

FUJI OFFSET PLATES MANUFACTURING LTD

# ANNUALREPORT 2021

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Proxy Form

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The contact person for the Sponsor is Ms Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

## **CORPORATE INFORMATION**

#### **BOARD OF DIRECTORS**

**Executive:** Teo Kee Bock (Chairman) Teo Kee Chong (Managing Director)

#### Non-Executive:

Tan Keh Eyo (Lead Independent Director) Lai Mun Onn (Independent Director) Low Beng Tin (Independent Director)

## AUDIT COMMITTEE

Tan Keh Eyo (Chairman) Lai Mun Onn Low Beng Tin

#### NOMINATING COMMITTEE

Low Beng Tin (Chairman) Lai Mun Onn Tan Keh Eyo

## **REMUNERATION COMMITEE**

Lai Mun Onn (Chairman) Low Beng Tin Tan Keh Eyo

#### SECRETARY

Kevin Cho Form Po

#### **REGISTERED OFFICE**

2 Jalan Rajah #06-28 Golden Well Flatted Factory Singapore 329134 Tel: (65) 6265-9111 Fax: (65) 6268-2300 Email: contact@fopgroup.com Website: http://www.fopgroup.com

#### SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632

#### AUDITORS

Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583

#### AUDIT PARTNER-IN-CHARGE

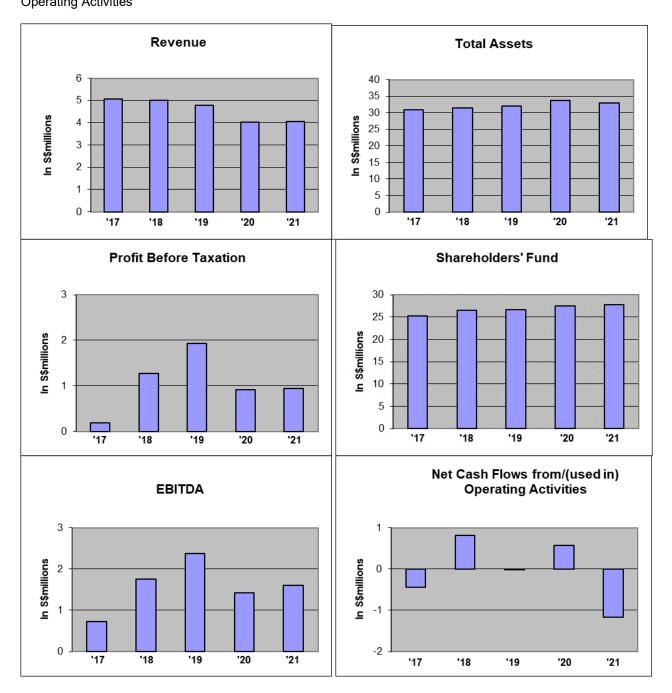
Tan Boon Leong (Appointed since financial year ended 31 December 2019)

#### SPONSOR

Asian Corporate Advisors Pte. Ltd. 160 Robinson Road, #21-05 SBF Center Singapore 068914

# **FINANCIAL HIGHLIGHTS**

	2017	2018	2019	2020	2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	5,055	5,015	4,788	4,017	4,053
Profit Before Taxation	190	1,267	1,927	916	950
Total Assets	30,807	31,407	32,072	33,716	32,996
Shareholders' Fund	25,274	26,456	26,602	27,531	27,765
EBITDA	722	1,756	2,375	1,429	1,608
Net Cash Flows used in/from Operating Activities	(435)	810	(2)	578	(1,164)



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Group's Annual Report for the financial year ended 31 December 2021 ("**FY2021**").

For the year in review, the Group recorded a profit after tax of S\$0.90 million as compared with S\$1.03 million for the financial year ended 31 December 2020 ("**FY2020**"). Correspondingly, the profit after tax attributable to owners of the Company amounted to S\$0.96 million for FY2021 as compared with S\$1.08 million for FY2020.

Earnings per share for the Group was 1.93 Singapore cents for FY2021 as compared with 2.15 Singapore cents for FY2020 while net asset value per share increased from 55.16 Singapore cents as at 31 December 2020 to 55.63 Singapore cents as at 31 December 2021.

For FY2021, Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") amounted to S\$1.64 million as compared with S\$1.43 million for FY2020.

#### FINANCIAL REVIEW

#### Revenue

For FY2021, total Group revenue amounted to S\$4.05 million as compared with S\$4.02 million for FY2020, an increase of S\$0.03 million or about 1%. The higher revenue was mainly due to higher sales of printing cylinders in Singapore mainly on account of the country's improved economy.

#### Cost of Sales

In line with the higher Group revenue, cost of sales also increased by about 3% or S\$0.08 million, from S\$2.90 million for FY2020 to S\$2.98 million for FY2021. The increase was mainly due to higher costs of raw materials, mainly seamless steel pipes and MS plates, coupled with higher depreciation on account of new machinery purchased at year-end 2020.

#### **Gross Profit**

As the cost of sales increased at higher rate than the revenue, gross profit declined from S\$1.12 million for FY2020 to S\$1.07 million for FY2021, a drop of S\$0.05 million or about 5% due to higher cost of sales. Consequently, gross profit margin declined from 27.9% for FY2020 to 26.4% for FY2021.

#### Other Operating Income

For FY2021, Other operating income amounted to S\$0.76 million as compared with S\$0.62 million for FY2020 mainly due to net foreign exchange gain and fair value changes arising from the US\$ loan to Star City Property Development Co., Ltd ("**Star City**"). totaling S\$0.20 million. This was partially offset by lower Government grants received by the Company in connection with the employment of Singaporean workers under Job Support Scheme of S\$0.06 million.

#### Operating Expenses

Despite the increase in Group revenue, distribution expenses were about unchanged at S\$0.24 million for FY2020 and FY2021.

Administrative expenses were lower by about 1% or S\$0.02 million, from S\$1.86 million for FY2020 to S\$1.84 million for FY2021 mainly due to lower staff-related expenses and exchange rate fluctuations between RM against the S\$.

Depreciation expenses were higher at S\$0.73 million for FY2021 as compared with S\$0.62 million for FY2020 mainly due to the acquisition of new machinery at year-end 2020. Amortisation charges were, however, about unchanged at S\$0.01 million for FY2020 and FY2021.

Other operating expenses for FY2020 were entirely in respect of net foreign exchange loss on account of the fluctuation between the US\$ against the S\$ on the Company's US\$ loan to Star City.

#### **Operating Profit**

On the basis of the above factors, the Group recorded an operating loss of S\$0.24 million for FY2021 as compared with S\$0.45 million for FY2020. The lower operating loss of S\$0.21 million over the two years is mainly due to higher net foreign exchange gain on account of exchange rate fluctuations between the US\$ against the S\$.

Net finance income amounted to S\$0.08 million for FY2021 as compared with S\$0.12 million for FY2020, a decline of about S\$0.04 million or 31% mainly due to lower bank interest income on account of lower investible funds and interest rates and lower accrued interest income on long-term loan due from associate.

For FY2021, share of results of associate (net of tax) amounted to a gain of S\$1.11 million as compared with S\$1.25 million in FY2020. The share of results is based on the percentage-of-completion basis where revenue is recognised on percentage of completion of each individual unit sold.

Income tax expense amounted to S\$0.07 million for FY2021 million as compared with a credit of S\$0.12 million for FY2020 mainly due to write-back of deferred tax liabilities in FY2020.

Based on the above factors, the Group recorded a profit after tax of S\$0.90 million for FY2021 as compared with S\$1.03 million for FY2020.

#### FINANCIAL POSITION

The Group's financial position remains healthy with total assets of S\$33.0 million as at 31 December 2021, marginally lower as compared with S\$33.7 million as at 31 December 2020.

The Group's working capital remains positive at S\$10.1 million as at 31 December 2021, marginally lower as compared with S\$10.3 million as at 31 December 2020.

#### CASH POSITION

For FY2021, Group net cash flows used in operating activities amounted to about S\$1.16 million as profit before taxation and depreciation and amortisation were offset by share of results of associate, fair value changes on loan to Star City and negative changes in working capital and the payment of income taxes.

Cash flows from investing activities, amounting to S\$0.25 million, were mainly due to dividends received from associate less purchase of property, plant and equipment.

Cash flows used in financing activities of S\$0.76 million were mainly due to dividends paid to non-controlling interest of a subsidiary and to owners of the Company and payment of lease liabilities.

As a result, the Group recorded a net decrease in cash and cash equivalents of S\$1.68 million for FY2021 while cash and cash equivalents stood at S\$3.03 million as at 31 December 2021.

#### SEGMENTAL REVIEW

#### **Printing Cylinders Business Segment**

For FY2021, Group sales revenue from printing cylinders totaled S\$3.88 million as compared with S\$3.86 million for FY2020, representing an increase of about S\$0.02 million or 1% mainly due to higher sales in Singapore on account of the country's improved economy.

In line with the higher Group revenue, cost of sales also increased by about 3% or S\$0.09 million, from S\$2.81 million for FY2020 to S\$2.90 million for FY2021. The increase was mainly due to higher costs of raw materials, mainly seamless steel pipes and MS plates, coupled with higher depreciation on account of new machinery purchased at year-end 2020.

As a result, gross profit for the printing cylinders business segment declined from about S\$1.05 million for FY2020 to about S\$0.98 million for FY2021, a decline of S\$0.07 million or about 6%. Consequently, gross profit margin also declined from about 27% for FY2020 to 25% for FY2021 due to the higher increase in cost of sales and keen competition.

As a result of the lower gross profit, the segment recorded a lower profit of S\$0.05 million for FY2021 as compared with S\$0.14 million for FY2020.

#### **Investment Holding Business Segment**

Total revenue from the investment holding business segment increased marginally from S\$0.37 million for FY2020 to S\$0.38 million for FY2021, mainly due to rental rebate of 30% a month for three months given due to the COVID-19 pandemic in FY2020.

Due to stable cost of sales of about S\$0.09 million for FY2020 and FY2021, gross profit was about unchanged at S\$0.29 million and gross profit margin at about 78% for the two years.

As a result, profit for the segment was about unchanged at S\$0.04 million for FY2020 and FY2021.

#### **Investment in Property Development Companies Business Segment**

Under the Group's Investment in property development companies business segment, share of results (net of tax) of IPark amounted to a profit of S\$1.11 million for FY2021 as compared with S\$1.25 million for FY2020. The share of results is based on the percentage-of-completion basis where revenue is recognised on percentage of completion of each individual unit sold.

In addition, accrued interest on the long-term loan to IPark amounted to S\$0.08 million for FY2021 as compared with S\$0.10 million for FY2020 mainly due to lower interest rates.

For Star City, the Group recognised fair value changes on its loans to Star City amounting to S\$0.55 million for FY2021 as compared with S\$0.49 million for FY2020. The fair value changes pertains to discount adjustments on the Company's loans to Star City.

On this basis, the segment recorded a profit of S\$1.74 million, as compared with S\$1.84 million for FY2020.

#### DIVIDEND

The Board is pleased to propose the payment of a first and final dividend of 0.3 Singapore cents per ordinary share, tax exempt (one-tier), amounting to S\$150,000 for FY2021, unchanged from FY2020, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

## FUTURE PROSPECTS

Looking ahead, the printing cylinders business segment will remain challenging due to the keen competition and the higher costs of raw materials as well as the uncertainty surrounding the ongoing COVID-19 pandemic. Aside from controlling costs to the extent possible, the Group will also continue to optimize its production by seeking out cheaper alternative sources of supply and types of raw materials, where available, and expanding the range of product and services available to our customers.

The outlook for the Group's investment holding business segment and investment in property development companies business segment will also depend on how the COVID-19 situation evolves and its impact on the regional economies.

Under the Group's investment in property development companies business segment, for the Group's investment in IPark in Johor Bahru, Malaysia, property sales are ongoing since October 2016 (Parcels 1 and 2) and 2H2019 (Parcel 3).

	Total Units Available	Sold with SPA <sup>(1)</sup>	Rented Out <sup>(2)</sup>	Booked <sup>(3)</sup>	Total Units	Vacancy
Parcel 1	10	7	3 (3)	-	10	-
Parcel 2	41	28	12 (9)	-	40	1
Parcel 3	36	11	2 (1)	3	16	20

As at 31 December 2021, property sales to-date for IPark are as follows:

Notes:

- (1) Sales & Purchase Agreement
- (2) Figure in bracket denotes units proposed to be sold to AME REIT per SGXNet announcement dated 22 December 2021.
- (3) Booked via payment of booking fees

With regard to Star City, there were no new developments on the sale of Star City's property assets due to the ongoing COVID-19 pandemic. The Directors and Management of Star City continue to proactively seek out potential buyers to sell the company's property assets. Meanwhile, the Company had received US\$115,000 (10% share) from Star City in January 2022 in partial repayment of its loans.

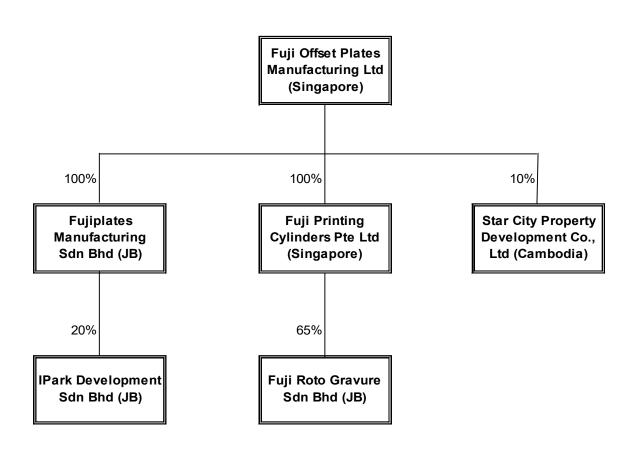
## ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would also like to take this opportunity to express my heartfelt appreciation to all our shareholders, customers, business associates and partners for their continued support and confidence in the Group. I would also like to thank the management and staff for their dedication, hard work and contributions to the Group and to our Directors for their valuable contributions and guidance.

David Teo Kee Bock Chairman

Fuji Offset Plates Manufacturing Ltd and its subsidiaries

# **CORPORATE STRUCTURE**



## **DIRECTORS' PROFILE**

#### David Teo Kee Bock, Executive Chairman

Mr Teo is the founder of the Company and has been an Executive Director and Chairman of the Company since 18 November 1982. He was last re-elected on 26 June 2020.

Mr Teo has been involved in the printing industry for more than 30 years and has been the main driving force behind the growth of the Company. His areas of responsibilities include business development, strategic planning and marketing. Mr Teo is also a Director of two subsidiaries of the Group.

He is currently also the Chairman and Director of Apricot Capital Pte. Ltd.

#### Steven Teo Kee Chong, Managing Director

Mr Teo has been an Executive Director of the Company since 18 November 1982 and was appointed Managing Director on 19 May 1994. He was last re-elected on 26 June 2020.

Mr Teo has been involved in the printing industry for more than 30 years. As the Managing Director of the Company, Mr Teo is responsible for the day-to-day operations and management of the Group. Mr Teo is also a Director of the subsidiaries of the Group.

He is currently also the Managing Director of Regent Printing (Singapore) Pte Ltd.

#### Tan Keh Eyo, Lead Independent Director

Mr Tan was appointed as an Independent Director of the Company on 18 November 1997 and was subsequently appointed as the Lead Independent Director on 3 May 2017. He was last re-appointed on 29 April 2021. He is the Chairman of the Audit Committee and is also a member of both the Nominating and Remuneration Committees.

Mr Tan graduated with a Bachelor degree in Commerce from the Nanyang University, Singapore, in 1979.

#### Low Beng Tin, Independent Director

Mr Low was appointed as an Independent Director of the Company on 3 May 2017 and was last re-elected on 29 April 2021. He is the Chairman of the Nominating Committee and is also a member of both the Audit and Remuneration Committees.

Mr Low is the Chairman/Independent Director of CosmoSteel Holdings Limited and Independent Director of Lian Beng Group Ltd, both of which are listed on the SGX-ST. He is also an Independent Director of J.P Nelson Holdings Ltd which is listed in Taiwan.

Mr Low has over 40 years of engineering experience in the oil and gas, petrochemical, chemical and marine industries. In recognition of his contribution to the community, he was conferred the Pingat Bakti Masyarakat (The Public Service Medal) in 2004, the Bintang Bakti Masyarakat (The Public Service Star) in 2009 and the Bintang Bakti Masyarakat (Lintang) (The Public Service Star (Bar)) in 2019 by the President of Singapore.

Mr Low holds a Diploma in Electrical Engineering from Singapore Polytechnic, a Diploma in Management Studies from Singapore Institute of Management and has obtained a Masters in Business Administration (Chinese Programme) from the National University of Singapore.

## **DIRECTORS' PROFILE**

#### Lai Mun Onn, Independent Director

Mr Lai Mun Onn was appointed as an Independent Director of the Company on 1 June 2018 and was last reelected on 29 April 2021. He is the Chairman of the Remuneration Committee and is also a member of both the Audit and Nominating Committees.

Mr Lai is also an Independent Director of Koh Brothers Group Limited, a company listed on the SGX-ST, since 30 July 1994.

Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore. He graduated from the University of London with a Bachelor of Laws with Honours and obtained his Barrister-at-Law from Lincoln's Inn. In 1982, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is presently a Notary Public and Commissioner for Oaths, and a member of the Singapore Institute of Arbitrators.

Mr Lai is a member of the Governing Council of the Singapore Golf Association and the President of the Keppel Club.

## **KEY EXECUTIVES' PROFILE**

## Adrian Teo Kee Tiong Managing Director of Fuji Roto Gravure Sdn Bhd

Mr Teo was appointed as the Managing Director of Fuji Roto Gravure Sdn Bhd ("**FRG**"), an indirect 65%-owned subsidiary of the Group, on 2 December 1999.

He has been with FRG as its Executive Director and minority shareholder since its inception in 1995. Prior to that, Mr Teo was with Fuji Printing Cylinders Pte Ltd, the holding company of FRG, as its General Manager/Assistant to the Chairman from 1992 to 2004.

Mr Teo graduated with a Bachelor degree in Business Administration from the National University of Singapore.

#### Chua Thiam Chye Group Financial Controller

Mr Chua was appointed as the Group Financial Controller on 1 January 2003. He has had extensive experience in various functions, mainly accounting and finance, from a multi-national company.

Mr Chua graduated with a degree in Business Administration from the University of Singapore.

## Eddie Teo Kwei Chieh Assistant General Manager of Fujiplates Manufacturing Sdn Bhd

Mr Teo joined the Group on 19 July 1994 as the Financial Controller of Fujiplates Manufacturing Sdn Bhd ("**FPM**"), a direct wholly-owned subsidiary of the Company. He was appointed as the Assistant General Manager of FPM since January 2005. He has more than 16 years of working experience in banking operations and finance with a local bank as well as in manufacturing, business set-up and management.

He graduated with a Bachelor of Science degree in Finance and Management Information Systems from the Ohio State University.

## Teo Weixian Business Development Manager of the Company

Mr Teo was appointed as the Business Development Manager of the Company on 1 May 2008. Mr Teo's main responsibilities include assisting the Managing Director of the Company in the smooth running of its business operations and developing, planning and implementing policies and activities for the Group's diversification and development.

Mr Teo holds a Bachelor of Commerce degree from the University of New South Wales.

## **Board Statement**

The Board of Directors (the "Board") is pleased to present the Group's Sustainability Report (the "Report") for financial year ended 31 December 2021 ("FY2021").

The Report highlights our sustainability efforts and progress in key Economic, Environmental, Social and Governance ("EESG") related initiatives carried out by the Group during the year. In light of the increasing cost environment for most raw materials and products and higher inflation, such sustainability efforts in conserving our finite resources are even more important and imperative. Towards this end, the Report continues to re-affirm the Group's efforts on managing and collaborating with our various stakeholders and partners on sustainability issues to enhance the Group's economic, environmental and social objectives.

The Board oversees the identification, management and monitoring of material sustainability topics by Management and takes them into consideration in determining the Group's overall strategy, objectives and operations.

The Board strongly believes that creating sustainable development and value for the Group and its stakeholders is an integral part of the Group's strategy and operations.

The Group has reviewed the EESG topics deemed material to our business and stakeholders in the previous sustainability report, namely Health and Safety; Training and Education; Economic Performance and Reducing Energy Consumption, and come to the conclusion that the material topics remain relevant and important in FY2021.

The Board would like to take the opportunity to thank all stakeholders who have contributed to our sustainability effort and will continue to strive and improve our products and services to our customers while considering the social and environmental impact to our stakeholders. The Board will also continue to take a balanced approach towards formulating strategies and policies which are sustainable and enhance long-term values for our stakeholders.

On behalf of the Board,

David Teo Kee Bock

Chairman

12 April 2022

## About This Sustainability Report

This sustainability report presents the annual sustainability performance of Fuji Offset Plates Manufacturing Ltd (the "Company" or "Fuji Offset"), together with all its subsidiaries, collectively (the "Group"), for the period 1 January 2021 to 31 December 2021. The information in this report is organised and presented in accordance with the GRI Standards: Core option published in 2016 and 2018, established by the Global Reporting Initiative ("GRI"). All data and information reported are with respect to the timeframe above unless stated otherwise. The Company has chosen GRI principles for its accuracy, balance, clarity, comparability, reliability and timeliness to enable stakeholders to assess our sustainability performance.

This report aims to disclose our EESG performance against issues that are considered most material to our Group's stakeholders, which includes shareholders, suppliers, customers, management and employees. The objective of preparing this report is to inform our stakeholders of the initiatives and strategies related to sustainability that we are currently embarking on.

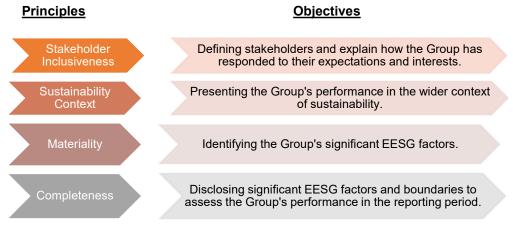
This report is the fifth sustainability report issued and it provides an update of the performance and targets on sustainability as set out in the fourth sustainability report for FY2020, which was published on the SGX website on 28 May 2021.

