3.	Re-appointment of BG (RET) Lim Yeow Beng			
4.	Approval of Directors’ Fees for FY2024, payable quarterly in arrears.			
5.	Re-appointment of Messrs Nexia Singapore PAC as Auditors			
	<b>Special Business</b>			
6.	Authority to allot and issue new shares			
7.	Approval of the Proposed Diversification			
8.	Approval of Adoption of the New Constitution			

\* Delete as appropriate.

\*\* If you wish to exercise all your votes “For” or “Against” the Resolution or to abstain from voting on the Resolution in respect of all your votes, please indicate your vote “For” or “Against” or “Abstain” with an “X” within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

Number of Shares held in	
CDP Register	
Member’s Register	
<b>TOTAL</b>	

\_\_\_\_\_  
Signature of Shareholder(s) or Common Seal

**Important: Please read notes overleaf**



**Notes:**

1. The AGM will be held in a wholly physical format, at Kent Ridge Guild House, 9 Kent Ridge Drive Singapore 119241 on Friday, 26 April 2024 at 10.00 a.m. There will be no option for shareholders to participate virtually.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument, failing which the nomination shall be deemed to be alternative.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where the number and class of shares in relation to each proxy is not specified, it will be assumed that each proxy is appointed in relation to an equal number of shares divided amongst the proxies.
3. A proxy need not be a member of the Company.
4. Please insert the total number of ordinary shares held by you. If you have ordinary 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 ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the ordinary shares held by you.
5. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:
  - (a) if sent personally or by post, be deposited at the registered office of the Company at 21 Woodlands Close, #06-23 Primz Bizhub, Singapore 737854; or
  - (b) if submitted by email, be received by the Company at [general.meetings@advancedholdings.com](mailto:general.meetings@advancedholdings.com),in any case, not less than 48 hours before the time set for the AGM, and in default the instrument of proxy shall not be treated as valid.
6. If sent personally or by post, the instrument a proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing a proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
  - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
  - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
8. Where an instrument appointing a proxy(ies) is signed or, as the case may be, authorised 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.

**General:**

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing a proxy(ies)). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary 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.

**Personal Data Protection:**

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.



**ADVANCED HOLDINGS LTD.**

Company Registration No. 200401856N

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