This report is also prepared in accordance with Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B and the relevant SGX Practice Notes on Sustainability Reporting Guide. Our data is reported in good faith and to the best of our knowledge. Currently, there is no external assurance for this report.

A copy of this report will be published on 12 April 2022 on both the SGX's website at URL <u>https://www.sgx.com/securities/company-announcements</u> and the Company's corporate website at URL <u>https://www.fopgroup.com/index.php/investor-relations</u>.

## **Reporting Scope and Boundaries**

The content of this report is defined by the 4 Content Reporting Principles established by GRI as follows:



## About the Group

Fuji Offset is a limited liability company incorporated in Singapore and listed on the Catalist Board of the SGX-ST. As at 18 March 2022, approximately 17.9% of the issued ordinary shares of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

The principal activities of the Group are those relating to the manufacture and sale of gravure printing cylinders, related services in the printing industry, investments in commercial, industrial, hospitality, residential and/or mixed development properties and investment holding.

Fuji Offset's headquarters are in Singapore while its main operations are located in Johor, Malaysia where, through the subsidiary Fuji Roto Gravure Sdn Bhd ("**Fuji Roto**" or "**Production Plant**"), a production plant is maintained for printing cylinders. The Production Plant achieved an output of 16,200 printing cylinders for the year.

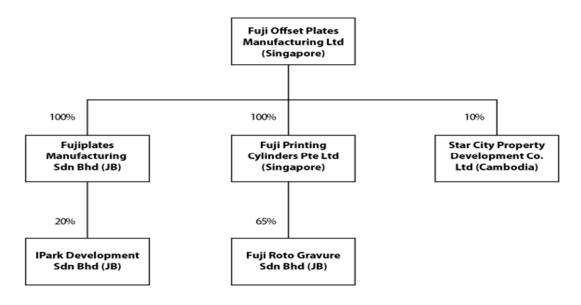
The Group's customer base spans across Singapore, Malaysia and Indonesia, serving wholesalers and distributors in the printing and packaging industry.

The Group is fully committed to deliver products that are of the highest quality. Therefore, the Group has strict procedures for identifying, selecting and monitoring vendors supplying steel cylinders, printing ink and chemicals in order to assess their performance.

The manufacturing processes which would include desktop publishing, balancing, cutting, grinding, plating, polishing, engraving and proofing amongst others, have been rigorously scrutinized and are certified to conform to internationally recognized standards such as the ISO 9001:2015 (incorporating Quality Management) that Fuji Roto had successfully attained.

Fuji Offset is also a member of the Singapore Business Federation.

Corporate Structure

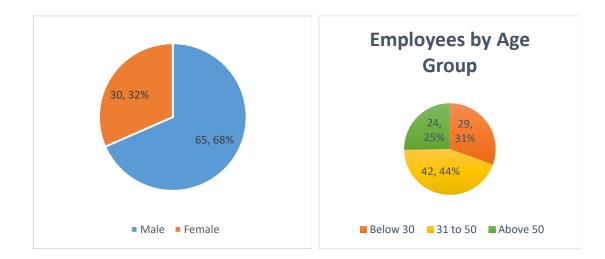


## Human Resources of the Group

The Company has considered gender and skill and experience as diversity indicators material to business sustainability. The Company's policy on Board diversity is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making.

Due to the size of its operations, skills and experience are mainly acquired through on-the-job training that are considered relevant to the department the employees are attached to.

The Group has 9 employees (inclusive of 2 temporary male employees) in its employment in the Singapore and Malaysia offices who fall under the following categories:



## Mission and Vision

We visualise being able to expand our operations outside of Singapore and Malaysia. With more than 35 years of operating history, we constantly strive to be the premium provider of quality steel printing cylinders. Aided by a group of highly experienced employees, every finished product is delivered with performance and precision.

We believe in the following 4 key qualities to be found in each employee which is to be applied when dealing with people internally and externally:

## Team Work

•Work and learn together, share knowledge and experiences so as to solve problems together

## Initiative

•Take immediate action to identify and overcome problems

## Commitment

·Passion to contribute and grow with the Group

## Improvement

• Continue learning new technologies

## **Corporate Governance**

The Board recognises the importance of corporate governance and are committed to ensuring the practices recommended in the revised Code of Corporate Governance 2018 (the "Code") are practised throughout the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long term shareholders' value and protect the interests of shareholders. The Board will ensure that there is compliance with the other relevant regulations, notices, circulars, and guidelines that may be issued, from time to time, by the Monetary Authority of Singapore ("MAS") and the SGX-ST. Explanations will be provided should there be any variations.

The Board manages potential risks through the review and approval of policies and procedures. Management then ensures that the identified risks are relevant to the business environment and hence ensuring controls or mitigating factors are in place. The Audit Committee, independent of the Board, provides independent oversight of the effectiveness of the risk management process.

The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning, legal knowledge and customerbased experience and knowledge. Where appropriate, the Directors are provided with regular briefings from time to time on changes in the relevant laws and regulations in relation to accounting standards, Catalist Rules, corporate governance and other regulations or statutory requirements.

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. Meetings are held regularly to discuss any matters without the presence of Management as and when circumstances require.

Each key executive at the Group's leadership is highly experienced in this industry and collectively as a whole, are able to competently handle all operational matters of the Group.

## Sustainability Governance

The Sustainability Governance Structure of the Group is as follows:



The Sustainability Working Committee, comprising discipline-specific working groups, identifies possible material topics and to reach an agreement on the action plan for the reporting process.

The Sustainability Steering Committee, comprising key management executives, provides guidance on the Group's sustainability strategies. The Steering Committee reviews and reports progress for delivering targets and plans to the Board of Directors on the sustainability management performance of the Group and key material issues identified by stakeholders. The Board will then review and endorse the targets and plans accordingly.

## Anti-Corruption Practices

In ensuring that all laws and regulations including those related to anti-corruption practices are complied with, Management has implemented a set of policy and procedures titled "Policy and Procedures for Reporting Possible Improprieties in Matters of Financial Reporting or Other Matters" to provide guidance for all employees.

This is to encourage employees and external stakeholders to voice out issues that are not in line with the best interest of the Group to the Company Secretary as it is the desire and aim of the Company to develop, promote and maintain high standards of corporate governance within the Group.

The policy applies to all Directors, officers, employees, including full-time, part-time and contract employees and external stakeholders of the Group and every complaint shall be lodged with the Audit Committee through the Company Secretary. There were no instances of whistle-blowing or corruption for FY2021. The Company intends to maintain this target for FY2022.

## Feedback

We welcome feedback as it enables continual improvement in the Group's sustainability policies, processes and performance. Please send your comments and suggestions to contact@fopgroup.com or at the following address:

Fuji Offset Plates Mfg Ltd 2 Jalan Rajah #06-28 Golden Wall Flatted Factory Singapore 329134 (65) 6265 9111

## Stakeholder Engagement & Materiality Assessment

In developing the Report, the Steering Committee worked with both internal and external stakeholders to conduct a materiality assessment to identify the relevant EESG topics which the Group considered important. Stakeholders includes shareholders, suppliers, customers, management and employees.

The material topics were evaluated for its potential impact on the environment and society, its influence on the stakeholders and impact on the Group's operations. Based on the Group's assessment where there were no significant changes in the business and the operating environment, the Board is of the opinion that the materiality assessment from FY2020 continues to be valid and relevant for the Group in FY2021, notwithstanding the ongoing COVID-19 pandemic and its impact on the health and safety of our employees.

As part of its ongoing engagements with key stakeholders, the Group carries out the following approaches:

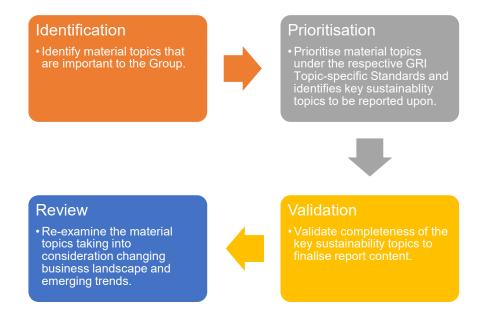
Stakeholders	Engagement Approach	Key Interests
Employees (including Management)	<ul> <li>Regular dialogue</li> <li>Training programmes</li> <li>Work related meetings and discussions</li> </ul>	<ul><li>Working environment</li><li>Staff benefits</li><li>Skills development</li></ul>
Customers / Suppliers	<ul> <li>Site visit</li> <li>Phone calls</li> <li>Email contacts</li> <li>Formal &amp; informal meetings</li> </ul>	<ul> <li>Ensure quality and on- time delivery of products</li> </ul>
Shareholders	<ul> <li>Shareholders Annual General Meeting</li> <li>Half-yearly and full-yearly results announcements</li> <li>Disclosures of information on matters of material impact or significance through SGXNET and other information channels</li> </ul>	<ul> <li>Risk management</li> <li>Corporate governance</li> <li>Group operations</li> </ul>

In view of the ongoing COVID-19 pandemic, many of these engagement approaches may take the form of virtual meetings or a combination of in-person cum virtual meetings.

Feedback from our key stakeholders form a crucial part of our strategic and business planning and is viewed as valuable insights for the Group to continuously improve its sustainability performance.

The Steering Committee aims to conduct an annual review of the Group's material topics as well as monitor the performance of the topics as part of the Group's sustainability strategy.

The Group adopts a four-step process to define the material topics:



## Material Topics and Boundaries

The topics reported in the FY2020 Sustainability Report were re-evaluated by the Steering Committee and all topics were deemed to be material to the Group for FY2021. As such, the Steering Committee recommended to the Board the same topics to be the material topics to be reported in FY2021.

]									
		Material Topics							
	GRI 201-1	Direct economic value generated and distributed	Economic Performance						
	GRI 302-1	Energy consumption within the organization	Reducing Energy Usage for Production						
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety of Employees						
	GRI 404-1	Average hours of training per year per employee	Training and Education for Employees						

Since the Group's operations mainly involved the printing of gravure printing cylinders, the EESG topics identified in this Report are mainly related to the Group's operating subsidiary, Fuji Roto, located in Johor, Malaysia.

## Economic Performance (GRI 201-1)

Economic performance is defined as our most material topic because our economic success ensures our long-term viability and enables the execution of our sustainability strategies.

For FY2021, the Group recorded a profit after tax of S\$0.88 million as compared with a profit after tax of S\$1.03 million for FY2020.

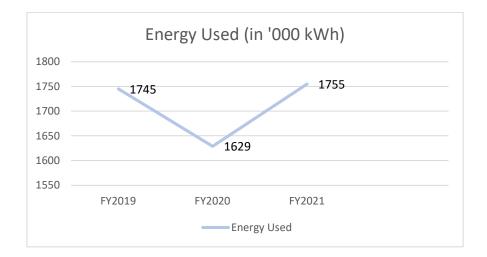
For FY2021, the Group is in a healthy financial position with revenue of S\$4.05 million and is in a net equity position of S\$30.23 million as compared to revenue of S\$4.02 million and net equity of S\$30.68 million for FY2020 respectively.

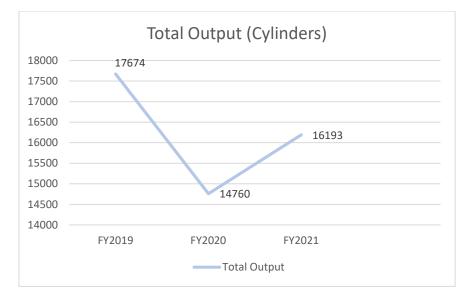
For a detailed breakdown and more information on our FY2021 financial results, please refer to pages 69 to 149 of the Group's Annual Report for FY2021.

## Reducing Energy Usage for Production (GRI 302-1)

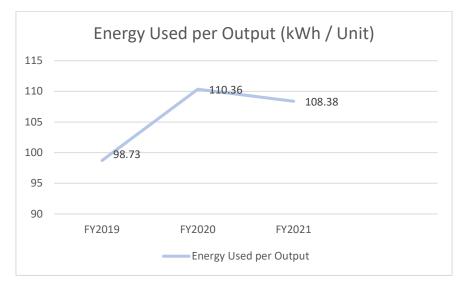
The Group recognises the importance of properly managing and regulating energy consumption so as to keep operational costs low and also to reduce the impact on the environment. As such, this topic is deemed to be material to the Group. To keep track of its energy consumption, there is a monitoring system in place and a group of trained individuals in its maintenance team at the Production Plant.

The following graphs (based on computed electricity bill for the entire Production Plant) show the total energy consumption and the total output from FY2019 to FY2021.





The graph below shows the energy consumption per output level (inclusive of energy consumed) at the Production Plant:



While energy used for FY2021 was higher by about 7.7% as compared with FY2020, however, energy used per output (kWh/Unit) was lower at 108.38 as compared with 110.36 for FY2020 mainly due to higher output of 16,193 cylinders for FY2021 as compared with 14,760 cylinders for FY2020. The higher output of cylinders for FY2021 was mainly due to higher sales of printing cylinders in Singapore mainly on account of the country's improved economy.

However, despite the higher output, energy used was not proportionally reduced due to the need to operate on standby mode, thereby saving working hours to heat up and start operations as usual. Hence, the marginal decrease in energy used per output ratio of about 1.8% for FY2021 versus FY2020 and 3.4% higher against the FY2021 target of 104.8 kWh/Unit energy used per output.

Due to the uncertainty surrounding the COVID-19 pandemic, the keen competition in Malaysia and Singapore on the cylinders printing business as well as the increasing costs of raw materials, the Group's target to reduce the consumption of energy per output ratio is largely dependent on the sales and, hence, output of printing cylinders. This, coupled with the adoption of certain automated processes in the Production Plant, may result in higher consumption of energy. Nevertheless, the Group will target to reduce the consumption per output ratio by around 5% to 103.0 kWh/Unit for FY2022 by adopting the following measures:

- 1. Replacing older machines.
- 2. Posting reminders on the walls of the production area to remind employees to switch off lightings or any electrical appliances which are not in use;
- 3. Setting air-conditioning at a minimum of 25 degrees Celsius;

Overall energy consumption is analysed monthly by the Accounts Manager. Energy usage not within the trends are identified within different operational areas and investigated for possible faults in the usage methods or the instruments and machinery used. With these practices established, the Group aims to improve efficiency in energy usage.

	FY2019	FY2020	FY2021	FY2022 Target
Energy Used per Output (kWh /Unit)	98.73	110.36	108.38	103.0

As mentioned above, due to the COVID-19 pandemic and the resulting economic fallout, there were some adverse impact on sales and output of cylinders for FY2020 and FY2021. The extent of the impact of the pandemic on the cylinders output in FY2022 will largely depend on the duration of the pandemic, going forward, and the economic recovery thereafter. Due to the lower output, energy used will not be proportionally reduced due to the need to heat up and start operations as usual to save working hours, hence the Group's target to reduce energy per output ratio by around 5% for FY2022.

## Health and Safety of Employees (GRI 403-2)

The Group has set an objective which is to raise health and safety standards in the workplace so as to achieve zero or minimal cases of reportable serious work-related injuries. The Group is committed to provide a safe working environment for its employees to safeguard the health and safety of all employees, which it believes will greatly enhance morale and satisfaction leading to higher productivity. As such, this topic is deemed to be material to the Group. The Group is pleased to report that there has not been any reportable serious work-related injuries in FY2021.

All production employees are constantly reminded to be careful during work and to wear the appropriate safety equipment. Trainings and briefings are constantly provided at the Production Plant and communicated to new and existing employees to understand the rules and safety regulations before the start of each work day.

Reminder messages are also pasted around the production area to reinforce these values accordingly.

The Occupational Safety and Health Administration ("OSHA") officer at the Production Plant carries out monthly inspection on workplace safety. According to the rules and regulations, the OSHA officer has to accumulate a total of 40CPD hours of training a year. The OSHA officer will set up monthly meetings to remind all workers to wear personal protective equipments ("PPE") in the Production Plant and perform spot-checks to ensure employees are wearing the correct safety equipment and conforming to the safety rules and regulations weekly. There are fire safety inspections every quarter at the Production Plant and the Fire and Rescue Department of Malaysia performs annual checks to ensure that the necessary requirements are met.

To report work-related hazards and hazardous situations, the workers in the Production Plant can seek out their department leader or OSHA officer to report the situation. The department leader or OSHA officer will explain to Management on how to mitigate and improve the situation.

When there is an work place incident, the OSHA officer will investigate based on the following processes and procedures:

- 1. Asking the victim how the incident happened;
- 2. Corroborating with witnesses, if any, on how the incident happened;
- 3. Reviewing the closed-circuit television footage; and
- 4. Asking doctor or review doctor's report on the injury.

After the investigation is completed, the OSHA officer will submit a report to the Department of Environment ("DOE"). For corrective action, the Human Resources ("HR") department will issue a warning letter to the employee if the accident happened as a result of the employee's recklessness or did not follow instruction. The OSHA will also review if the work procedures and work spaces need to be improved.

The processes and procedures are based on legal requirements or recognised standard by government authority.

The Group strictly complies with the following regulations established by the respective agencies:

- Department of Occupational Safety and Health ("DOSH") this agency, through its various divisions, conducts a full inspection of the factory, PPE and chemical storage annually. The objective of this agency is to prevent industrial accidents and occupational diseases. It also ensures safety, health and welfare of people at work as well as protecting other people from the safety and health hazards arising from production activities;
- Department of Environment ("DOE") this agency conducts scheduled checks on waste and waste water and scrubber discharges annually as well as conduct occasional spot-checks. The objective of this agency is to achieve abatement of pollution in the country through the enforcement of the Environmental Quality Act of 1974 and its subsidiary legislation. It monitors air and water quality and noise, manages toxic and hazardous wastes based on the "cradle-to-grave" principle;
- 3. State Pharmaceutical Services Division this agency checks on the purchase and usage of registered unsafe and hazardous chemical products for which a monthly report has to be submitted and certify the use of such chemicals yearly.

Physical training is given to all the workers by the OSHA officer during induction training. The OSHA officer will also ask translator to explain and translate in the language which the worker understands. Besides that, the OSHA office also pastes pictures as well as description for work safety in the Production Plant.

The Production Plant had implemented an occupational health and safety management system based on legal requirements and recognised risk management and management system standards/guidelines. In 2020, in particular, the Plant had implemented a Safe Work Procedure Program which is in compliance with regulatory and local health authorities. Special precautions are continuously being undertaken in view of the ongoing COVID-19 situation, including the following:

• Visitors must show a negative RTK (ART) test result before they are allowed into Fuji Roto's premises,

• Mandatory scanning of 'MySejahtera' app for all employees and visitors for contact tracing purposes,

• All employees and visitors must go into sanitize chamber first before entering company's premises,

• Daily temperature checks for employees and visitors on site and hand sanitization upon entry to premises,

- Safe distancing (1 metre) rules enforced at all times, and minimising face-to-face meetings,
- Mandatory wearing of mask upon entry and at all times during working hours,
- Not allowing gatherings and employees can only eat and rest at own work stations,
- · Sanitizing of premises and work stations every day, and fogging weekly,

• Providing employees with RTK (ART) test kits for them to do the mandatory RTK (ART) test every two weeks,

• If employees are tested positive for RTK (ART) results, they have to do PCR test before reporting in 'MySejahtera' app and quarantine for seven days. Employees must show RTK (ART) test negative results before returning to work.

The legal requirements would include inspection and certification of the premises by the local city fire department. Legal requirements are reviewed on a yearly basis for compliance with these requirements and are evaluated annually. Beside this, DOSH will inspect facility, machinery, hoist, local exhaust ventilation and PPE yearly. The OSHA officer will review the compliance on an annual basis.

Minimising the incidence of work-related injury and illness and promoting a safe and healthy work environment leads to positive workplace morale, overall well-being of our employees and ultimately to higher quality products and services. The OSHA officer works in co-operation with all the heads of departments to monitor safety and health issues. We track and report industrial accidents and injuries in accordance with DOSH guidelines and file work-related claims accordingly, with all our employees strictly adhering to reporting procedures concerning all work-related injuries.

Meanwhile, identifying occupational health and safety hazards and assessing their risks are key components in our management system. We strive to eliminate or minimize such hazards and risks through various measures. Health and safety hazards are identified for the administration, development and operational functions of our businesses and their risks are assessed.

In addition to workplace health and safety training, our employees are also trained on fire safety hazard processes at our premises. Regular fire drills and evacuation exercises are conducted in accordance with the Fire Services Act 1988. Beside this employees are sent for training in related safety and first aid and in the use of the automated external defibrillator ("AED") machine. The OSHA officer will internally give training and awareness programmes for all staff to facilitate the effective implementation of any risk reduction program. In addition, our employees have been briefed on how to respond to health and safety incidents at the workplace. Our overall accident frequency and severity rates are below the industry standard, and we continue to endeavour to lower these rates. For FY2021, we had no reported cases of accidents. The Company targets to have no reported cases of accidents for FY2022.

	FY2019	FY2020	FY2021	FY2022 Target
Number of fatalities as a result of work- related injury	None	None	None	None
Number of high- consequence work- related injuries (excluding fatalities)	None	None	None	None
Number of recordable work- related injuries	2	None	None	None

## Training and Education for Employees (GRI 404-1)

Training and education is an important topic for the Group as it enhances productivity of all employees by equipping them with the necessary skillsets to perform their duties in an everchanging working environment. Training and education helps employees to learn specific knowledge or skills to improve performance in their current roles that brings a greater impact to the Group, which is of utmost importance.

The training process is as follows:

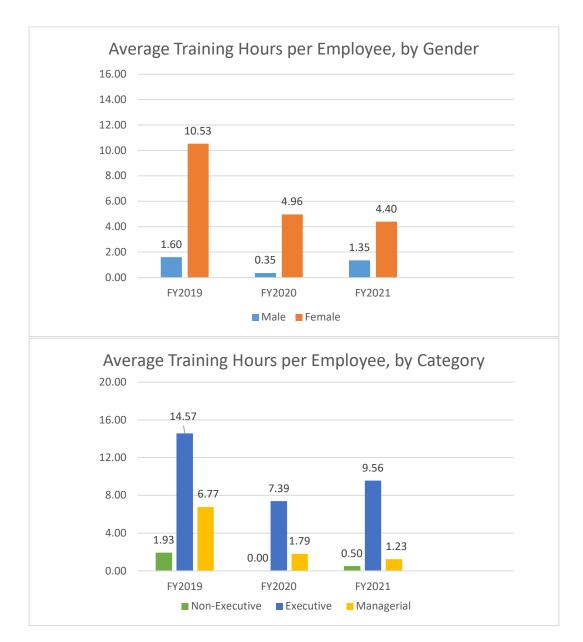


Management will also choose some safety courses which are open to all employees. The Group has been consistently providing all employees with both internal and external training for them to perform their job duties efficiently whenever necessary.

The total training hours provided to employees in the Group can be found in the following graphs below:



Note: Total training hours is inclusive of 360 hours for the biennial fire safety training in FY2018, which explains the spike in training hours in FY2018, and one-off training of 80 hours for handling waste and effluents for the OSHA officer.



The Group recorded 220 training hours in FY2021, which was higher as compared with the 158 training hours in FY2020, but lower than the 404 training hours in FY2019, primarily due to the ongoing COVID-19 pandemic and Malaysia's various Movement Control Order restrictions and safe distancing measures where some courses were conducted via webinair.

The Group believes that its investment in training for employees will ultimately enhance productivity and enable it to identify and exploit new opportunities in the printing cylinder business and beyond.

Training application forms are provided to employees in order for them to select the training they require. Some examples of training courses offered to employees are as follows:

- a) Financial reporting
- b) ISO 9001:2015
- c) System administration
- d) Occupational safety and health training

After attending training courses, the employee is then advised to conduct a class to share the knowledge and findings with other employees. Induction training is provided for new employees to understand topics such as the Group's processes and work flow, their individual job scope and safety procedures.

Engineers were also hired from countries such as Thailand, Singapore and USA to provide training and share experiences and research and development knowledge on the equipment with other employees. Due to the COVID-19 pandemic, the company did not hire such engineers in FY2021.

The average hours of training per employee of 2.32 hours for FY2021, exceeding the target of 1.80 hours. For FY2022, the Company aims to achieve a target of 2.50 hours of training per employee as the COVID-19 situation improves.

	FY2019	FY2020	FY2021	FY2022 Target
Average hours of training per	4.75	1.65	2.32	2.50
employee for the year				

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The board of directors (the "**Board**" or "**Directors**") and the management ("**Management**") of Fuji Offset Plates Manufacturing Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance and are committed to ensuring the practices recommended in the revised Code of Corporate Governance 2018 (the "**Code**") are practised throughout the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment that will maximise long term shareholders' value and protect the interests of shareholders.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2021 ("**FY2021**"), with specific reference made to the principles and the provisions of the Code and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Company has complied with the principles and provisions as set out in the Code and the Practice Guideline during FY2021, where applicable. In areas where the Company's practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principles of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

## I. BOARD MATTERS

## PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

## Provision 1.1

## Board's Role and Duties

The Company is headed by an effective Board to lead and control its operations and affairs. The key responsibilities of the Board include charting and reviewing the Group's overall business strategy, supervising Management of the Company and reviewing the Group's financial performance and managerial performance while considering sustainability issues as part of its strategic formulation.

In addition, the Board is entrusted with the following responsibilities for the overall Management and corporate governance of the Group including:-

- (a) provide entrepreneurial leadership, set strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
- (b) ensure that the necessary financial and human resources are in place for the Company to meet its strategic objectives;
- (c) Establish and maintain a framework of prudent and effective controls which enables risks to be assessed and managed, and to achieve an appropriate balance between risks and company performance;
- (d) constructively challenge Management and review Management's performance;
- (e) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- (f) set the Company's values and standards (including ethical standards), and ensure that the obligations to shareholders and other stakeholders are understood and met; and
- (g) ensure transparency and accountability to key stakeholder group and consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

#### **Code of Business Conduct and Ethics**

The Company strives to uphold the highest levels of business conduct and integrity in all transactions and interactions. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold Management accountable for performance.

The Board has thus put in place a Code of Business Conduct and Ethics which serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount. The Company is also committed to ensuring that its affairs are conducted with the highest standard of probity and in compliance with the law.

#### **Conflicts of Interest**

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and shall in any event recuse himself or herself from the decision-making.

Pursuant to Section 156 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), each Director is to declare to the Company his or her interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions ("**IPTs**").

#### Provision 1.2

#### Director Competencies

All Directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors).

While the duties imposed by law are the same for all Directors, a listed Board will generally have different classes of directors with different roles:

- Executive Directors are usually members of Management who are involved in the day-to-day running of the business. Executive Directors are expected to:
  - (a) provide insights on the Company's day-to-day operations, as appropriate;
  - (b) provide Management's views without undermining Management accountability to the Board; and
  - (c) collaborate closely with Non-Executive Directors for the long-term success of the Company.
- Non-Executive Directors are not part of Management. They are not employees of the Company and do not participate in the Company's day-to-day management. Non-Executive Directors are expected to:
  - (a) be familiar with the business and stay informed of the activities of the Company;
  - (b) constructively challenge Management and help develop proposals on strategy;

- (c) review the performance of Management in meeting agreed goals and objectives; and
- (d) participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel ("**KMP**") generally.
- Independent Directors are Non-Executive Directors who are deemed independent by the Board. Independent Directors have the duties of the Non-Executive Directors, and additionally provide an independent, and objective advice and insights to the Board and Management.

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

#### Appointment Letter

Upon appointment of each Director, the Company shall provide a formal letter of appointment to the Director, setting out the Director's the roles, obligations, duties and responsibilities, and the expectations of their contribution to the Company as a member of the Board.

#### **Continuous Training and Development of Directors**

The Company does not have a formal training program for the Directors but all incoming Directors will undergo a comprehensive and tailored induction on joining the Board. This includes his or her duties as a Director and how to discharge those duties, and an orientation programme to ensure that they are familiar with the Company's business and governance practices. To get a better understanding of the Group's businesses, the Directors will also be given the opportunity to meet with Management.

The Company will also arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a Director of a listed company and in areas such as accounting, legal and industryspecific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.

The Company encourages existing Directors to attend training courses organised by the Singapore Institute of Directors ("**SID**") or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public-listed company in Singapore, and such training will be funded by the Company.

All Directors are provided with regular briefings from time to time on changes in the relevant laws and regulations in relation to accounting standards, Catalist Rules, corporate governance and other regulations or statutory requirements. In FY2021, the Directors were briefed by external auditors on changes in accounting standards and other regulatory updates.

## Seminars and Trainings attended by Directors in FY2021

The details of updates provided to the Directors in FY2021 include developments in financial reporting and governance standards, where relevant, by the external auditors of the Company to the Audit Committee (the "**AC**") and the Board. The Directors did not attend other courses in FY2021.

## Provision 1.3

## Internal Guidelines on Matters Requiring Board Approval

The Board has adopted internal guidelines on matters which specifically require the Board's decision or approval, which has been clearly communicated to Management, including but not limited to the following:

- (a) appointment of Directors and key management (as recommended by the Nominating Committee (the "NC") and the remuneration packages of Directors and key management (as recommended by the Remuneration Committee (the "RC"));
- (b) any matters relating to general meetings, Board and Board committees;
- (c) material transactions, including investment in and disposal of securities, investment properties, subsidiaries, associates and property development companies;
- (d) operation of banking accounts, credit facilities, bank deposits and provision of corporate guarantees;
- (e) provision, capitalization, and denomination of loans to subsidiaries, associates and property development companies;
- (f) approval of announcements released via SGXNet, including financial results announcements and IPTs;
- (g) approval of annual and interim reports, financial statements, Directors' statement and annual report;
- (h) dividend matters; and
- (i) any matters relating to general meetings, Board and Board committees.

## Provision 1.4

## Delegation of Authority to Board Committees

To assist the Board in the execution of its responsibilities and to provide independent oversight of Management, the Board has established a number of Board committees, namely the AC, NC and RC (collectively, the "**Board Committees**"). Each of the Board Committees function within clearly defined terms of references and operating procedures endorsed by the Board, which are reviewed from time to time, along with the committee structures and membership, to ensure their continued relevance, taking into consideration the changes in the governance and legal environment. The Board Committees will also review their terms of reference from time to time to ensure their continued relevance and the effectiveness of each Board Committee is also constantly reviewed by the Board. The composition and description of each Board Committee are set out in this report. Any change to the terms of reference for any Board Committee requires the specific written approval of the Board. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised for alignment with the Code.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board Committees report its activities regularly to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The Board Committees have explicit authority to investigate any matter within their terms of reference, have full access to and co-operation by Management, have resources to enable them to discharge their functions properly and full discretion to invite any Director or senior management to attend their meetings.

## Provision 1.5

#### Meetings of Board and Board Committees

The schedule of all the Board and Board Committees meetings as well as the annual general meeting ("**AGM**") of the Company for the next calendar year is planned well in advance. The Board meets at least twice a year. Ad-hoc and/or non-scheduled Board and/or Board Committees meetings may be convened to deliberate on urgent substantial matters. In addition to the scheduled meetings, the Board would have informal discussions on corporate events and/or actions, which would then be formally confirmed and approved by circulating resolutions in writing. The Board members also communicate frequently with Management to discuss the business operations of the Group.

Article 118 of the Company's Constitution allows Board meetings to be conducted by means of conference telephone, videoconferencing, audio visual, or other similar communication by means of which all persons participating in the meeting can hear one another. Decisions of the Board and Board Committees may also be obtained through circular resolutions.

The attendance of the Directors at the Board and Board Committees meetings and AGM held in FY2021 is set out in the table below:

Name of	Во	ard		ıdit nittee	Nominating	Committee		eration nittee	AGM
Directors	No. of meetings held	No. of meetings attended	No. of meetings attended						
Teo Kee Bock	2	2	NA	NA	NA	NA	NA	NA	1
Teo Kee Chong	2	2	NA	NA	NA	NA	NA	NA	1
Tan Keh Eyo	2	2	2	2	1	1	1	1	1
Low Beng Tin	2	2	2	2	1	1	1	1	1
Lai Mun Onn	2	2	2	2	1	1	1	1	1

"NA" denotes "not applicable" as he is not a member of the respective Board Committees

#### Multiple Board Representations

All Directors are required to declare their board representations on an annual basis and as soon as practicable after the relevant facts have come to his or her knowledge. When a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has adequately carried out his or her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC has reviewed all of the declaration from the Directors and evaluated the competing time commitments faced by Directors serving on multiple boards during FY2021, and is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given to the affairs of the Company, after taking into consideration each of the Directors' number of listed company board representations and other principal commitments in FY2021. In view of this, the NC and the Board were of the view that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, and believes that it would not be necessary to put a maximum limit on the number of listed company board representations that each individual Director may hold. The Board and the NC will review the requirement to determine the maximum number of listed company board representations as and when they deem fit.

## Provision 1.6

## Access to Information

All Directors have unrestricted access to the Company's records and information. From time to time, they are provided with complete, adequate and timely information, on an on-going basis, in order for the Directors to discharge their duties efficiently and effectively.

Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board meetings. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting.

The Board receive half-yearly financial management reports, annual budgets and explanation pertaining to the operational and financial performance of the Group, including updates on the Group's financial performance and position, cash flow position and operational performance of the Group's assets as well as quarterly management reports on the Group's receivables position. In respect of annual budgets, any material variance between the projections and actual results should also be disclosed and explained.

The Board will also be updated on the industry trends and developments surrounding the Group's various business segments to enable them to oversee the Group's operational and financial performance as well as risks faced by the Group.

## Provision 1.7

#### Access to Management and Company Secretary

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

The Directors are also entitled to request for additional information and Management shall provide them on a timely basis. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. The Company Secretary and/or her representatives attends all meetings of the Board and Board Committees. The Company Secretary prepares the minutes after each meeting and ensures that good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The Company Secretary also facilitates the orientation of the Board and Management and assists with professional development as and when required. The appointment and removal of the Company Secretary is decided by the Board as a whole.

## Access to Independent Professional Advice

Should Directors, whether as a group or individually, require independent professional advice in furtherance of their duties and responsibilities, the cost of such professional advice will be borne by the Company.

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

## Provision 2.1

#### Independence of Directors

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules of the SGX-ST. The Board considers an "independent" Director as one who 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 judgment with a view to the best interests of the Company.

The NC is responsible for reviewing the independence of each of the Independent Directors according to the Code and Rule 406(3)(d) of the Catalist Rules of the SGX-ST. The NC shall conduct the review annually and shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its finding and recommendations to the Board for approval.

For FY2021, the Independent Directors have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules of the SGX-ST. The Independent Directors did not own shares of the Company and were not in foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

## Duration of Independent Directors' Tenure

As at the date of this report, Mr Tan Keh Eyo has served on the Board beyond nine (9) years since the date of his first appointment. The NC and the Board have conducted rigorous review and consider all nature of relationships and circumstances that could influence the judgement and decisions of Mr Tan Keh Eyo before tabling its finding and recommendations to the Board for approval.

The Board concurred with the NC's view that Mr Tan Keh Eyo has demonstrated strong independence character and judgement in the Board and Board Committees meetings over the years, in discharging his duties and responsibilities as Independent Director with the utmost commitment in upholding the interest of non-controlling shareholders. In addition, he does not hold any shares in the Company, receives only a fixed Director's fee from the Company and does not have any relationships that could interfere with the exercise of his independent business judgement in the best interest of the Company. Mr Tan Kah Eyo has displayed characteristics expected of an Independent Director.

Taking into account of the above, the Board has affirmed Mr Tan Keh Eyo's independence status and resolved that he continues to be considered Independent Director, notwithstanding he has served on the Board beyond nine (9) years from the date of his first appointment.

## Provision 2.2

#### **Proportion of Independent Directors**

During FY2021, the Board consists of two (2) Executive Directors and three (3) Independent Directors.

In view of the Chairman of the Board is an Executive Director, the Company has complied with and ensured that a majority of the Board, three (3) out of five (5) Directors on the Board are Independent Directors.

## Provision 2.3

#### **Proportion of Non-Executive Directors**

A majority of three (3) out of five (5) Directors on the Board are Non-Executive Directors.

## Provision 2.4

#### Composition and Size of the Board

As at the date of this report, the Board comprises the following five (5) Directors, two (2) of whom are Executive Directors and three (3) of whom are Independent Directors:

#### Executive Director

Teo Kee Bock	-	Executive Director
Teo Kee Chong	-	Executive Director

#### Non-Executive Directors

Tan Keh Eyo	-	Lead Independent Director
Lai Mun Onn	-	Independent Director
Low Beng Tin	-	Independent Director

The NC is responsible for examining the composition and size of the Board and Board Committees to determine the impact of the composition and size on its effectiveness and deciding on what is considered as an appropriate composition and size for the Board and Board Committees to facilitate the effectiveness of the decision making.

The Board, in concurrence with the NC, is satisfied that the existing composition and size of the Board and Board Committees effectively serve the Group, taking into account the size, scope and nature of the operations of the Group.

#### **Board Diversity**

The Company's policy on Board diversity is primarily to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making. Each Director has been appointed based on his or her skills, experience and knowledge, and is expected to bring forth his or her experience and expertise to the Board for the continuous development of the Group.

All Directors possess the right core competencies and diversity of experience that enable them to effectively contribute to the Board. Their varied experiences are particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and shareholders.

The NC is of the view that the current Board comprises members with diverse competencies, experience and skills that match the demands of the Group. The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning, legal knowledge and customer-based experience and knowledge.

## Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge Management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by Management to achieve set objectives.

The Directors, in particular the Non-Executive Directors, are kept informed of the Company's business and affairs as well as about the industry in which the Company operates in. This knowledge is essential for the Directors to engage in informed and constructive discussions. To ensure that Non-Executive Directors are well supported by accurate, complete and timely information, Non-Executive Directors have unrestricted access to Management. Besides receiving regular Board briefings on latest market developments and trends, and key business initiatives, periodic information papers, industry and market reports, the Non-Executive Directors are regularly briefed by Management on major decisions and prospective business deals.

## Provision 2.5

## Meetings of Independent Directors with Management

Although all Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, fully discussed and rigorously examined, assessing the performance of Management in meeting the agreed goals and objectives, as well as monitoring the reporting of performance.

The Independent Directors are encouraged to meet regularly without the presence of Management, so as to facilitate a more effective check on Management. During FY2021, the Independent Directors have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of Directors and KMP. Thereafter, the Chairman of such meeting will provide feedback to the Board and/or Chairman of the Company as appropriate.

## PRINCIPLE 3: CHAIRMAN AND MANAGING DIRECTOR

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

## Provision 3.1

## Separation of the Roles of Chairman and Managing Director

The Chairman of the Board and the Managing Director ("**MD**") should in principle be separate persons to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and Management responsible for managing the Group's business operations. Mr Teo Kee Bock is the Executive Chairman and Mr Teo Kee Chong is the MD of the Company. Both of them are Executive Directors of the Company and are siblings.

Notwithstanding the above, there is a clear division of responsibilities between the leadership of Chairman and MD.

## Provision 3.2

## Role of Chairman and MD

As the Chairman of the Company, Mr Teo Kee Bock is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management, effective communication with shareholders and leads the Board to ensure its effectiveness on all aspects of its role. In addition, Mr Teo Kee Bock also encourages constructive relations among the Directors and the Board's interaction with Management, as well as facilitates effective contribution of Non-Executive Directors. At the same time, Mr Teo Kee Bock is also involved with providing the strategic direction of the Group, business development and enhancing ties with the Group's customers and business associates.

Responsibilities of Mr Teo Kee Bock as the Chairman in respect of the Board proceedings include:

- in consultation with the MD, schedules meetings, setting the agenda (with the assistance of the Company Secretary and/or her representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (b) ensuring that all agenda items are adequately and openly debated at the Board meetings;
- (c) ensuring that all Directors receive complete, adequate and timely information; and
- (d) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

As the MD of the Company, Mr Teo Kee Chong has full executive responsibilities in the business directions and operational efficiency of the Group. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the MD are discussed and reviewed by the Chairman and the AC and recommended to the Board for its consideration and approval. The performance and remuneration package of the MD is reviewed periodically by the NC and the RC. As each of the AC, NC and RC consist of all Independent Directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

## Provision 3.3

## Lead Independent Director

The Board has a Lead Independent Director, Mr Tan Keh Eyo, to provide leadership in situations where the Executive Chairman, who is not independent, is conflicted. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Independent Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and develop succession plans for the Chairman and MD and help the RC design and assess the Chairman's remuneration.

The Lead Independent Director also makes himself available at all times when shareholders have concerns and for which contact through normal channels of the Chairman, MD or Group Financial Controller have failed to resolve or is inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meeting.

There were no query or request on any matters which requires the Lead Independent Director's attention received in FY2021.

The Company has established a whistle blowing policy where employees may, in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters to the AC through the Company Secretary. Details of the whistle blowing policies and arrangements have been made available to all employees and public at the Company's website. In the policy, the Company ensures that the identity of the whistleblower is kept confidential and the protection of the whistleblower against detrimental or unfair treatment and retaliatory action.

## Independent Director Meetings in Absence of Other Directors

After meeting with shareholders or when there are issues to be discussed, the Lead Independent Director will lead meetings with other Independent Directors, without the presence of other Directors, and provide feedback to the Chairman of the Board after such meetings, if it necessary.

## PRINCIPLE 4: BOARD MEMBERSHIP

# The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

## Provision 4.1

## **Roles and Duties of Nominating Committee**

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

The terms of reference of the NC, which was revised and adopted for alignment with the Code and Catalist Rules of the SGX-ST, sets out its duties and responsibilities. Amongst them, the NC is responsible for:

- (a) regularly and strategically review the structure, size and composition (including the skills, gender, age, qualification, experience and diversity) of the Board and Board Committees;
- (b) regularly review the training and professional development programmes for the Board and its Directors;
- (c) identify and nominate candidates to fill Board vacancies as they occur;
- (d) request nominated candidates to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendation to the Board;
- (e) send the newly-appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;
- (f) recommends the membership of the Board Committees to the Board;
- (g) review the independent status of Non-Executive Directors (in accordance with Catalist Rules 406(3)(d)(i), (ii), and (iii) of the SGX-ST, and the Provision 2.1 of the Code) and that of the alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest;
- (h) develops the performance evaluation framework for the Board, the Board Committees and individual Directors and propose objective performance criteria for the Board, the Board Committees and individual Directors;
- recommend that the Board removes or reappoints a Non-Executive Director at the end of his or her term, and recommend the Directors to be re-elected under the provisions of the Company's Constitution on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;
- (j) review other directorships held by each Director and decide whether or not a Director is able to carry out, and has been adequately carrying out, his or her duties as a Director;
- (k) review and ensure that there is a clear division of responsibilities between the Chairman and MD of the Company in place;
- (I) review the Board with its succession plans for the Board Chairman, Directors, MD and KMP of the Company;
- (m) keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates; and
- (n) undertake such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules of the SGX-ST (where applicable).

## Provision 4.2

## Nominating Committee Composition

As at the date of this report, the NC comprises the following three (3) members, all of whom, including the NC Chairman, are Independent Directors and Lead Independent Director is a member of the NC:

Low Beng Tin	Chairman
Lai Mun Onn	Member
Tan Keh Eyo	Member

## Provision 4.3

#### Nomination and Selection of Directors

In the event of a vacancy arising pursuant to an expansion of the Board or such other circumstances as they may occur, or where it is considered that the Board will benefit from the services of a new Director with particular skills, the NC will, in consultation with the Board, determine the selection criteria and select candidates based on their experience and expertise for the position.

The NC may approach relevant institutions, e.g. SID, search consultants or via open advertisements to search for suitable candidates. The search for suitable candidates may also draw from the contacts and network of the existing Directors and Management. Thereafter, the NC will identify candidates by conducting formal interviews with shortlisted candidates to assess their suitability and ensure that the candidates meet the criteria and expectations. After the selection process, the NC will make the necessary recommendation to the Board for approval. New Directors will be appointed after the NC makes the necessary recommendation to the Board for approval.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy.

#### **Re-election of Directors**

Pursuant to the Company's Constitution, all Directors must submit themselves for re-election at least once every three (3) years. In accordance with Article 106 of the Company's Constitution, one-third of the Directors, or if their number is not in a multiple of three (3), the number nearest to but not less than one-third, shall retire from office at every AGM. In addition, Article 90 of the Company's Constitution provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

In this respect, the Board has accepted the NC's nomination for re-election of the following Directors, who will be retiring pursuant to Article 106 of the Company's Constitution of the SGX-ST at the forthcoming AGM of the Company:

- (a) Mr Teo Kee Chong (retiring under Article 106 of the Company's Constitution); and
- (b) Mr Tan Keh Eyo (retiring under Article 106 of the Company's Constitution.

Mr Teo Kee Chong has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as MD of the Company.

Mr Tan Keh Eyo has given his consent for re-election and he will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, Chairman of the AC and a member of the RC and NC.

In making the recommendation, the NC has considered the Directors' overall contributions and performance. Mr Tan Keh Eyo, a member of the NC, shall abstain from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his performance or re-election as a 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 of the Catalist Rules is disclosed on pages 64 to 67 of this Annual Report.

## Alternate Director

During FY2021, there were no alternate Director on the Board.

## Provision 4.4

## **Continuous Review of Directors' Independence**

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

The NC reviews the independence of each Director annually in accordance with the definition of independence in the Code, Practice Guidance and Rule 406(3)(d) of the Catalist Rules of the SGX-ST. Each Independent Director has submitted their confirmation of independence for the NC's review on an annual basis. For FY2021, the NC has reviewed and confirmed the independence of the Independent Directors of the Company, namely Mr Tan Keh Eyo, Mr Low Beng Tin and Mr Lai Mun Onn, and the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules of the SGX-ST and any other salient factors.

## Provision 4.5

## **Directors' Time Commitments**

In addition to the current procedures for the review of the attendance records and analysis of directorships, a policy has also been put in place for Directors to notify the Board of any changes in their external appointments. This would allow the Director to review his or her time commitments with the proposed new appointment and in the case of an Independent Director, to also ensure that his or her independence would not be affected.

Fuji Offset Plates Manufacturing Ltd and its subsidiaries

## **CORPORATE GOVERNANCE**

Name of Director	Date of last re-election/ appointment	Nature of appointment	Functions/ Board Committee served	Academic and professional qualifications	Directorships or Chairmanships both present in other listed companies and other principal commitments
Teo Kee Bock	26 June 2020	Executive	Executive Chairman	None	Other Principal Commitment Apricot Capital Pte. Ltd. Present Directorship None
Teo Kee Chong	26 June 2020	Executive	MD	None	<u>Other Principal</u> <u>Commitment</u> Regent Printing (Singapore) Pte Ltd <u>Present Directorship</u> None
Tan Keh Eyo	29 April 2021	Non- Executive and Lead Independent	Chairman, AC Member, NC and RC	Bachelor of     Commerce	<u>Other Principal</u> <u>Commitment</u> None <u>Present Directorship</u> None
Lai Mun Onn	29 April 2021	Non- Executive and Independent	Chairman, RC Member, AC and NC	<ul> <li>Bachelor of Laws</li> <li>Barrister-at-Law</li> </ul>	Other Principal         Commitment         Managing Partner of Lai         Mun Onn & Co         Club President of The         Keppel Club         Member of Governing         Council of Singapore         Golf Association         Present Directorships         Koh Brothers Group         Limited
Low Beng Tin	29 April 2021	Non- Executive and Independent	Chairman, NC Member, AC and RC	<ul> <li>Diploma in Electrical Engineering</li> <li>Diploma in Management Studies</li> <li>Masters in Business Administration (Chinese Programme)</li> </ul>	Other Principal Commitment None Present Directorships CosmoSteel Holdings Limited Lian Beng Group Ltd JP Nelson Holdings (Caymen Islands)

Information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options in the Company and its related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Statement on pages 68 to 69 of this Annual Report.

## PRINCIPLE 5: BOARD PERFORMANCE

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

## Provisions 5.1 and 5.2

## Performance Criteria

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his or her special contributions, brings the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has been tasked to assist the Board to develop a performance evaluation framework for the Board, Board Committees and individual Directors, proposed performance criteria and assist in the conduct of the evaluation, analyses the findings and reports the results to the Board.

The NC, together with the Board, has established a formal process setting out the performance criteria for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board to align with the applicable principles and provisions set out in the Code.

The assessment parameters for each Director include his or her knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors.

On an annual basis, all the Directors are required to complete the following:

- Board Performance Evaluation Questionnaire;
- AC Performance Evaluation Questionnaire;
- NC Performance Evaluation Questionnaire;
- RC Performance Evaluation Questionnaire; and
- Individual Director Self-Assessment Form.

For FY2021, the NC conducted a formal review of the performance evaluation of the Board, Board Committees and individual Directors, by way of circulating the questionnaires to the Board and Board Committees and self-assessment form to each individual Director for completion. The summary of findings of each evaluation together with the feedback and recommendations from the Board, Board Committees and each individual Director had been discussed and reviewed by the NC.

The NC recommends that, for the Board's approval, the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board.

## Board Evaluation Process

The evaluation serves to assess the effectiveness of the Board as a whole on the following parameters:

- (a) Board composition;
- (b) Board conduct of affairs;
- (c) Internal controls and risk management;
- (d) Board accountability;
- (e) MD; and
- (f) Standards of conduct.

Based on the summary of findings of the evaluation for FY2021 together with the feedback and recommendations from each Director, the NC is satisfied that the Board as a whole had met its performance objective in FY2021.

## Board Committees Evaluation Process

The evaluation serves to assess the effectiveness of the Board Committees on the following parameters:

## Audit Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Financial reporting;
- (e) Risk management and internal control systems;
- (f) Internal audit process;
- (g) External audit process;
- (h) Compliance;
- (i) Anti-fraud;
- (j) Whistle-blowing;
- (k) IPTs and related party transactions;
- (I) Reporting;
- (m) Standards of conduct; and
- (n) Communication with shareholders.

## Nominating Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Reporting;
- (e) Process for selection and appointment of new Directors;
- (f) Board diversity;
- (g) Nomination of Directors for re-election;
- (h) Independence of Directors;
- (i) Board performance evaluation;
- (j) Succession planning;
- (k) Multiple Board Representations;
- (I) Chairman and MD;
- (m) Standards of conduct; and
- (n) Communication with shareholders.

## Remuneration Committee

- (a) Membership and appointments;
- (b) Meetings;
- (c) Training and resources;
- (d) Remuneration framework;
- (e) Reporting;
- (f) Standards of conduct; and
- (g) Communication with shareholders.

Based on the summary of the evaluation for FY2021 together with the feedback and recommendations from members of the respective Board Committees, the NC is satisfied that each of the Board Committees had met its performance objective in FY2021.

The primary objective of the Board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the Board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

The NC has, without the engagement of external facilitator, assessed the Board and Board Committees overall performance to-date and is of the view that the performance of the Board as a whole and Board Committees were satisfactory.

## Individual Directors Evaluation Process

The evaluation serves to assess the effectiveness of each of the individual Directors on the following parameters:

- (a) Attendance at Board and related activities;
- (b) Adequacy of preparation for Board meetings;
- (c) Contribution;
- (d) Initiative;
- (e) Knowledge of the senior management's job scope;
- (f) Knowledge of the Company's business;
- (g) Participation in constructive debate/discussion;
- (h) Maintenance of independence;
- (i) Disclosure of IPTs; and
- (j) Declaration of conflicts of interest.

Based on the summary of the evaluation for FY2021 together with the feedback and recommendations from the respective individual Directors, the NC is satisfied that each of the individual Directors had met its performance objective in FY2021.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM of the Company, and in determining whether Directors with multiple board representations are able to and have adequately discharged their duties as Directors of the Company.

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

## II. REMUNERATION MATTERS

## PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

## Provision 6.1

#### **Roles and Duties of Remuneration Committee**

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

The terms of reference of the RC, which was revised and adopted for alignment with the Code and Catalist Rules of the SGX-ST, sets out its duties and responsibilities. Amongst them, the RC is responsible for:

- (a) determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
- (b) ensure that the level and structure of remuneration of the Board and KMP are appropriate and proportionate to the sustained performance and value creation of the Company;
- (c) set the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and KMP;
- (d) recommend proposed Non-Executive Directors' fees for shareholders' approval;
- (e) monitor the level and structure of remuneration for KMP relative to the internal and external peers and competitors;
- (f) review and make recommendations to the Board on the specific remuneration packages for each Director as well as for KMP;
- (g) ensure that the remuneration of the Non-Executive Directors is appropriate to the level of contribution;
- (h) review the remuneration of employees related to the Directors, MD or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- review the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, sharebased incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
- (j) obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants;
- (k) oversee any major changes in employee benefits or remuneration structures;
- (I) review the design of all long-term and short-term incentive schemes for approval by the Board and shareholders;
- (m) ensure that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;
- (n) set performance measures and determine targets for any performance-related pay schemes operated by the Company;
- (o) ensure that a significant and appropriate proportion of Executive Directors' and KMP remuneration is structured so as to link rewards to corporate and individual performance;
- (p) work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
- (q) undertake such other functions and duties as may be required by the Board under the Code, statute or the Catalist Rules of the SGX-ST (where applicable).

## Provision 6.2

#### Remuneration Committee Composition

As at the date of this report, the RC comprises the following three (3) members, all of whom, including the RC Chairman, are Independent Non-Executive Directors:

Lai Mun Onn	Chairman
Low Beng Tin	Member
Tan Keh Eyo	Member

## Provision 6.3

#### Remuneration Packages and Framework

The RC reviews and recommends a framework to the Board and the remuneration packages or policies for the Executive Director/MD and the KMP based on the performance of the Group, the individual Director and the KMP. No Director individually decides or is involved in the determination of his or her own remuneration. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreement entered into with the Executive Director and KMP that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

## Provision 6.4

#### Engagement of Remuneration Consultants

The RC has access to advice from the internal human resource department and, if necessary, the RC may seek advice from external professionals in the field of executive compensation and related matters of which the expenses will be borne by the Company. No external consultant was engaged by the Company in FY2021.

## PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

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

## Provisions 7.1 and 7.3

## Remuneration of Executive Directors and KMPs

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate the Directors and KMP. It also motivates the Directors to provide good stewardship of the company and KMP to successfully manage the Company for the long term. The remuneration packages take into account the performance of the Group, the individual Directors and individual KMP.

The remuneration structure of the Executive Directors and KMP comprises both fixed and variable components. The variable component is linked to the Group/Company's performance as well as the performance of the individual personnel. Such performance-related remuneration is designed to align with the interests of shareholders and other stakeholders and promote long-term success of the Group.

No Director is involved in determining his own remuneration. The remuneration of Mr Teo Kee Bock and Mr Teo Kee Chong, Executive Directors of the Company are governed by their respective service contracts which are subject to renewal every three (3) years. The respective service contracts expired on 30 April 2019 and their respective service contracts had been renewed in FY2019. The RC and the Board has reviewed and approved the service agreements without any changes to the remuneration packages.

Having reviewed and considered the variable components in the remuneration packages of the Executive Directors and KMP, the RC is of the view that the remuneration packages of the Executive Directors and KMP, which include a fixed component and a variable component linked to the Company's performance, is aligned to the interest of shareholders and are not excessive. The variable portion is linked to individual performance, and is dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance.

Apart from the above, the Company does not have any long-term incentives, including share option schemes, nor contractual provisions to reclaim incentive components of remuneration from Executive Directors and KMP as the incentives do not make up a significant percentage of their remuneration.

## Provision 7.2

## **Remuneration of Non-Executive Directors**

The Board comprises three (3) Non-Executive Directors who are independent. The Independent Directors are paid a fixed remuneration appropriate to their level of contribution, taking into account factors such as effort, time spent and their responsibilities. No Director is involved in deciding his or her own remuneration. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The total fees of the Directors is recommended for shareholders' approval at each AGM of the Company. Directors' fees of S\$100,000 for FY2020 had been approved by shareholders at the last AGM of the Company held on 29 April 2021. Directors' fees of S\$100,000 for FY2021 have been recommended by the Board and will be tabled for approval by shareholders at the forthcoming AGM of the Company.

## PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

## Provision 8.1

## Remuneration Criteria

The compensation packages for employees including the Executive Directors and the KMP comprised a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

An annual review of the compensation is carried out by the RC to ensure that the remuneration of the Executive Directors and KMP commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors and MD (together with other KMPs) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

## Disclosure on Fees and Remuneration of Directors and MD

A breakdown showing the level and mix of the remuneration payable to each individual Directors for FY2021 is as follow

Name of Director	Salary <sup>(1)</sup>	Bonus <sup>(1)</sup>	Directors' Fees	Allowance & Other Benefits	Total
	%	%	%	%	%
Below S\$250,000					
Teo Kee Bock	53	5	8	34	100
Teo Kee Chong	57	5	9	29	100
Tan Keh Eyo	-	-	100	-	100
Low Beng Tin	-	-	100	-	100
Lai Mun Onn	-	-	100	-	100

Notes:

<sup>(1)</sup> The salary and bonus shown are inclusive of Singapore Central Provident Fund contributions.

## Disclosure on Remuneration of Key Management Personnel

There are only four (4) KMPs in the Company during the financial year ended 31 December 2021. A breakdown of the remuneration bands payable to the four (4) KMPs (who are not Directors or the MD), including the immediate family members of a Director or the MD exceeding S\$100,000 for FY2021, is as follows:

Name of KMP	Salary <sup>(1)</sup>	Bonus <sup>(1)</sup>	Allowance & Other Benefits	Total
	%	%	%	%
Below S\$250,000				
Adrian Teo Kee Tiong <sup>(2)</sup>	58	7	35	100
Chua Thiam Chye	92	8	-	100
Eddie Teo Kwei Chieh	89	11	-	100
Teo Wei Xian	92	8	-	100

Notes:

- <sup>(1)</sup> The salary and bonus shown are inclusive of Singapore/Malaysia Provident Fund contributions, where applicable
- <sup>(2)</sup> Brother of Mr Teo Kee Bock and Mr Teo Kee Chong, all of whom are the sons of Mdm Ang Kim Ton, substantial shareholder of the Company.

The RC will review the remuneration of the Directors and the KMP from time to time.

Save as disclosed above, the Code recommends that:

- (a) the Company should fully disclose the remuneration of each individual Director and the MD on a named basis;
- (b) the Company should disclose the details of the remuneration of employees who are immediate family members of a Director or the MD, in incremental bands of S\$100,000; and
- (c) the Company should disclose in aggregate the total remuneration paid to the top five (5) KMP (who are not Directors or the MD).

In view of the sensitive and confidential nature of the remuneration packages for Directors and KMP, the Board has decided not to disclose the aforesaid detail as recommended by the Code. The total remuneration of the top four (4) KMP (who are not Directors or the MD), including the immediate family member of a Director or MD, was not disclosed to prevent poaching of KMP.

As the Company is a small and tightly-knit team, such disclosure will be disadvantageous to the Company. The Board is of the view that it is in the best interest of the Company to disclose the remuneration paid to the Directors and KMP in bands of S\$250,000. The aggregate total remuneration paid to the top four (4) KMPs (who are not Directors or the MD) in FY2021 is S\$354,000.

All Directors and KMP are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2021.

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

## Provision 8.2

## Disclosure on Remuneration of Employee related to Directors/MD/Substantial Shareholders

Save as disclosed above, there were no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, the MD or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2021.

## Provision 8.3

## Long-Term Incentive Schemes

The Company had no long-term incentive schemes in place during FY2021.

## III. ACCOUNTABILITY AND AUDIT

## PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

## Provision 9.1

## Nature and Extent of Risks

The Board oversees the company's risk management framework and policies, and ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The Board has determined the Group's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

## Risk Management

The Board has ultimate responsibility for approving the strategy of the Group in addressing shareholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks.

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The Board monitors the Group's risks through the AC, internal and external auditors. Having considered the size and scale of the Group's business operations as well as its existing internal controls and risk management systems, the Board is of the view that a separate risk committee is not required at the moment.

## Internal Controls

The Board acknowledge that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an effective internal control will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material loss or financial misstatement. The Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, the proper accounting records are maintained, and financial information used within the business and for publication is reliable. In designing these controls, the Directors have given regard to the risks to which the businesses are exposed, the likelihood of such risks occurring and the costs of protecting against them.

## Provision 9.2

## Assurance from the MD, Financial Controller and KMPs

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

The Board has received written assurance from the MD and Group Financial Controller that, as at 31 December 2021, the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Board has also received written assurance from the Executive Chairman and MD that the system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place were adequate and effective as at 31 December 2021 to address the risks that the Group considers relevant and material to its business operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, as well as the said assurance set out above, the Board is satisfied and the AC concurs with the Board that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2021 to address the risks that the Group considers relevant and material to its business operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

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

## PRINCIPLE 10: AUDIT COMMITTEE

#### The Board has an Audit Committee which discharges its duties objectively.

#### Provision 10.1

#### Roles and Duties of the AC

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

The terms of reference of the AC, which was revised and adopted for alignment with the Code and Catalist Rules of the SGX-ST, sets out its duties and responsibilities. Amongst them, the AC is responsible for:

- review the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes;
- (b) oversee and review the adequacy and effectiveness of the Company's risk management function;
- (c) overseeing Management in establishing the risk management framework of the Company;
- (d) review and report to the Board at least annually on the adequacy and effectiveness of the Company's risk management and internal controls;
- (e) reviewing the assurance of the MD and Group Financial Controller on the Company's financial records and financial statements;
- (f) review the adequacy, effectiveness, independence, scope and results of the Company's external audit and internal audit function;
- (g) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (h) recommend to the Board the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement;
- (i) ensure that the Company complies with the requisite laws and regulation;
- (j) ensure that the Company has programmes and policies in place to identify and prevent fraud;
- (k) oversee the establishment and operation of the whistleblowing process in the Company;
- (I) review all IPTs and Related Party Transactions; and
- (m) undertake such other functions and duties as may be required by the Board under the Code, statute or Catalist Rules of the SGX-ST (where applicable).

The AC has explicit authority to investigate any matters within its terms of reference. The AC also has full access to, and the co-operation of, Management and full discretion to invite any Director or senior management to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

## Provisions 10.2 and 10.3

## Audit Committee Composition

As at the date of this report, the AC comprises the following three (3) members, all of whom, including the AC Chairman, are Independent Non-Executive Directors:

Tan Keh Eyo	Chairman
Lai Mun Onn	Member
Low Beng Tin	Member

The Board is of the view that the members of the AC are appropriately qualified and possess the recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities. All AC members have many years of experience in accounting, finance and/or legal related expertise and experience.

None of the AC members were previous partners or directors of the Company's existing auditing firms and none of the AC members hold any financial interest in the auditing firms.

## Provision 10.4

## Internal Audit Function

The current size of the operations of the Group does not warrant the Group to have an in-house internal audit function. The Company outsources its internal audit function to an independent assurance services consultancy firm, Virtus Assure Pte. Ltd.. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors report their findings and recommendations primarily to the AC and the AC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC.

The internal auditors will submit their annual audit planning for approval by the AC and report their findings to the AC. In FY2021, the objective of the audit is to examine the adequacy and effectiveness of internal controls over the business and operations management, within reasonable and not absolute assurance, including the i) reliability and integrity of transactions, ii) effectiveness and efficiency of operations, iii) safeguarding of assets and iv) compliance with policies and applicable regulations of the Group's sole manufacturing subsidiary, Fuji Roto Gravure Sdn. Bhd. During the internal audit which was conducted virtually due to the ongoing Covid-19 pandemic and Movement Control Order restrictions in Johor, the internal auditors carried out the review which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors on certain key areas to assess and evaluate:

- (a) whether adequate systems of internal controls are in place;
- (b) whether operations of the business processes under review are conducted efficiently and effectively; and
- (c) internal control improvement opportunities.

The AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls and has evaluated their audit findings and Management's responses to those findings, the effectiveness of material internal controls, including financial, operational, compliance and information technology controls and overall risk management of the Company and the Group for FY2021. The AC is satisfied that the outsourced internal audit function is adequately resourced, effective and independent. The outsourced internal audit function has the appropriate standing within the Group. The AC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to professional standards including those promulgated by The Institute of Internal Auditors.

The annual audits conducted by the internal auditors aim to assess the effectiveness of the Group's internal control procedures and to provide reasonable assurances to the AC and Management that the Group's risk management, controls and governance processes are adequate and effective.

On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function.

## External Audit Function

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services. The AC confirms that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the AC's opinion, affect the independence of the auditors.

Messrs Ernst & Young LLP ("**EY**") was re-appointed as the external auditors on 29 April 2021 until the conclusion of the forthcoming AGM of the Company. Non-audit fees paid to auditors of the Company for FY2021 amounted to \$\$11,000 for tax planning and compliance work. Audit fees paid to auditors of the Company for FY2021 was \$\$65,000.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders' approval at the AGM of the Company.

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2021, the AC has considered the adequacy of the resources, experience and competence of EY, and has taken into account the Audit Quality Indicators relating to EY firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The Board also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by EY and have recommended the nomination of EY for re-appointment as external auditors for the ensuring year be tabled for shareholders' approval at the forthcoming AGM of the Company.

For FY2021, the Company confirms that it has complied with Rule 712 and Rule 716 of the Catalist Rules of the SGX-ST in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent auditors, other than those of the Company.

The Group has appointed different auditors for its overseas subsidiary corporations. The Company's Board and Audit Committee are satisfied that the appointment of different audit firm for IPark, a significant associate of the Group, would not compromise the standard and effectiveness of the audit of the Company as the auditor of the Company is Ernst & Young LLP Singapore and IPark is audited by a member of Ernst & Young in Malaysia for Group reporting purposes.

## Provision 10.5

## Meeting with Internal and External Auditors without the Management

In performing its function, the AC meets with both the internal and external auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audits. The AC also meets regularly with Management, the Group Financial Controller, and external and internal auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. At least once a year and as and when required, the AC meets with the external and internal auditors without the presence of Management, to review any matters that might be raised privately.

The AC had separately met with the internal and external auditors once without the presence of the Management for FY2021.

## Whistle-blowing Policy

The AC has adopted a Whistle-Blowing Policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about possible improprieties in matters of financial reporting or other matters such as the encounter of any improper conduct within the Group. Procedures are in place for the proper follow-up and investigations of such whistle-blowing incidents, as and when they arise. The Group also extended the whistle-blowing policy to members of the public as well by means of the Company's website with effect from July 2016.

The AC oversees the administration of the policy. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up.

The AC did not receive any report during FY2021.

## Audit Committee Activities

In FY2021, the AC had, among others, carried out the following activities:

- (a) reviewed the half-year and full-year financial statements announcements of the Group, and recommended to the Board for approval and release to the SGX-ST via SGXNet;
- (b) reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (c) reviewed IPTs of the Group;
- (d) reviewed and approved the annual audit plan of the external auditors;
- (e) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;
- (f) reviewed the effectiveness of the Group's internal audit function;
- (g) reviewed the audit findings of the internal auditors and Management's responses to those findings;
- (h) reviewed the independence of the external auditors;
- (i) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval; and
- (j) met with the internal and external auditors once without the presence of Management.

## IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

## PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

## Provision 11.1

## Shareholders' Participation in General Meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNet.

In order to provide ample time for the shareholders to review, the notice of AGM, together with the Annual Report 2021, is distributed to all shareholders fourteen (14) days before the scheduled AGM date. Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability.

The Company may consider providing longer notice of meetings, especially when dealing with complex transactions. The Company would also use its best endeavours to avoid scheduling meetings during peak periods.

If a shareholder is not able to attend in person, the shareholder is generally able to appoint one (1) or two (2) proxies to attend and vote in his or her stead at general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirements. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund investors. A proxy need not be a member of the Company.

Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

Shareholders are also informed of the voting procedures prior to the commencement of voting by poll. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

## Provision 11.2

#### Conduct of Resolutions and Voting

The resolutions tabled at the general meetings are on each substantially separate issue, Unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each item in the AGM/Extraordinary General Meeting ("**EGM**") agenda is provided in the explanatory notes to the Notice of AGM/EGM in the annual report.

## Provision 11.3

## Interaction with Shareholders

Directors and Management are encouraged to be present and available at general meetings to address shareholders' queries relating to the Company's business or performance. Management is also encouraged to make a presentation to shareholders to update them on the Company's performance, position and prospects at general meetings. Presentation materials should also be made available on SGXNet and the Company's website for the benefit of shareholders.

The respective Chairperson of the AC, NC and RC are present to assist the Directors in addressing any relevant queries raised by shareholders. The external auditors will also be present at the AGM of the Company to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

In view of the COVID-19 situation, the last AGM of the Company was conducted electronically on 29 April 2021 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements ("Alternative Meeting Arrangements") relating to, inter alia, attendance at the forthcoming AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the forthcoming AGM.

Responses to shareholders' substantial and relevant questions were published on the Company's website and on SGXNet prior to the AGM

During the AGM, Management, as well as the respective Chairperson of the Board, AC, RC and NC were present. The external auditors of the Company was also present at the AGM.

Save for the last AGM of the Company held on 29 April 2021, there were no other general meetings of the Company held during FY2021.

In view of the current COVID-19 situation, the forthcoming AGM of the Company will also be held electronically on 28 April 2022 pursuant to the Alternative Meeting Arrangements for the conduct of the AGM during this period.

The Company will endeavor, as best as it can, to avoid scheduling meetings during periods when the meetings may coincide with those of other companies. As the Company does not have a large shareholder base, it is of the opinion that its present avenue of engaging shareholders is appropriate.

## Provision 11.4

#### Absentia Voting

Voting in absentia, which is currently not permitted under the Company's Constitution, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

## Provision 11.5

## Minutes of General Meetings

The Company prepares minutes of general meetings which incorporate substantial comments and queries from shareholders and responses from the Board and Management. These minutes are made available upon request by shareholders.

In accordance with the Alternative Meeting Arrangements, the minutes of the forthcoming AGM will be published on the Company's website at <u>www.fopgroup.com</u> and via SGXNET within one month from the date of the AGM.

## Provision 11.6

## Dividend Policy

In considering dividend payments, the Company takes into account, amongst other factors, current cash position, future cash requirements, profitability, retained earnings and business outlook. In this regard, the Company does not have a fixed dividend policy as having one will jeopardize the Company in times of adverse changes in market conditions. Nevertheless, it has been making dividend payments of 0.3 Singapore cents per share every year for the last five (5) years. For FY2021, the Company is recommending a first and final one-tier tax-exempt dividend of 0.30 Singapore cents per share subject to shareholders' approval at the forthcoming AGM of the Company.

## PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

## Provision 12.1

#### Communication with Shareholders

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

## Provisions 12.2 and 12.3

#### Investor Relations Policy

The Company and the Board's policy on investor relations is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules of the SGX-ST and the Companies Act. There is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

## **Disclosures of Information**

The Company endeavors to maintain regular and effective communication with shareholders through timely and comprehensive announcements. It has adopted a policy of making all necessary disclosures in public announcements via SGXNet. The annual report is sent to all shareholders on a timely basis and notices of all general meetings are advertised in newspapers and announced via the SGXNet. The Company does not practice selective disclosure of material information.

Communication to shareholders is normally made through:

- (a) annual reports that are prepared and issued to all shareholders;
- (b) annual and half-year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press/media releases.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Outside of the financial announcement periods, when necessary and appropriate, the Non-Executive Chairman and/or the MD will meet all stakeholders, shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

## V. MANAGING STAKEHOLDERS RELATIONSHIPS

## PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

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

## Provisions 13.1 and 13.2

#### Stakeholders' Engagement

The Company and the Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who similarly are able to impact the Group's business and operations. Five (5) stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, shareholders, suppliers, customers, management and employees.

The Company and the Group have undertaken a process to determine the economic, environmental, social and governance issues, which important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Detailed approach to the stakeholder engagement and materiality assessment (including commitments, key areas of focus and activities) can be found in the Sustainability Report on pages 11 to 29 of this Annual Report.

## Provision 13.3

#### Corporate Website

To promote regular, effective and fair communication with shareholders, the Company maintains a current corporate website, www.fopgroup.com, through which shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, profiles of the Group and contact details of the investor relations of the Group.

## VI. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy with regard to transactions with interested persons and has set out procedures for the review and approval of the Group's IPTs to ensure that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The transactions during FY2021, for which the renewed general mandate was approved by shareholders at the AGM of the Company held on 29 April 2021, are provided below:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Adrian Teo Kee Tiong	Brother of Teo Kee Bock and Teo Kee Chong, Directors and substantial shareholders of the Company, and son of Mdm Ang Kim Ton, substantial shareholder of the Company. Fuji Printing Cylinders Pte Ltd, a wholly-owned subsidiary of the Group, Fuji Roto Gravure Sdn.Bhd., where Fuji Printing Cylinders Pte Ltd owns 65% and Adrian Teo Kee Tiong owns 35%. Adrian Teo Kee Tiong is also a director of Fuji Roto Gravure Sdn. Bhd. <b>IPTs</b> Supply of printing cylinders by Fuji Roto Gravure Sdn. Bhd. to Fuji Printing Cylinders Pte Ltd. Provision of technical services by the Group to Fuji Roto Gravure Sdn. Bhd. Lease of premises by Fujiplates Manufacturing Sdn. Bhd. to Fuji Roto Gravure Sdn. Bhd.	Nil	S\$355,635

## VII. MATERIAL CONTRACTS

Save for the service contracts and loan between the Executive Directors and/or the MD and the Company, transactions as disclosed in the "Interested Person Transactions" section above and the Directors' Statement and Financial Statements, there were no material contracts entered into by the Group involving the interests of the Directors or controlling shareholders which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

Subsequent to year-end, the Company rolled over the principal and interest amount of the unsecured loan with Mr David Teo Kee Bock, Executive Chairman and controlling shareholder, totalling \$\$1,040,400 due on 24 February 2022 for a further term of one year from 25 February 2022 to 24 February 2023 at the same interest rate of 2% per annum and on the same terms and conditions.

## VIII. DEALINGS IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules of the SGX-ST in relation to the best practices on dealings in the securities. The Company has established guidelines and a system of controls in monitoring the dealings in its securities by Directors and its officers, by monitoring the monthly shareholders listing to track share transactions by the Directors and its officers.

In addition, the Company has implemented a policy whereby Directors and its officers are prohibited from dealing in the Company' securities during the period commencing one (1) month prior to the release of the half-year and full-year announcements of the Company's financial results and ending on the date of announcement of the relevant results. In addition, Directors and its officers are also discouraged from dealing in the Company's securities on short-term considerations.

## IX. NON-SPONSORHIP FEES

With reference to Rule 1204(21) of the Catalist Rules of the SGX-ST, there was no non-sponsorship fees payable or paid to the Company's Sponsor, Asian Corporate Advisors Pte. Ltd., for FY2021.

The information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

Name of Director	Teo Kee Chong	Tan Keh Eyo
Date of Appointment	18 November 1982	18 November 1997
Date of last re-appointment (if applicable)	26 June 2020	29 April 2021
Age	68	67
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, in accepting NC's recommendation for Mr Teo's re-election, has considered Mr Teo's expertise, past experiences and overall contributions to the Company and Group since he was appointed as the MD of the Company.	Mr Tan has continued to discharge his duties well and contributes positively to the Company and the Group. The Board concurs with NC's view that Mr Tan has demonstrated strong, independent character and judgement at meetings of the Board and Board Committees over the years and discharge his duties and responsibilities as Independent Director with the utmost commitment in upholding the interest of non- controlling shareholders. In addition, Mr Tan does not hold any shares in the Company, receives only a fixed Director's fee from the Company and has no relationships that could interfere with the exercise of his independent business judgement in the best interest of the Company. Mr Tan has displayed characteristics expected of an Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Executive – managing day-to-day operations of the Company and Group	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)	MD	Lead ID Chairman, AC Member, RC and NC
Professional qualifications	NA	Bachelor of Commerce, Nanyang University
Working experience and occupation(s) during the past 10 years	April 1977 – present MD, Regent Printing (Singapore) Private Limited November 1982-present MD, Fuji Offset Plates Manufacturing Ltd	NA
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in 7,884,500 ordinary shares in the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Brother of Teo Kee Bock, Director and substantial shareholder of the Company, son of Mdm Ang Kim Ton, substantial shareholder of the Company. Brother of Adrian Teo Kee Tiong, MD of Fuji Roto Gravure Sdn Bhd, an indirect subsidiary of the Company and father of Teo Wei Xian, Business Development Manager of the Company.	Νο

## Fuji Offset Plates Manufacturing Ltd and its subsidiaries

Name of Director	Teo Kee Chong	Tan Keh Eyo
Conflict of interest (including	No	No
any competing business)		
Undertaking (in the format set	Yes	Yes
out in Appendix 7H) under		
Rule 720(1) has been		
submitted to the listed issuer		
Other Principal Commitmer	ts including Directorships	
Past (for the last 5 years)	NA	Intertrade Goods & Services
Present	1. Regent Printing (Singapore) Private	No
	Limited	
	2. Fuji Printing Cylinders Pte Ltd	
	3. Fujiplates Manufacturing Sdn Bhd	
	4. Fuji Roto Gravure Sdn Bhd	
	5. IPark Development Sdn Bhd	

	nt to Catalist Rules 704(6) and/or 70	04(7)
Name of Director	Teo Kee Chong	Tan Keh Eyo
(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
<ul> <li>(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?</li> </ul>	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

Name of Director	Teo Kee Chong	Tan Keh Eyo
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(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

Name of Director	Teo Kee Chong	Tan Keh Eyo
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	Νο	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	Νο	Νο
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	Νο
(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

## **DIRECTORS' STATEMENT**

The directors present their statement to the members together with the audited consolidated financial statements of Fuji Offset Plates Manufacturing Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

## Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the balance sheet 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 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; 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:

Teo Kee Bock Teo Kee Chong Low Beng Tin Tan Keh Eyo Lai Mun Onn

## 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' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest At the At the		Deemed interest At the At the	
	beginning of	end of	beginning of	end of
	financial year	financial year	financial year	financial year
Company Ordinary shares	·	·	-	-
Teo Kee Bock	13,850,950	13,850,950	151,200	151,200
Teo Kee Chong	7,884,500	7,884,500	_	_

## DIRECTORS' STATEMENT

## Directors' interest in shares or debentures (cont'd)

By virtue of Section 7 of the Act, Messrs Teo Kee Bock and Teo Kee Chong are deemed to have interests in the subsidiaries of Fuji Offset Plates Manufacturing Ltd, at the beginning and at the end of the financial year.

There were no changes in any of the other above-mentioned interests in the Company between the end of the financial year and 21 January 2022.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

As disclosed in Note 26 of the accompanying financial statements, the Company and its related corporations have, in the normal course of business, entered into various transactions with one director, and a company in which a director has substantial financial interests. However, the directors have neither received nor become entitled to receive any benefit arising out of these transactions other than those to which they are ordinarily entitled to as shareholders of these companies.

## Options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

## Audit Committee

The Audit Committee (the "AC") comprises three members, all of whom are non-executive directors. All of its members, including the Chairman, are independent.

The AC met as necessary and carried out its functions in accordance with Section 201B (5) of the Companies Act 1967, including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and reviewed the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external auditors;
- Reviewed the half yearly announcement and annual financial statements and the auditors' report on the annual financial statements before submission to the board of directors;
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;

## DIRECTORS' STATEMENT

## Audit Committee (cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and independence and objectivity of the external auditors; and
- Recommends to the board of directors the external auditors to be nominated and reviewed the scope and results of the audit.

The Board of Directors with the concurrence of the Audit Committee is of the opinion that the system of internal controls in place are adequate in meeting the current scope of the Group's business operations. The Group's internal controls (including financial, operational, compliance, information technology risk) and risk management systems are adequate and effective.

Further information regarding the AC is disclosed in the Report on Corporate Governance.

## Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Teo Kee Chong Director

Teo Kee Bock Director

Singapore 7 April 2022

### Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Fuji Offset Plates Manufacturing Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

#### Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

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

#### Key Audit Matters (cont'd)

### Investment in Star City Property Development Co Ltd

As at 31 December 2021, the Group has equity interest in and a loan made to Star City Property Development Co Ltd, a property developer that has invested in a land plot in Cambodia (the "investee"). The carrying amounts of these investments as at 31 December 2021 are \$1,046,000 and \$6,135,000 respectively, representing collectively 22% of the Group's total assets.

The Group is required to measure its equity interest in the investee at fair value through other comprehensive income and the fair value on the loan made to the investee that is carried at fair value through profit and loss ("FVTPL") as at year end. These measurements and assessments are primarily based on management's considerations of the marketability and valuation of the investee's land plot that is performed by an external valuation specialist and the net assets value of the investee is based on management's assessment of the changes in market and economic conditions. We determined these assessments to be a key audit matter due to the magnitude of the investments and the significant management judgements required.

As part of the audit, amongst others, we obtained an understanding of management's basis, approach and sources of information for determining the fair value of the equity interest and the loan made to the investee. We assessed the objectivity and competence of the external valuation specialist who performed the valuation. We involved our internal valuation specialist to assist us in assessing the appropriateness of the valuation model, assumptions and market data such as recent prices of comparable transactions used by the external valuation specialist. We evaluated management's assessment of the marketability of the investee's land plot by corroborating against our understanding and observations of the relevant property market, recent comparable transactions and economic outlook in Cambodia, taking into consideration the continued uncertainty brought on by the COVID-19 pandemic. We also assessed the adequacy of the disclosures relating to these investments in Notes 13, 16 and 28 to the financial statements.

#### Investment in an associate

As at 31 December 2021, the Group has 20% equity interest in and a loan made to an associate company, IPark Development Sdn Bhd, a private company in Malaysia that is engaged in property development (the "associate"). The carrying amounts of these investments as at 31 December 2021 are \$10,172,000 and \$3,701,000 respectively and represent collectively 42% of the Group's total assets.

#### Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

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

#### Key Audit Matters (cont'd)

### Investment in an associate (cont'd)

The Group is required to assess whether there is any objective evidence that its investment in the associate is impaired and the amount of expected credit loss on the loan made to the associate that is carried at amortised cost as at year end. These assessments are primarily based on management's considerations and analyses of the historical and expected operating and financial performance of the associate's property development activities, as well as the prevailing market conditions and economic outlook that may impact the profitability of the development. Based on its assessments, management has concluded that there was no objective evidence of impairment or material expected credit loss allowance in respect of the investments in the associate as at 31 December 2021. We determined these assessments to be a key audit matter due to the magnitude of the investments and the significant management judgements required.

As part of the audit, amongst others, we obtained an understanding of management's basis, approach and sources of information for determining whether there is any objective evidence of impairment, whether there has been significant increase in the loan's credit risk since initial recognition, and whether the expected credit loss is material to the financial statements. We had discussions with the development project manager to obtain an understanding of the development progress. We obtained the latest property development costs budget prepared by the third-party developer who is the major investor and evaluated the budget by corroborating key budgeted items to supporting agreements. We reviewed the associate's sales performance reports and projections by discussing with the project sales manager and comparing them against recent transacted sales prices of the development as well as historical sales and margins trends. We considered management's assessment of the prevailing and expected economic conditions including the relevant business and property market outlook and industry default rates indicated from external information sources, while taking into consideration the specific circumstances of the property development activities and the business implications from the COVID-19 pandemic. We also assessed the adequacy of the disclosures relating to the investment in associate in Notes 12 and 16 to the financial statements.

#### Other Information

Management is responsible for 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.

### Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

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

#### **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

### Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

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

#### 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 relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

### **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 Tan Boon Leong.

Ernst & Young LLP

Public Accountants and Chartered Accountants Singapore

7 April 2022

## Consolidated Statement of Comprehensive Income For the financial year ended 31 December 2021

	Note	<b>2021</b> \$'000	<b>2020</b> \$'000
<b>Revenue</b> Cost of sales	4	4,053 (2,982)	4,017 (2,896)
Gross profit	-	1,071	1,121
Other income Distribution expenses Administrative expenses Other operating expenses		755 (235) (1,835) -	615 (243) (1,858) (89)
Loss from operating activities	-	(244)	(454)
Finance income (net) Share of results of associate (net of tax)	5	85 1,109	123 1,247
Profit before tax Income tax (expense)/credit	7 6	950 (74)	916 116
Profit for the year	_	876	1,032
Other comprehensive income Item that will not be reclassified to profit or loss: Fair value loss on equity instrument, at FVOCI Item that may be reclassified subsequently to profit or loss: Foreign currency translation (loss)/gain		(240) (370)	(25) 34
Other comprehensive (loss)/income for the year, net of tax		(610)	9
Total comprehensive income for the year	=	266	1,041
<b>Profit for the year attributable to:</b> Owners of the Company Non-controlling interests	_	937 (61)	1,075 (43)
Profit for the year	=	876	1,032
Total comprehensive income attributable to: Owners of the Company Non-controlling interests	-	384 (118)	1,079 (38)
Total comprehensive income for the year	=	266	1,041
Earnings per share attributable to owners of the Company Basic and diluted (cents per share)	24 =	1.88	2.15

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

## Balance Sheets As at 31 December 2021

	Note	Group		e Group Com			npany	
		2021	2020	2021	2020			
		\$'000	\$'000	\$'000	\$'000			
Non-current assets								
Property, plant and equipment	8	3,680	4,237	94	140			
Intangible assets	9	3	15	-	—			
Investment properties	10	1,749	1,808	_	_			
Investment in subsidiaries	11	_	-	7,809	7,809			
Right-of-use assets	14	658	737	237	297			
Investment in an associate	12	10,172	9,562	-	_			
Long-term loan due from associate	16	3,701	3,685	-	-			
Other investment	13 _	1,046	1,286	1,046	1,286			
	_	21,009	21,330	9,186	9,532			
Current assets	_		_					
Inventories	15	926	761	_	_			
Prepayments		26	28	1	1			
Trade and other receivables	16	7,747	6,650	7,467	6,688			
Tax recoverable		263	153	_	-			
Cash and cash equivalents	17	3,025	4,794	96	262			
		11,987	12,386	7,564	6,951			
Total assets		32,996	33,716	16,750	16,483			
Current liabilities	=							
Trade and other payables	18	1,773	2,003	1,550	2,225			
Interest-bearing loans and	10	20	25	20	25			
borrowings Provision for employee benefits	19	36 46	35 56	36 10	35 19			
	-			4 500	0.070			
		1,855	2,094	1,596	2,279			
Non-current liabilities	Г							
Interest-bearing loans and								
borrowings	19	74	110	74	110			
Deferred tax liabilities	21	835	828	—	-			
		909	938	74	110			
Total liabilities	=	2,764	3,032	1,670	2,389			
Net assets	_	30,232	30,684	15,080	14,094			

## Balance Sheets As at 31 December 2021 (cont'd)

	Note	Group 2021 2020 \$'000 \$'000		Comp 2021 \$'000	oany 2020 \$'000
		φ 000	φ 000	φ 000	φ 000
Equity attributable to owners of the Company					
Share capital	22	14,807	14,807	14,807	14,807
Reserves	23	12,958	12,724	273	(713)
Non-controlling interests	-	27,765 2,467	27,531 3,153	15,080 _	14,094
Total equity	-	30,232	30,684	15,080	14,094
Total equity and liabilities	_	32,996	33,716	16,750	16,483

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 2021

	Attributable to owners of the Company					_	
Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	<b>Total</b> \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2021	14,807	283	(738)	13,179	27,531	3,153	30,684
Profit for the year	_	_	_	937	937	(61)	876
<u>Other comprehensive income</u> Fair value loss on equity instrument, at FVOCI Foreign currency translation	-	(313)	(240)		(240) (313)	(57)	(240) (370)
Total comprehensive income for the year Dividends on ordinary shares (Note 25) Dividends paid to non-controlling interests	- -	(313) _	(240) 	937 (150)	384 (150) _	(118) _	266 (150)
(Note 25)	_	-		_		(568)	(568)
At 31 December 2021	14,807	(30)	(978)	13,966	27,765	2,467	30,232

# Statements of Changes in Equity For the financial year ended 31 December 2021 (cont'd)

		Attrib	outable to owne	rs of the Comp	bany	_	
Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	<b>Total</b> \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2020	14,807	254	(713)	12,254	26,602	3,191	29,793
Profit for the year	-		_	1,075	1,075	(43)	1,032
<u>Other comprehensive income</u> Fair value loss on equity instrument, at FVOCI Foreign currency translation		_ 29	(25)		(25) 29	_ 5	(25) 34
Total comprehensive income for the year Dividends on ordinary shares (Note 25)	-	29 _	(25)	1,075 (150)	1,079 (150)	(38)	1,041 (150)
At 31 December 2020	14,807	283	(738)	13,179	27,531	3,153	30,684

## Statements of Changes in Equity For the financial year ended 31 December 2021 (cont'd)

Company	Share capital \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	<b>Total</b> \$'000
At 1 January 2021	14,807	(738)	25	14,094
Profit for the year	_	_	1,376	1,376
Other comprehensive income Fair value loss on equity instrument, at FVOCI	_	(240)	_	(240)
Total comprehensive income for the year	_	(240)	1,376	1,136
Dividends on ordinary shares (Note 25)	_	_	(150)	(150)
At 31 December 2021	14,807	(978)	1,251	15,080
At 1 January 2020	14,807	(713)	107	14,201
Profit for the year	_	_	68	68
Other comprehensive income Fair value loss on equity instrument, at FVOCI	_	(25)	_	(25)
Total comprehensive income for the year	-	(25)	68	43
Dividends on ordinary shares (Note 25)	-	-	(150)	(150)
At 31 December 2020	14,807	(738)	25	14,094

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

## Consolidated Cash Flow Statement For the financial year ended 31 December 2021

	Note	<b>2021</b> \$'000	<b>2020</b> \$'000
<b>Operating activities</b> Profit before tax Adjustments for:		950	916
Depreciation of property, plant and equipment Depreciation of investment properties Depreciation of right-of-use assets Gain on disposal of property, plant and equipment Amortisation of intangible assets Share of results of associate Fair value gain on loan to investee company Interest expense	8 10 14 7 9 7 5	603 57 71 (7) 12 (1,109) (545) 26	417 58 147 (2) 14 (1,247) (492) 26
Interest income Foreign exchange (gain)/loss	5	(111) (116)	(149) 89
Operating cash flows before changes in working capital Changes in working capital: Inventories Trade and other receivables Prepayments Trade and other payables	_	(169) (165) (435) 2 (251)	(223) (237) 967 16 168
Cash flows (used in)/generated from operations Income taxes paid Interest received	_	(1,018) (174) 28	691 (164) 51
Net cash flows (used in)/generated from operating activitie	es _	(1,164)	578
<b>Investing activities</b> Purchase of property, plant and equipment Proceeds from disposal of property, plant and equipment Dividend received from associate		(86) 7 325	(1,137) 3 328
Net cash flows generated from/(used in) investing activitie	es	246	(806)

## Consolidated Cash Flow Statement For the financial year ended 31 December 2021 (cont'd)

	Note	<b>2021</b> \$'000	<b>2020</b> \$'000
<b>Financing activities</b> Payment of lease liabilities Loan from Director/substantial shareholder Dividends paid Dividends paid to non-controlling interest of a subsidiary	19 19 25 25	(40) (150) (568)	(124) 800 (150) –
Net cash flows (used in)/generated from financing activities		(758)	526
Net (decrease)/increase in cash and cash equivalents Effect of exchange rate changes on cash and cash equivalents Cash and cash equivalents at 1 January	-	(1,676) (93) 4,794	298 21 4,475
Cash and cash equivalents at 31 December	17	3,025	4,794

#### 1. Corporate information

Fuji Offset Plates Manufacturing Ltd (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 2 Jalan Rajah #06-28, Golden Wall Flatted Factory, Singapore 329134.

The principal activities of the Company are those relating to investments in commercial, industrial, hospitality, residential and/or mixed development properties and investment holding.

The principal activities of the subsidiaries and associate are disclosed in Notes 11 and 12 respectively to the financial statements.

#### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements of the Group 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") as indicated.

#### 2.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts,	
SFRS (I) 16 Leases: Interest Rate Benchmark Reform – Phase 2 Amendments to SFRS(I) 1-16 Property, Plant and Equipment:	1 January 2021
Proceeds before Intended Use Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and	1 January 2022
Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to SFRSs 2018-2020	1 January 2022 1 January 2022
Amendments to SFRS(I) 1-1 Presentation of Financial Statements:	
Classification of Liabilities as Current or Non-current Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint	1 January 2023
Venture	Date to be determined

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

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

#### 2.3 Consolidation

#### (a) 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.

Change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### (b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non- controlling interest's proportionate share of the acquiree's identifiable net assets.

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

#### 2.3 **Consolidation (cont'd)**

### (b) Business combinations and goodwill (cont'd)

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

### 2.4 **Transactions with non-controlling interests**

Non-controlling interest represents 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 interests 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.

#### 2.5 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, 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.

#### (a) 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 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 profit or loss 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 profit or loss of the Group on disposal of the foreign operation.

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

#### 2.5 Foreign currency (cont'd)

### (b) 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 profit or loss.

### 2.6 **Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

-	50 to 60 years
-	2 to 10 years
-	2 to 10 years
-	2 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 value, useful life and depreciation method are reviewed at each financial yearend, 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 profit or loss in the year the asset is de-recognised.

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

#### 2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

#### 2.8 Long-term prepayments

Long-term prepayments represent premium paid on leasehold land. Long-term prepayments are stated at cost less accumulated amortisation and impairment losses. They are amortised in profit or loss using the straight-line method over the lease term of 60 years. Subsequent to 1 January 2019, the long-term prepayments are reclassified as right-of-use assets.

#### 2.9 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or for sales in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at cost less depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line basis so as to write-off the cost of the investment property over its estimated useful life of 30-50 years. Freehold land is not depreciated.

The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

#### 2.9 Investment properties (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

#### 2.10 **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.

#### 2.11 Associates

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.

The Group account for its investments in associate using the equity method from the date on which it becomes an associate.

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 profit or loss in the period in which the investment is acquired.

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

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

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

#### 2.11 Associates (cont'd)

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 an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate 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.

#### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### 2.13 Financial instruments

#### (a) Financial assets

#### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the financial assets do not contain a significant financing component at initial recognition.

#### Subsequent measurement

#### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

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

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

## 2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

## Subsequent measurement (cont'd)

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

#### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

## **De-recognition**

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

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

### 2.13 Financial instruments (cont'd)

### (b) Financial liabilities

#### Initial recognition and measurement

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

#### Subsequent measurement

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial liability upon initial recognition at fair value through profit or loss.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

#### **De-recognition**

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

#### 2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

#### 2.14 Impairment of financial assets (cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.15 *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 an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit 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 expected to be generated by the asset 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 available. 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 subsidiaries or other available fair value indicators.

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

#### 2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average cost basis.

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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.17 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2.18 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 that an entity incurs in connection with the borrowing of funds.

#### 2.19 *Employee benefits*

## (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. As for the companies in Malaysia, the companies make contributions to the Employee Provident Fund Scheme in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

#### 2.19 *Employee benefits (cont'd)*

#### (b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (c) Employee leave entitlement

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

#### 2.20 *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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *(i) Right-of-use assets*

The Group recognises right-is 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:

Motor vehicles-6 yearsLong-term prepayments-60 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.

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

### 2.20 Leases (cont'd)

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

### (ii) 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. 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) or a change in the assessment 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 machinery and 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.

#### (b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(b). Contingent rents are recognised as revenue in the period in which they are earned.

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

#### 2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

#### (a) Sale of goods

Revenue from sales of goods is recognised when the Group satisfies the performance obligation at a point in time, which is when the control of the promised goods has been transferred to the customer, depending on the contractual terms and the practices in the legal jurisdictions. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (b) Rental income

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

#### 2.22 Interest income

Interest income is recognised using the effective interest method.

#### 2.23 Dividend income

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

#### 2.24 Government grant

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

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income is presented as a credit in profit or loss under "Other income".

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

#### 2.25 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 Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the 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 taxable 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 subsidiaries and 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, 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 investments in subsidiaries, associates and interests in joint ventures, 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.

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

#### 2.25 Taxes (cont'd)

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

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.

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 taxes relate to the same taxable entity and the same taxation authority.

#### (c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales 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 sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

#### 2.27 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 balance sheet 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.

#### 2.28 Share capital and share issuance expenses

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.

#### 2.29 **Reclassification of comparative figures**

Fair value changes on loan to Star City has been reclassified from finance income to other income in the consolidated statement of comprehensive income of the Group to conform to current year's presentation. The reclassification did not have any material impact to the comparative figures.

## 3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the 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. Significant accounting judgments and estimates (cont'd)

#### 3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Impairment assessment of investment in and loan to associate

The Group has a 20% equity interest in IPark Development Sdn Bhd, a private company in Malaysia that is engaged in property development (Note 12). When objective evidence of impairment is identified, management estimates the recoverable amount of the Group's investment in IPark on a value in use basis using a discounted cash flow model. The assessment of whether any objective evidence of impairment exists requires management judgement. When making the assessment, management considers factors such as actual performance of the underlying property development relative to its budget, its expected future performance, as well as prevailing market conditions and economic outlook that may impact the profitability of the development. Based on its assessment, management has concluded that there were no objective evidence of impairment in respect of the investment in and loan to the associate at year end.

### 3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) <u>Fair value of equity investment and loan to an investee company</u>

As at 31 December 2021, the Group has investment in and loan to an investee company, Star City Property Development Co Ltd, amounting to \$1,046,000 (2020: \$1,286,000) and \$6,135,000 (2020: \$5,473,000) respectively. The investment in and loan to this investee company represent 22% (2020: 20%) of the Group's total assets. In determining the fair values, the Group considers the marketability and valuation of the investee's land plot that is performed by an external valuation specialist and the net assets value of the investee that is based on the Group's assessment. The key assumptions used to determine the fair value of the investment and the loan and the sensitivity analysis are provided in Note 27(c).

## 3. Significant accounting judgments and estimates (cont'd)

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

#### (b) <u>Provision for expected credit losses of trade receivables</u>

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

### 4. Revenue

	Group		
	<b>2021</b> \$'000	<b>2020</b> \$'000	
Sales of goods Rental income	3,878 175	3,858 159	
	4,053	4,017	
Timing of transfer of goods or services			
At a point in time Over time	3,878 175	3,858 159	
	4,053	4,017	

Revenue represents the net invoiced value of goods sold and services rendered in the normal course of business. All inter-company transactions have been eliminated in arriving at the Group's revenue.

Information about the disaggregation of the Group's revenue is detailed in Note 30.

## 5. Finance income (net)

	Group		
	<b>2021</b> \$'000	<b>2020</b> \$'000	
Interest income on bank deposits Interest income from loan to associate	28 83	51 98	
Interest expense on lease liabilities (Note 19) Other interest expense	111 (5) (21)	149 (9) (17)	
	85	123	

## 6. Income tax expense/(credit)

	Group	
	<b>2021</b> \$'000	<b>2020</b> \$'000
<b>Current tax expense/(credit)</b> Current year Overprovision in respect of prior years	74 (13)	32 (9)
	61	23
<b>Deferred tax credit (Note 21)</b> Movement in temporary differences Under/(over)provision in respect of prior years	5 8	(10) (129)
	13	(139)
Income tax expense/(credit) recognised in profit or loss	74	(116)

### 6. Income tax expense/(credit) (cont'd)

#### Reconciliation of tax expense

#### Relationship between tax expense/(credit) and profit before tax

A reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	Group	
	<b>2021</b> \$'000	<b>2020</b> \$'000
Profit before tax	950	916
Tax at the domestic rates applicable to profits in the countries		
where the Group operates	233	209
Income not subject to taxation	(97)	(188)
Expenses not deductible for tax purposes	139	178
Tax incentive	_	8
Share of results of associate	(189)	(221)
Overprovision in respect of prior years, net	(5)	(138)
Utilisation of unutilised tax losses	(7)	-
Others	-	36
Income tax expense/(credit) recognised in profit or loss	74	(116)

The corporate income tax rate applicable to Singapore companies of the Group is 17% (2020: 17%).

Malaysian subsidiaries' current income tax is calculated at the statutory rate of 24% (2020: 24%) of estimated assessable profit.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

As at 31 December 2021, the Group has unutilised tax losses of \$13,369,000 (2020: \$13,410,000) that are available for offset against future taxable profits of the Companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation.

## 7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	<b>2021</b> \$'000	<b>2020</b> \$'000
<u>Other income</u> Gain on disposal of property, plant and equipment Other income arising from sale of scrap Government grants* Fair value gain on loan to investee company Foreign exchange (gain)/loss	(7) (57) (17) (545) (116 <mark>)</mark>	(2) (29) (82) (492) 89
<u>Cost of sales and expenses</u> Employee benefits expenses (Note 20) Inventories recognised as an expense in cost of sales	1,449	1,492
(Note 15)	1,106	989
Depreciation of property, plant and equipment (Note 8)	603	417
Depreciation of investment properties (Note 10)	57	58
Depreciation of right-of-use assets (Note 14)	71	147
Amortisation of intangible assets (Note 9)	12	14
Operating lease expenses relating to cancellable leases	30	30
Audit fees paid to: Auditors of the Company	65	63
Other auditors	38	35
Non-audit fees paid to:	50	55
Auditors of the Company	11	10
Other auditors	3	3

\* Government grants were received by certain subsidiaries in connection with employment of Singaporean workers under Job Support Scheme (2021: \$17k; 2020: \$82k). There were no unfulfilled conditions or contingencies relating to these grants.

## 8. **Property**, plant and equipment

r roperty, plant and equipment					Office equipment,		
Group	Freehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Renovations \$'000	furniture and fittings \$'000	Motor vehicles \$'000	<b>Total</b> \$'000
<b>Cost</b> At 1 January 2020 Additions Disposals Translation difference Reclassification*	81 _ _ _ _	1,923  	7,897 1,062 (75) 20 –	282 32 - 1 -	539 10 (1) 1 –	450 33 - 2 205	11,172 1,137 (76) 24 205
At 31 December 2020 Additions Disposals Translation difference Reclassification*	81 _ _ _ _	1,923  	8,904 65 (180) (161) –	315  (4) 	549 21 (7) –	690  (16) 420	12,462 86 (180) (188) 420
At 31 December 2021	81	1,923	8,628	311	563	1,094	12,600

#### 8. Property, plant and equipment (cont'd)

					Office equipment,		
Group	Freehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Renovations \$'000	furniture and fittings \$'000	Motor vehicles \$'000	<b>Total</b> \$'000
Accumulated depreciation							
At 1 January 2020	_	121	6,637	243	468	400	7,869
Depreciation for the year	-	40	288	10	26	53	417
Disposals	_	_	(74)	_	(1)	_	(75)
Translation difference	-	-	12	-	1	1	14
At 31 December 2020	_	161	6,863	253	494	454	8,225
Depreciation for the year	_	41	422	11	20	109	603
Disposals	-	-	(180)	_	-	-	(180)
Reclassification*	_	_	_	_	-	420	420
Translation difference	-	-	(124)	(2)	(8)	(14)	(148)
At 31 December 2021	-	202	6,981	262	506	969	8,920
Net carrying amount							
At 31 December 2020	81	1,762	2,041	62	55	236	4,237
At 31 December 2021	81	1,721	1,647	49	57	125	3,680

\* The reclassification pertains to the reclassification of motor vehicles from right-of-use assets to plant, property and equipment, as the lease liabilities of these motor vehicles have been fully paid for during the year and the Group has full ownership of these assets.

In 2021, the Group acquired motor vehicles with an aggregate cost of \$Nil (2020: \$33,000) of which \$Nil (2020: \$Nil) was financed under a finance lease arrangement. Cash payments of \$Nil (2020: \$33,000) were made to purchase motor vehicles.

# 8. Property, plant and equipment (cont'd)

Company	Plant and machinery \$'000	Renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	<b>Total</b> \$'000
Cost					
At 1 January 2020	12	114	99	-	225
Addition	-	_	1	_	1
Disposal Reclassification*	—	-	(1)	139	(1)
Reclassification		_	—	139	139
At 31 December 2020	12	114	99	139	364
Addition	_	_	3	_	3
Reclassification*	-	-	-	146	146
At 31 December 2021	12	114	102	285	513
Accumulated depreciation					
At 1 January 2020	12	114	98	_	224
Depreciation for the year	-	-	1	_	1
Disposal	-	_	(1)	_	(1)
At 31 December 2020	12	114	98	_	224
Depreciation for the year	-	-	1	48	49
Reclassification*	_	_	-	146	146
At 31 December 2021	12	114	99	194	419
Net carrying amount					
At 31 December 2020		_	1	139	140
At 31 December 2021		_	3	91	94

\* The reclassification pertains to the reclassification of motor vehicles from right-of-use assets to plant, property and equipment, as the lease liabilities of these motor vehicle vehicles have been fully paid for during the year and the Group has full ownership of these assets.

# 9. Intangible assets

Group	Technical know-how \$'000	Computer software \$'000	<b>Total</b> \$'000
<b>Cost</b> At 1 January 2020 Additions Disposals Translation difference	110 	347 8 (209) (1)	457 8 (209) (1)
At 31 December 2020 Translation difference	110	145 (2)	255 (2)
At 31 December 2021	110	143	253
<b>Accumulated amortisation</b> At 1 January 2020 Amortisation charge for the year	110	116 14	226 14
At 31 December 2020 Amortisation charge for the year Translation difference	110 	130 12 (2)	240 12 (2)
At 31 December 2021	110	140	250
<b>Net carrying amount</b> At 31 December 2020		15	15
At 31 December 2021		3	3

# 10. Investment properties

	Group		
	2021	2020	
Balance sheet:	\$'000	\$'000	
Cost			
At 1 January	2,226	2,225	
Translation difference	(6)	1	
At 31 December	2,220	2,226	
Accumulated depreciation			
At 1 January	418	361	
Depreciation for the year	57	58	
Translation difference	(4)	(1)	
At 31 December	471	418	
Net carrying amount			
At 31 December	1,749	1,808	
Valuation			
At 31 December	1,749	1,905	
Statement of comprehensive income:			
Rental income from investment properties:	175	159	
Direct operating expenses (including repairs and			
maintenance) arising from:			
- Rental generating properties	9	9	

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

#### 10. Investment properties (cont'd)

#### Valuation of investment properties

The fair values of the investment properties as at 31 December 2021 and 31 December 2020 were based on directors' valuations.

The last independent valuation was performed in 2016 by IPC Island Property Consultants Sdn. Bhd., an independent valuer with recent experience in the location and category of the properties being valued. The valuations were based on estimated marketable price of the factory and industrial land assessed by the independent valuer. In relying on the valuation reports, management had exercised its judgement and was satisfied that the valuation methods and estimates are reflective of then prevailing market conditions. Details of valuation techniques and inputs are disclosed in Note 27(d).

The investment properties held by the Group as at 31 December 2021 are as follows:

Description and Location	Existing Use	Tenure
Lot 6680, Mukim of Tebrau	Industrial	Freehold
PLO 210, Jalan Angkasa Mas Utama, Johor Darul Ta'zim	Industrial	Leasehold

Properties pledged as security

As the Group does not have any requirement for credit facilities, there are no investment properties being mortgaged as securities at 31 December 2020 and 2021.

#### 11. Investment in subsidiaries

	Com	Company		
	<b>2021</b> \$'000	<b>2020</b> \$'000		
Shares, at cost Long-term loan to a subsidiary	5,758 2,051	5,758 2,051		
	7,809	7,809		

The long-term loan to a subsidiary is non-trade in nature, unsecured and interest-free. Management has assessed the loan to be, in substance, form part of the Company's net investment in the subsidiary.

# 11. Investment in subsidiaries (cont'd)

#### (a) Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	owne	on (%) of rship rest 2020 %
<u>Held by the Company</u> : Fuji Printing Cylinders Pte. Ltd. *	Singapore	Trading in printing cylinders and its related products	100	100
Fujiplates Manufacturing Sdn. Bhd. **	Malaysia	Letting of properties and investment holding	100	100
<u>Held through Fuji</u> <u>Printing Cylinders Pte</u> <u>Ltd:</u> Fuji Roto Gravure Sdn.	Malaysia	Manufacture and sale of	65	65
Bhd. **	waidysid	gravure printing cylinders and related services in the printing industry	00	00

\* Audited by Ernst & Young LLP Singapore.

\*\* Audited by member firm of Ernst & Young Global in Malaysia.

#### (b) Interest in a subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non- controlling interest %	Loss	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
<b>31 December 2021:</b> Fuji Roto Gravure Sdn. Bhd.	Malaysia	35	(61)	2,467	(568)
<b>31 December 2020:</b> Fuji Roto Gravure Sdn. Bhd.	Malaysia	35	(43)	3,153	-

# 11. Subsidiaries (cont'd)

# (c) Summarised financial information about a subsidiary with material NCI

Summarised financial information before intercompany eliminations of a subsidiary with material NCI are as follows:

	Fuji Roto Grav 2021 \$'000	ure Sdn Bhd 2020 \$'000
Summarised balance sheet	φ 000	φ 000
<b>Current</b> Assets Liabilities	5,763 (541)	7,456 (792)
Net current assets	5,222	6,664
<b>Non-current</b> Assets Liabilities	3,222 (1,392)	4,059 (1,714)
Net non-current assets	1,830	2,345
Net assets	7,052	9,009
Summarised statement of comprehensive income		
Revenue Loss before taxation Loss for the year Other comprehensive income	3,819 (132) (174) 56	3,783 (158) (123) 5
Total comprehensive income	(118)	(118)
Other summarised information		
Net cash flows from operating activities	392	1,467
Acquisition of property, plant and equipment	(83)	(1,136)

# 12. Investment in an associate

late		Gro	up
		2021	2020
		\$'000	\$'000
		6,748	6,748
		4,307	3,198
		(653)	(328)
		(230)	(56)
	_	10,172	9,562
Country of incorporation	Principal activi	ov ties i	ortion (%) of vnership nterest 1 2020 %
Malaysia	Property develop	ment 20	20
	Country of incorporation	Country of incorporation Principal activi	Gro           2021           \$'000           6,748           4,307           (653)           (230)           10,172           Country of incorporation           Principal activities           i           202           %

Sdn Bhd\*

\* Audited by KPMG PLT in Johor Bahru, Malaysia.

Dividends of \$325,000 (2020: \$328,000) were declared and received from the associate during the financial year.

## 12. Investment in an associate (cont'd)

13.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised balance sheet	IPark Dev Sdn	
	<b>2021</b> \$'000	<b>2020</b> \$'000
Current		
Assets Liabilities	98,969 (52,499)	116,016 (40,265)
Net current assets	46,470	75,751
Non-current		
Assets Liabilities	44,025 (39,317)	46,888 (76,263)
Net non-current asset/(liabilities)	4,708	(29,375)
Net assets	51,178	46,376
Proportion of the Group's ownership Group's share of net assets Other adjustments	20% 10,236 (64)	20% 9,275 287
Carrying amount of the investment	10,172	9,562
Summarised statement of comprehensive income		
Profit for the year	5,547	6,235
Other investment		
	Group and 2021 \$'000	Company 2020 \$'000
Non-current: Financial asset		
Equity shares (US\$500) Unquoted equity instrument, at FVOCI	1 1,045	1 1,285
	1,046	1,286

The investment relates to the Group's 10% (2020: 10%) equity interest in a company in Cambodia, Star City Property Development Co Ltd ("Star City"). Since 2016, The Group, in its shareholder capacity, made interest-free advances to Star City. On initial recognition, the differences between the fair value of the loan and the amount extended is recognised as additional shareholder contribution into the Group's investment in Star City.

The investment was irrevocably designated at FVOCI as the Group considers the investment to be strategic in nature.

# 14. Right-of-use assets

Group	Long-term prepayments \$'000	Motor Vehicles \$'000	<b>Total</b> \$'000
<b>Cost</b> At 1 January 2020 Translation differences Reclassification	658 1 -	988  (205)	1,646 1 (205)
At 31 December 2020 Translation difference Reclassification	659 (12) –	783 (420)	1,442 (12) (420)
At 31 December 2021	647	363	1,010
<b>Accumulated depreciation</b> At 1 January 2020 Depreciation charge for the year Translation difference	208 11 _	346 136 4	554 147 4
At 31 December 2020 Depreciation charge for the year Translation difference Reclassification	219 11 (4)	486 60  (420)	705 71 (4) (420)
At 31 December 2021	226	126	352
<b>Net carrying amount</b> At 31 December 2020	440	297	737
At 31 December 2021	421	237	658

# 14. Right-of-use assets (cont'd)

Company	Motor vehicles \$'000
<b>Cost</b> At 1 January 2020 Reclassification	647 (139)
At 31 December 2020 Reclassification	508 (146)
At 31 December 2021	362
<b>Accumulated depreciation</b> At 1 January 2020 Depreciation charge for the year	103 108
At 31 December 2020 Depreciation charge for the year Reclassification	211 60 (146)
At 31 December 2021	125
<b>Net carrying amount</b> At 31 December 2020	297
At 31 December 2021	237

Long-term prepayments of the Group relates to premium paid on its leasehold land.

As the Group does not have any requirement for credit facilities, there are no long-term prepayments being mortgaged as securities at 31 December 2021 and 2020.

The carrying amount of motor vehicles held by the Group and Company under lease liabilities as at 31 December 2021 is \$237,000 (2020: \$297,000).

### 15. Inventories

	Group		
	2021	. 2020	
	\$'000	\$'000	
Balance sheet:			
Raw materials	818	658	
Work-in-progress	92	81	
Finished goods	16	22	
	926	761	
Statement of comprehensive income: Inventories recognised as an expense in cost of sales			
(Note 7)	1,106	989	

## 16. Trade and other receivables

	Group		Company	
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
<u>Current:</u>			<i>t</i>	<i>+</i>
Trade receivables Deposits	1,389 10	1,110 10	2	2
Other receivables	6,348	5,520	6,135	5,473
Government grants receivable	_	10	_	10
Amount due from a subsidiary	_	_	1,330	1,203
Non-current:	7,747	6,650	7,467	6,688
Long-term loan due from associate	3,701	3,685	-	-
Total trade and other receivables (current and non-current) Add:	11,448	10,335	7,467	6,688
Cash and cash equivalents (Note 17) Less:	3,025	4,794	96	262
Other receivable	(6,135)	(5,473)	(6,135)	(5,473)
Total financial assets carried at amortised cost	8,338	9,656	1,428	1,477

#### Trade and other receivables (current)

Trade receivables and amount due from a subsidiary are non-interest bearing, generally on 30 to 90 days' terms and to be settled in cash. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## 16. Trade and other receivables (cont'd)

#### Government grants receivable (current)

Government grants receivable consists mainly of government assistance under the Job Support Scheme program funded by the Singapore Government.

#### Long-term loan due from associate (non-current)

The loan is unsecured and bears interest at 6-month Kuala Lumpur Interbank Offered Rate ("KLIOR") + 0.5% per annum. The loan is granted by shareholders to the investee in proportion of their respective shareholdings in the investee entity for purpose of funding development costs. It is denominated in Malaysian Ringgit and any repayment of the loan by the associate, whether in whole or in part, shall be decided by a majority of its board of directors and shall at all times be in proportion to the outstanding loan amounts owed to each of the shareholders.

Long-term loan due from associate as at 31 December 2021 and 2020 were in respect of interest receivable on the loan as well as an earlier loan prior to the loan's capitalisation into ordinary and non-cumulative redeemable preference shares in 2016 and recorded as investment in an associate in Note 12.

#### Other receivable (non-current)

Other receivable relates to USD-denominated amounts advanced to Star City Property Development Co., Ltd ("Star City"). The advance is for purpose of purchasing and carrying out development of residential and commercial units for sale on two parcels of land in Cambodia by Star City. The amount is unsecured, non-interest bearing and expected to be repaid when there is income from the development. As other receivable's cash flows do not represent solely payments of principal and interest, it is carried at fair value through profit or loss. As the balance is expected to be fully repaid immediately upon the sale of the two parcels of land, it has been classified as current accordingly.

#### Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

2021	Trade receivables \$'000
Trade receivables – nominal amounts Less: Allowance for impairment	86 (4)
	82

There is no movement in the allowance for impairment account in 2021 and 2020.

## 16. Trade and other receivables (cont'd)

Expected credit losses (cont'd) 2020	Trade receivables \$'000
Trade receivables – nominal amounts Less: Allowance for impairment	30 (4)
	26

There is no expected credit loss noted on the other receivables of the Group.

Trade and other receivables denominated in foreign currency at the end of reporting are as follows:

	Group		Company	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$'000	\$'000	\$'000	\$'000
United States Dollar	6,135	6,816	6,135	6,816
Malaysia Ringgit	3,701	3,685	_	_

# 17. Cash and cash equivalents

	Group		Com	bany
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$'000	\$'000	\$'000	\$'000
Cash at banks and in hand	1,772	3,200	96	262
Fixed deposits with banks	1,253	1,594	_	
Cash and cash equivalents	3,025	4,794	96	262

As at 31 December 2021 and 2020, the Group and the Company does not have any outstanding bank overdraft balance.

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposits relate to short-term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

# 17. Cash and cash equivalents (cont'd)

The weighted average effective interest rates per annum as at the end of the reporting period are as follows:

	Group		Company	
	2021 2020	2021	2020	
	%	%	%	%
Cash at banks	0.10	0.10	0.10	0.10
Fixed deposits with banks	1.50 – 3.20	0.15 - 2.70	-	—

Interest rates are repriced at interval of not more than three months.

Cash and cash equivalents denominated in foreign currencies at the end of the reporting period are as follows:

	Group		Company	
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
United States Dollar	17	20	8	11

# 18. Trade and other payables

	Group		Company	
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
Trade payables Accrued operating expenses	77 443	203 454	_ 239	246
Deposits received Other payables Deferred grant income	82 134 —	83 236 10	9	
Amounts due to related companies Amount due to Director/	-	_	265	941
substantial shareholder	1,037	1,017	1,037	1,017
Total trade and other payables Add:	1,773	2,003	1,550	2,225
Interest-bearing loans and borrowings (Note 19) Less:	110	145	110	145
Deferred grant income		(10)	_	(10)
Total financial liabilities carried at amortised cost	1,883	2,138	1,660	2,360

#### 18. Trade and other payables (cont'd)

#### Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60-day term while other payables have an average term of six months.

#### Deferred grant income

Deferred grant income relates mainly to government assistance under the Job Support Scheme program funded by the Singapore Government.

#### Amounts due to related companies

These amounts are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

#### Amount due to Director/substantial shareholder

This amount is non-trade related, unsecured and bears interest at a rate of 2.0% per annum. It is to be repaid upon maturity of the loan on 24 February 2022. Subsequent to year end, the loan, including interest has been rolled over for a further term of one year to 24 February 2023 at the same interest rate of 2.0% per annum and on the same terms and conditions (Note 31).

Trade and other payables denominated in foreign currencies as at the end of reporting period are as follows:

	Gro	Group		pany
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
United States Dollar	2	91	_	_

#### **19.** Interest-bearing loans and borrowings

#### Group and Company as a lessee

	Group		Company	
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
<b>Current:</b> Lease liabilities	36	35	36	35
Non-current: Lease liabilities	74	110	74	110
Total interest-bearing loans and borrowings	110	145	110	145

These are secured by a charge over the leased assets (Note 8). The interest rates per annum at the balance sheet date is 4.3% (2020: 4.3%) per annum for the Group and the Company.

# 19. Interest-bearing loans and borrowings (cont'd)

# Group and Company as a lessee (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

Group			Non-casl	n changes	
	01.01.2021	Cash flows	Accretion of interest	Reclassification*	31.12.2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities					
Current	35	(40)	5	36	36
Non-current	110	_	-	(36)	74
Total lease liabilities	145	(40)	5	_	110
Amount due to Director/ substantial shareholder	1,017		20		1.037
snarenolder	1,017	_	20	-	1,037

Group			Non-ca	sh changes	
-	01.01.2020	Cash flows	Accretion of interest	Reclassification*	31.12.2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities					
Current	116	(124)	9	34	35
Non-current	144	_	_	(34)	110
Total lease liabilities	260	(124)	9	_	145
Amount due to Director/ substantial					
shareholder	200	800	17	-	1,017

\* The "reclassification" column relates to reclassification of non-current portion of lease liabilities due to passage of time.

# 19. Interest-bearing loans and borrowings (cont'd)

## Group and Company as a lessee (cont'd)

Company			Non-cas	h changes	
		Cash	Accretion		
	01.01.2021	flows	of interest	Reclassification*	31.12.2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities					
Current	35	(40)	5	36	36
Non-current	110	_	_	(36)	74
Total lease Liabilities	145	(40)	5	_	110
Liabilities	140	(40)	5		110
Amount due to Director/ substantial					
shareholder	1,017	-	20	-	1,037
Company		Cash	Non-cas	h changes	
	01.01.2020	flows	of interest	Reclassification*	31.12.2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	<i>ф</i> 000	<i>ф</i> 000	<i>+ • • • • •</i>	<b>\$ 000</b>	<b>\$ 000</b>
Current	93	(101)	9	34	35
Non-current	144		_	(34)	110
Total lease					
Liabilities	237	(101)	9	-	145
Amount due to Director/ substantial					

\* The "reclassification" column relates to reclassification of non-current portion of lease liabilities due to passage of time.

# 19. Interest-bearing loans and borrowings (cont'd)

## <u>Group as a lessor</u>

The Group leases out its investment properties. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Gro	up
	<b>2021</b> \$'000	<b>2020</b> \$'000
Not later than 1 year Later than 1 year but not later than 5 years	58	177 59

#### 20. Employee benefits expenses

	Group		
	<b>2021</b> \$'000	<b>2020</b> \$'000	
Employee benefits expenses (including directors) (Note 7):			
Staff costs Defined contribution plan	1,336 113	1,371 121	
	1,449	1,492	

# 21. Deferred tax

Movements in deferred tax liabilities during the reporting periods are as follows:

Group	At 1.1.2020 \$'000	Recognised in profit or loss (Note 6) \$'000	Exchange differences \$'000	At 31.12.2020 \$'000	Recognised in profit or loss (Note 6) \$'000	Exchange differences \$'000	At 31.12.2021 \$'000
<b>Deferred tax liabilities</b> Differences in depreciation of property, plant and equipment for tax purposes	(466)	139	(2)	(329)	(13)	6	(336)
Revaluation to fair value: Freehold land and buildings*	(499)	_	_	(499)	_	_	(499)
	(965)	139	(2)	(828)	(13)	6	(835)

\* Relates to deferred tax effects on cumulative fair value adjustments on freehold land and buildings.

# 21. Deferred tax (cont'd)

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

	Group		Comp	bany
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
Tax losses	13,369	13,410	12,889	12,922

There are no temporary differences relating to investment in subsidiaries at the end of the reporting period.

#### Unrecognised tax losses

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group or the Company can recognise the benefits.

The tax losses are available for set off against future taxable profits subject to agreement by the tax authority and compliance with the tax regulations of the respective tax jurisdiction.

There are no income tax consequences (2020: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 25).

#### 22. Share capital

	Group and Company				
	202	21	202	0	
	No. of shares	ድ'በበበ	No. of shares	<b>ድ</b> 'በበበ	
<b>Issued and fully paid ordinary shares</b> At 1 January and 31 December	'000 49,913	\$'000 14,807	'000 49,913	\$'000 14,807	

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

# 23. Reserves

	Group		Company	
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
Foreign currency translation reserve Fair value adjustment reserve Retained earnings	(30) (978) 13,966	283 (738) 13,179	(978) 1,251	(738) 25
	12,958	12,724	273	(713)

#### Foreign currency translation reserve

The foreign currency translation reserve comprises:

- (a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency; and
- (b) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

#### Fair value adjustment reserve

The fair value adjustment reserve relates to fair value adjustment arising from equity instruments measured at fair value through other comprehensive income.

## 24. Earnings per share

Basic and diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Gro	oup
	2021	2020
	\$'000	\$'000
Earnings per share is based on:	937	1 075
Profit for the year attributable to owners of the Company	937	1,075
	No. of 9 2021	shares 2020
Weighted average number of shares in issue during the year	49,912,500	49,912,500

Diluted earnings per share is the same as basic earnings per share as there are no potential dilutive ordinary shares.

# 25. Dividends

Declared and paid during the financial year:	<b>Gro</b> t <b>2021</b> \$'000	up 2020 \$'000
<ul> <li>Dividends on ordinary shares:</li> <li>final tax exempt (one-tier) dividend of 0.3 cent per share for 2020 (2020: 0.3 cent per share for 2019)</li> </ul>	150	150
<ul> <li>Dividends paid to non-controlling interests</li> <li>final tax exempt dividend of RM1.5625 per share for 2021 (2020: Nil)</li> </ul>	568	_
	<b>Comp</b> 2021 \$'000	any 2020 \$'000
<ul> <li>Declared and paid during the financial year: Dividends on ordinary shares:</li> <li>final tax exempt (one-tier) dividend of 0.3 cent per share for 2020 (2020: 0.3 cent per share for 2019)</li> </ul>	150	150
Proposed but not recognised as a liability as at 31 December: Dividends on ordinary shares, subject to shareholders' approval at the AGM:	100	100
Proposed final tax exempt (one-tier) dividend of 0.3 cent per share for 2021 (2020: 0.3 cent per share for 2020)	150	150

#### 26. Related party transactions

#### (a) Compensation of key management personnel

Key management personnel of the Group and Company are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Group and Company.

Key management personnel compensation comprised:

	Gro	Group		
	<b>2021</b> \$'000	<b>2020</b> \$'000		
Directors' fees Central Provident Fund contributions Short-term employee benefits	100 12 422	100 13 430		
	534	543		

Key management personnel compensation comprised:

Directors of the Company

#### 26. Related party transactions (cont'd)

#### (b) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		
	2021	2020	
	\$'000	\$'000	
Company in which a director of the Company has substantial financial interests			
Printing expenses	2	4	
One director of the Company (2020: One director)			
Rental expenses	30	30	
Loan to Company	1,037	1,000	

#### 27. Fair value of assets and liabilities

#### (a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## 27. Fair value of assets and liabilities (cont'd)

#### (b) Assets and liabilities measured at fair value

The following table shows an analysis of the financial asset measured at fair value at the end of the reporting period:

	Fair value mea		the end of the repo sing	orting period
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
31 December 2021 Financial assets: Other receivables (Note 16)	\$'000	\$'000	\$'000	\$'000
Loan to Starcity, at FVTPL <u>Other investment</u> (Note 13)	_	_	6,135	6,135
Unquoted equity instrument, at FVOCI		_	1,046	1,046

Fair value measurements at the end of the reporting period

	using						
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total			
	(Level 1)	(Level 2)	(Level 3)				
31 December 2020 Financial assets: Other receivables (Note 16)	\$'000	\$'000	\$'000	\$'000			
Loan to Starcity, at FVTPL	_	_	5,473	5,473			
Other investment (Note 13)							
Unquoted equity instrument, at FVOCI	_	_	1,286	1,286			

## 27. Fair value of assets and liabilities (cont'd)

# (c) Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December \$'000	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of the input to fair value
2021					
				The higher the	A 2% increase/decrease in the discount
Loan to Starcity,		Discounted cash		discount rate, the	rate would result in a decrease/increase in
at FVTPL	6,135	flows	Discount rate	lower the fair value	fair value by \$122,700.
					A 10% increase/decrease in the capital
Unquoted equity			Capital value per	The higher the	value would result in an
security, at		Net assets	square metre of	capital value, the	increase/decrease in fair value by
FVOCI	1,046	value	land area	higher the fair value	\$537,000.

# 27. Fair value of assets and liabilities (cont'd)

# (c) Level 3 fair value measurements (cont'd)

Description	Fair value as at 31 December \$'000	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of the input to fair value
2020					
				The higher the	A 2% increase/decrease in the discount
Loan to Starcity,		Discounted cash		discount rate, the	rate would result in a decrease/increase in
at FVTPL	5,473	flow	Discount rate	lower the fair value	fair value by \$114,000.
					A 10% increase/decrease in the capital
Unquoted equity			Capital value per	The higher the	value would result in an
security, at		Net assets	square metre of	capital value, the	increase/decrease in fair value by
FVOCI	1,286	value	land area	higher the fair value	\$660,000.

## 27. Fair value of assets and liabilities (cont'd)

# (c) Level 3 fair value measurements (cont'd)

Reconciliation of the fair value measurement of other receivable designated at FVTPL:

	Other receivable \$'000
As at 1 January 2020 Add:	5,071
Fair value gain	492
Foreign exchange difference	(90)
As at 31 December 2020 and 1 January 2021 Add:	5,473
Fair value gain	545
Foreign exchange difference	117
As at 31 December 2021	6,135

# Reconciliation of the fair value measurement of other investment designated at FVOCI:

	Other investment \$'000
As at 1 January 2020 Add:	1,311
Fair value loss	(25)
As at 31 December 2020 and 1 January 2021 Less:	1,286
Fair value loss	(240)
As at 31 December 2021	1,046

## 27. Fair value of assets and liabilities (cont'd)

#### (d) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value at the end of the reporting period but for which fair value is disclosed:

		Fair value measurements at the end of the reporting period using					
	Quoted prices in active markets for identical asset	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total	Carrying Amount		
	(Level 1) \$'000	(Level 2) \$'000	(Level 3) \$'000	\$'000	\$'000		
<b>31 December 2021</b> <b>Non-current assets</b> Investment properties (Note 10)		-	1,749	1,749	1,749		
<b>31 December 2020</b> <b>Non-current assets</b> Investment properties (Note 10)	_	_	1,905	1,905	1,808		

#### Determination of fair value

The fair values as at 31 December 2021 and 31 December 2020 as disclosed in the table above are based on estimated marketable price of the factory and industrial land by directors and contracted sale prices.

# (e) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents (Note 17), trade and other receivables-current (Note 16), long-term loan due from associate (Note 16), interest-bearing loans and borrowings (Note 19) and trade and other payables (Note 18).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their relatively short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The difference between the carrying value and fair value of fixed rate instruments is assessed to be not significant.

#### 28. Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, and long-term loan from associate. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and Company's exposure to bad debts is not significant.

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's and the Company's historical information.

The Group and the Company provide for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's and the Company's historical observed default rates analysed in accordance to days past due by relevant grouping of customers. The expected credit losses assessment also incorporates forward looking information such as forecast of economic conditions. Trade and other receivables, and long-term loan from associate that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### 28. Financial risk management objectives and policies (cont'd)

#### (a) Credit risk (cont'd)

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

#### Debt instruments and loans at amortised cost

The Group uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. The Group assesses the qualitative and quantitative factor that are indicative of the risk of default based on experienced credit judgement. The Group compute expected credit losses for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward-looking macroeconomic data such as GDP growth and central bank base rates.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

Decia for

Category	Definition of category	Basis for recognition of expected credit loss provision	Basis for calculating interest revenue
Grade I	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses	Gross carrying amount
Grade II	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected credit losses	Gross carrying amount
Grade III	Interest and/or principal repayments are 60 days past due.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

There are no significant changes to estimation techniques or assumptions made during the reporting period.

The Group assessed the qualitative and quantitative factor that are indicative of the risk of default based on experienced credit judgement. These exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis.

## 28. Financial risk management objectives and policies (cont'd)

#### (a) Credit risk (cont'd)

#### Debt instruments and loans at amortised cost (cont'd)

The gross carrying amount of trade receivables of the Group are disclosed in Note 16.

The gross carrying amount of debt instruments and loans of the Group and Company as at 31 December 2021, without taking into account of any collaterals held of other credit enhancements which represents the maximum exposure to loss is \$5,312,000 (2020: \$4,862,000).

At the end of the reporting period, approximately 20% (2020: 15%) of the Group's trade receivable was due from a major customer in the printing cylinders business segment.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by geographical market:

Malaysia:

31 December 2021	<b>Current</b> \$'000	1 to 30 days past due \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	<b>Total</b> \$'000
Gross carrying amount Less: Allowance for	651	218	159	90	83	1,201
impairment	_	_	_	-	(4)	(4)
Net carrying amount	651	218	159	90	79	1,197

Singapore:

31 December 2021	Current \$'000	1 to 30 days past due \$'000	30 days	More than 60 days past due \$'000	More than 90 days past due \$'000	<b>Total</b> \$'000
Gross carrying amount Less: Allowance for impairment	98	46	44	1	3	192 _
Net carrying amount	98	46	44	1	3	192

#### 28. Financial risk management objectives and policies (cont'd)

#### (a) Credit risk (cont'd)

Debt instruments and loans at amortised cost (cont'd)

Malaysia:

31 December 2020	Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	<b>Total</b> \$'000
Gross carrying amount Less: Allowance for	530	155	74	71	830
impairment	-	-	_	(4)	(4)
Net carrying amount	530	155	74	67	826

Singapore:

31 December 2020	Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	<b>Total</b> \$'000
Gross carrying amount Less: Allowance for	214	69	1	_*	284
impairment	-	-	-	_	-
Net carrying amount	214	69	1	_*	284

\* Less than 1,000

#### Exposure to credit risk

As at the end of the reporting period, the Group's and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets. The Group and Company mainly trades with recognised and creditworthy third parties.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

#### 28. Financial risk management objectives and policies (cont'd)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group and the Company ensure that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

		Cash flows		
Group 31 December 2021	Note	Within 1 year \$'000	<b>2 to 5 years</b> \$'000	<b>Total</b> \$'000
<b>Financial assets:</b> Trade and other receivables Cash and cash equivalents	16 17	7,747 3,025	3,737 _	11,484 3,025
Total undiscounted financial assets		10,772	3,737	14,509
<b>Financial liabilities:</b> Trade and other payables Interest-bearing loans and	18	1,773	-	1,773
borrowings	19	36	77	113
Total undiscounted financial liabilities		1,809	77	1,886
Total net undiscounted financial assets		8,963	3,660	12,623

# 28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

		Cash flows		
Group 31 December 2020	Note	Within 1 year \$'000	<b>2 to 5 years</b> \$'000	<b>Total</b> \$'000
<b>Financial assets:</b> Trade and other receivables Cash and cash equivalents	16 17	7,993 4,794	3,685 _	11,678 4,794
Total undiscounted financial assets		12,787	3,685	16,472
Financial liabilities: Trade and other payables Interest-bearing loans and	18	1,993	_	1,993
borrowings	19	40	117	157
Total undiscounted financial liabilities		2,033	117	2,150
Total net undiscounted financial assets		10,754	3,568	14,322

		Cash flows			
Company 31 December 2021	Note	Within 1 year \$'000	<b>2 to 5 years</b> \$'000	<b>Total</b> \$'000	
<b>Financial assets:</b> Trade and other receivables Cash and cash equivalents	16 17	7,467 96	- -	7,467 96	
Total undiscounted financial assets		7,563	_	7,563	
<b>Financial liabilities:</b> Trade and other payables Interest-bearing loans and borrowings	18	1,550 36	- 77	1,550 113	
Total undiscounted financial liabilities		1,586	77	1,663	
Total net undiscounted financial assets/(liabilities)		5,977	(77)	5,900	

### 28. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

			Cash flows	
Company 31 December 2020	Note	Within 1 year \$'000	<b>2 to 5 years</b> \$'000	<b>Total</b> \$'000
<b>Financial assets:</b> Trade and other receivables Cash and cash equivalents	16 17	8,031 262	_ _	8,031 262
Total undiscounted financial assets		8,293	_	8,293
Financial liabilities: Trade and other payables Interest-bearing loans and borrowings	18	2,225 40	_ 117	2,225 157
Total undiscounted financial liabilities		2,265	117	2,382
Total net undiscounted financial assets/(liabilities)		6,028	(117)	5,911

#### (c) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar and Malaysia Ringgit. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

#### 28. Financial risk management objectives and policies (cont'd)

#### (c) Foreign currency risk (cont'd)

#### Sensitivity analysis

A 10% (2020: 10%) strengthening of Singapore Dollar against the following currency at the reporting date would decrease the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	Profit before tax 2021 \$'000	Profit before tax 2020 \$'000
United States Dollar	615	540
Company		
United States Dollar	614	548

A 10% (2020: 10%) weakening of Singapore Dollar against the above currency would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

#### 29. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

There were no changes in the Group's approach to capital management during the year. The Company and its subsidiaries are not subject to externally imposed capital requirements.

#### 30. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) Printing cylinders is the manufacture and sale of gravure printing cylinders and related services in the printing industry;
- (ii) Investment holding;
- (iii) Investment in property development companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

### **30.** Segment reporting (cont'd)

	Printing c	cylinders	Investmer	nt holding	Investm prope develop compa	erty oment	Adjustme elimina		Notes	Total op	erations
-	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000		<b>2021</b> \$'000	<b>2020</b> \$'000
<b>Revenue:</b> External customers Inter-segment revenue	3,878 _	3,858 _	175 200	159 213		- -	(200)	_ (213)	A	4,053 _	4,017 _
Total revenue	3,878	3,858	375	372	_	_	(200)	(213)		4,053	4,017
Results: Segment profit	45	142	38	46	1,736	1,838	(869)	(1,110)	 B = =	950	916
Depreciation of property, plant and equipment Depreciation of investment	515	374	40	42	_	_	48	1		603	417
properties Depreciation of right-of-	_	_	57	58	_	_	_	-		57	58
use assets Amortisation of intangible	_	28	11	11	_	_	60	108		71	147
assets Fair value gain on loan Interest income Interest expense	12 (27) 	14 (46) 	(1) 	_ _ (5) _	(545) (83) –	_ (492) (98) _	- - 26	_ _ _ 26		12 (545) (111) 26	14 (492) (149) 26
· _			s'	2			-				-

### **30.** Segment reporting (cont'd)

	Printing	cylinders	Investme		property de	ment in evelopment oanies	Adjustm elimin		Notes	Total op	erations
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000		<b>2021</b> \$'000	<b>2020</b> \$'000
Assets and Liabilities Segment assets Capital expenditure – property, plant and equipment/intangible	7,078	8,620	4,170	4,225	21,054	20,007	694	864		32,996	33,716
assets	83	1,136	_	_	_	_	3	1	_	86	1,137
Segment liabilities	418	662	106	106	_	_	2,240	2,264	С	2,764	3,032

#### Notes:

(A) Inter-segment revenues are eliminated on consolidation.

(B) The following items are deducted from segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	<b>2021</b> \$'000	<b>2020</b> \$'000
Loss from inter-segment sales Unallocated finance costs Unallocated corporate expenses	(200) 116 (785)	(213) (89) (808)
	(869)	(1,110)

#### 30. Segment reporting (cont'd)

(C) Unallocated segment liabilities are in respect of the following liabilities:

	<b>2021</b> \$'000	<b>2020</b> \$'000
Trade and other payables	258	274
Lease liabilities	110	145
Amount due to a Director	1,037	1,017
Deferred tax liabilities	835	828
	2,240	2,264

#### 30. Segment reporting (cont'd)

#### Geographical information

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

	Reve	enue	Non-current assets	
	<b>2021</b> \$'000	<b>2020</b> \$'000	<b>2021</b> \$'000	<b>2020</b> \$'000
Singapore Malaysia Cambodia Sri Lanka Other countries	949 3,093 - - 11	838 3,176 – – 3	332 19,631 1,046 –	437 19,607 1,286 
	4,053	4,017	21,009	21,330

#### Information about a major customer

Revenue from one major customer amounted to \$489,000 (2020: \$513,000) arising from sales by the printing cylinders business segment.

#### 31. Events occurring after the reporting period

Subsequent to year-end, the Company rolled over the principal and interest amount of the unsecured loan from the substantial shareholder Mr David Teo Kee Bock totalling \$1,040,400 due on 24 February 2022 for a further term of one year from 25 February 2022 to 24 February 2023 at the same interest rate of 2% per annum and on the same terms and conditions.

Subsequent to year-end, the Company has received US\$115,000 (approximately \$155,000) (10% share) from Star City in January 2022 for the partial repayment of its loans.

### 32. Authorisation of financial statements

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 7 April 2022.

# MAJOR PROPERTIES OF THE GROUP As at 31 December 2021

Description & Location	Effective Group Interest	Site Area (Sq Metres)	Built-up Area (Sq Metres)	Remaining Tenure
2-storey factory warehouse cum office building at PLO 210, Jalan Angkasa Mas Utama Tebrau II Industrial Estate 81100 Johor Bahru Johor, Malaysia	100%	8,094	5,381	31 years
2-storey factory warehouse cum office building at PLO 158, Jalan Angkasa Mas 6 Tebrau II Industrial Estate 81100 Johor Bahru Johor, Malaysia	100%	8,094	4,945	42 years

## STATISTICS OF SHAREHOLDINGS As at 18 March 2022

Issued and fully paid-up share capital Number of issued and paid-up shares Number/Percentage of treasury shares Class of shares Voting rights		subsidiary holdings)	- S\$14,807,000 - 49,912,500 ordinary sha - Nil - Ordinary shares - 1 vote per ordinary shar	
Distribution of Shareholdings Size of Shareholdings	No. of Shareholders	0/	No. of Shares	0/
Size of Shareholdings	NO. OF SHALEHOIDERS	<u>%</u>	NO. OF Shares	<u>%</u>
1 – 99	6	0.85	148	0.00
100 - 1,000	147	20.88	77,225	0.15
1,001 - 10,000	414	58.81	1,682,700	3.37
10,001 - 1,000,000	130	18.47	7,349,605	14.73
1,000,001 and above	7	0.99	40,802,822	81.75
Total	704	100.00	49,912,500	100.00

#### **Twenty Largest Shareholders**

No.	Name	No. of Shares	%
1	Teo Kee Bock	13,850,950	27.75
2	Ang Kim Ton	8,480,000	16.99
3	Teo Kee Chong	7,884,500	15.80
4	OKG Construction & Trading Pte Ltd	7,531,000	15.09
5	CGS-CIMB Securities (Singapore) Pte Ltd	1,043,372	2.09
6	Teo Chin Wen (Zhang Jingwen)	1,010,000	2.02
7	Teo Weixian (Zhang Weixian)	1,003,000	2.01
8	Teo Jue Ren	1,000,000	2.00
9	Toh Boon Chuan	699,200	1.40
10	Lek San Construction Pte Ltd	481,200	0.96
11	Chang Hin Chong	449,000	0.90
12	Khua Hock Leong	313,100	0.63
13	Oh Cher Kiat	300,000	0.60
14	Kor Beng Shien	218,000	0.44
15	Poh Heng	192,000	0.39
16	OCBC Nominees Singapore Pte Ltd	174,450	0.35
17	Goh Kheng Sing	115,000	0.23
18	Raffles Nominees (Pte.) Limited	106,200	0.21
19	Hoo Len Yuh	90,000	0.18
20	DBS Vickers Securities (S) Pte Ltd	85,000	0.17
	Total	45,025,972	90.21

<u>Substantial Shareholders</u> (as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Teo Kee Bock	13,850,950	27.75	151,200 <sup>(1)</sup>	0.30
Ang Kim Ton	8,480,000	16.99	-	-
Teo Kee Chong	7,884,500	15.80	-	-
OKG Construction & Trading Pte Ltd	7,531,000	15.09	-	-

(1) Deemed interest in shares held by spouse and CPF Board Nominee.

Approximately 17.9% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

FUJI OFFSET PLATES MANUFACTURING LTD (Company Registration No.: 198204769G) (Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or the "**Meeting**") of Fuji Offset Plates Manufacturing Ltd (the "**Company**") will be convened and held by way of electronic means via "live" audio-visual webcast and "live" audio-only stream on Thursday, 28 April 2022, at 10.00 a.m. for

#### AS ORDINARY BUSINESS

the following purposes:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021, together with the Independent Auditors' Report thereon.

#### (Resolution 1)

2. To declare a first and final one-tier tax-exempt dividend of 0.3 Singapore cents per share for the financial year ended 31 December 2021 (2020: 0.3 Singapore cents per share).

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to the Regulation 106 of the Constitution of the Company:-

Mr Teo Kee Chong (retiring under Regulation 106)

Mr Tan Keh Eyo (retiring under Regulation 106)

#### (Resolution 4)

(Resolution 3)

*Mr* Teo Kee Chong will, upon re-election as a Director of the Company, remain as Executive Director and Managing Director of the Company.

*Mr* Tan Keh Eyo will, upon re-election as a Director of the Company, remain as Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees respectively, and will be considered independent pursuant to Rule 704(7) of the the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Detailed information on each of the abovementioned Directors of the Company as required pursuant to Rule 720(5) of the Catalist Rules is on pages 64 to 67 of the annual report.

4. To approve the payment of Directors' fees of S\$100,000 for the financial year ended 31 December 2021 (2020: S\$100,000).

#### (Resolution 5)

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

#### (Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

#### AS SPECIAL BUSINESS

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

#### 7. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to), options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Ordinary Resolution is in force,

#### provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (20%) below) or any such other limit as may be prescribed by the Catalist Rules as at the date this Ordinary Resolution is passed;
- (2) (subject to such manner of calculation and adjustments 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 (1) above, the percentage of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding and subsisting at the time this Resolution is passed, provided that the options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraphs (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Ordinary Resolution shall continue to be in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (i)]

(Resolution 7)

#### 8. Renewal of Shareholders' Mandate for Interested Person Transactions

"That for the purposes of Chapter 9 of the Catalist Rules:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9 of the Catalist Rules, or any of them to enter into any of the transactions falling within the types of interested person transactions as set out in the Appendix to the Annual Report to Shareholders dated 12 April 2022 (the "Appendix") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are carried out on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and in accordance with the guidelines and review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");
- (b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
- (c) the Audit Committee of the Company be and are hereby authorised to take such action as they deem proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit."

[See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Kevin Cho Company Secretary

Singapore, 12 April 2022

#### **Explanatory Notes:**

(i) The Ordinary Resolution 7 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 allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of Shares that may be issued, the percentage of 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 7 is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution 7 is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) The Ordinary Resolution 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at 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.

#### Alternative Arrangements of Annual General Meeting to be held on 28 April 2022

#### Notes:

- 1. The AGM is being convened, and will be held, by electronic means at no cost to shareholders and members pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's corporate website at the URL <a href="https://www.fopgroup.com/index.php/investor-relations">https://www.fopgroup.com/index.php/investor-relations</a>. This Notice will also be made available on the SGX's website at the URL <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>.
- 2. Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions in advance in relation to any resolution set out in this Notice; (iii) addressing of substantial and relevant questions at the AGM; and (ii) voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 12 April 2022. This announcement website accessed the Company's corporate may be at at the URL https://www.fopgroup.com/index.php/investor-relations, and will also be made available on the SGX's website at the URL https://www.sgx.com/securities/company-announcements.

#### Submit Questions in Advance in relation to any Resolution set out in the Notice of AGM

- 3. The "live" audio-visual webcast and "live" audio-only stream are mainly for shareholders to contemporaneously observe the AGM proceeding and hence, shareholders will not be able to ask questions at the AGM "live" during the "live" audio-visual webcast and "live" audio-only stream. Accordingly, it is important for shareholders to submit their questions in advance in relation to any resolution set out in the Notice of AGM to be tabled for approval at the AGM, by submitting the webcast registration form in the following manner:
  - (a) if submitted by post, be deposited at the registered office of the Company at 2 Jalan Rajah, #06-28 Golden Wall Flatted Factory, Singapore 329134; or
  - (b) if submitted electronically, be submitted via email to the to the Company, at agm2022@fopgroup.com,

in either case, by 10.00 a.m. on Wednesday, 20 April 2022.

Management and the Board of the Company will endeavour to address all substantial and relevant questions received from shareholders at least 48 hours prior to the deadline for the deposition of proxy forms for the AGM by publishing the responses to those questions on the SGX's website at the URL <u>https://www.sgx.com/securities/company-announcements</u> and the Company's corporate website at the URL <u>https://www.fopgroup.com/index.php/investor-relations</u>.

The Company will publish minutes and answers within one (1) month from date of AGM on both the SGX's website at the URL <u>https://www.sgx.com/securities/company-announcements</u> and the Company's corporate website at the URL <u>https://www.fopgroup.com/index.php/investor-relations</u>.

#### Participating at AGM

- 4. Shareholders who wish to participate at the AGM by observing and/or listening to the AGM proceedings via "live" audio-visual webcast or "live" audio-only stream must register in the following manner:
  - (a) if submitted by post, be deposited at the registered office of the Company at 2 Jalan Rajah, #06-28 Golden Wall Flatted Factory, Singapore 329134; or
  - (b) if submitted electronically, be submitted via email to the to the Company, at agm2022@fopgroup.com,

in either case, by 10.00 a.m. on Monday, 25 April 2022 (the "Registration Deadline").

Following the verification and upon the closure of registration, authenticated shareholders will receive an email confirmation containing:

- (a) a link and password to access the "live" audio-visual webcast; or
- (b) a dial-in number with unique pin to access the "live" audio-only stream.

Shareholders must not forward the abovementioned email confirmation to other persons who are not entitled to attend the AGM. This is to avoid any technical disruptions or overload to the "live" audio-visual webcast or "live" audio-only stream.

Shareholders who register by the Registration Deadline but do not receive an email confirmation by 10.00 a.m. on Wednesday, 27 April 2022 may contact the Company by email at <a href="mailto:agm2022@fopgroup.com">agm2022@fopgroup.com</a> for assistance.

5. The Board and Auditors will be attending the AGM and their attendance and right to be heard will be satisfied by way of electronic means via "live" audio-visual webcast and "live" audio-only stream.

#### Submit Proxy Forms to Vote

6. Due to on-going challenges brought about by the COVID-19 pandemic and prevailing safe management measures, a member will not be able to attend the AGM in person. A member (whether individual or corporate and including relevant intermediary) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed at the Company's corporate website at the URL <a href="https://www.fopgroup.com/index.php/investor-relations">https://www.fopgroup.com/index.php/investor-relations</a>, and will also be made available on the SGX's website at the URL <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. Please note that proxy will be given the same rights as member.

Central Provident Fund ("**CPF**") or Supplemental Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators (being relevant intermediaries) to submit their votes by 10.00 a.m. on Monday, 18 April 2022.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the CPF Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 7. The Chairman of the Meeting, as proxy, need not be a member of the Company.
- 8. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - a. if submitted by post, be deposited at the registered office of the Company at 2 Jalan Rajah, #06-28 Golden Wall Flatted Factory, Singapore 329134; or
  - b. if submitted electronically, be submitted via email to the Company, at agm2022@fopgroup.com,

in either case, not less than forty-eight (48) hours before the time appointed for holding the AGM, i.e., by 10.00 a.m. on Tuesday, 26 April 2022.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Fuji Offset Plates Manufacturing Ltd and its subsidiaries

### NOTICE OF ANNUAL GENERAL MEETING

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- 9. The 2021 Annual Report and the Appendix in relation to the Proposed Renewal of Shareholders' Mandate for Interested Person Transactions (the "**IPT Appendix**") have been published and may be accessed at the Company's corporate website at the URL <a href="https://www.fopgroup.com/index.php/investor-relations">https://www.fopgroup.com/index.php/investor-relations</a> as follows:
  - (a) the 2021 Annual Report may be accessed by clicking on the hyperlinks "FOP Group's latest Annual Report"; and
  - (b) the IPT Appendix may be accessed by clicking on the hyperlinks "IPT Appendix".
- 10. Any reference to a time of day in this Notice of AGM is made by reference to Singapore time.

#### Personal data privacy:

By submitting (a) the Proxy Form appointing the Chairman of the AGM as proxy to vote at the AGM of the Company and/or any adjournment thereof, or (b) details for the registration to observe the proceedings of the AGM via "live" audio-visual webcast or "live" audio-only stream, or (c) questions in advance in relation to any resolution set out in the Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof);
- processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe and/or listen the proceedings of the AGM via "live" audio-visual webcast or "live" audio-only stream and providing them with any technical assistance where necessary;
- addressing all substantial and relevant questions received from members relating to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM prior to the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member may be recorded by the Company (or its agents or service providers) for such purposes.

This Notice has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd., (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made or reports contained in this Notice.

The contact person for the Sponsor is Ms. Foo Quee Yin., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

Fuji Offset Plates Manufacturing Ltd and its subsidiaries

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# FUJI OFFSET PLATES MANUFACTURING LTD

(Company Registration No.: 198204769G) (Incorporated in the Republic of Singapore)

#### IMPORTANT NOTICE FOR ALTERNATIVE ARRANGEMENT FOR ANNUAL GENERAL MEETING

- The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 12 April 2022 will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's corporate website at the URL https://www.fopgroup.com/index.php/investor-relations. The Notice of AGM will also be made available on the SGX's website at the URL https://www.sqx.com/securities/company-announcements
- Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream); (ii) submission of questions to the Chairman of the Meeting in advance in relation to any resolution set out in the Notice of AGM; (iii) addressing of substantial and relevant questions at the AGM; and (iv) voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 12 April 2022. This announcement may be accessed at the Company's corporate website at the URL <u>https://www.fopgroup.com/index.php/investor-relations</u>, and will also be made available on the SGX's https://www.sgx.com/securities/company-announcements. website at the URL
- Due to the prevailing COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate and including relevant intermediary) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
- Central Provident Fund ("CPF") or Supplemental Retirement Scheme ("SRS") investors who wish to appoint the Chairman of the Meeting as proxy should approach 4 their respective CPF Agent Banks or SRS Operators (being relevant intermediaries) to submit their votes by 10.00 a.m. on 18 April 2022.
- By submitting this proxy form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the 5. Notice of AGM dated 12 April 2022.
- 6 Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

*I/We,	(Name)	(NRIC/Passport/Company Registration Number)
of		(Address)

being a member/members of Fuji Offset Plates Manufacturing Ltd (the "Company"), hereby appoint the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf, at the AGM of the Company to be convened and held by way of electronic means via "live" audio-visual webcast and "live" audio-only stream on Thursday, 28 April 2022 at 10:00 a.m. and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against	Number of Votes Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 together with the Independent Auditors' Report			
2	Payment of proposed first and final one-tier tax-exempt dividend			
3	Re-election of Mr Teo Kee Chong as a Director			
4	Re-election of Mr Tan Keh Eyo as a Director			
5	Approval of Directors' fees amounting to S\$100,000 (2020:S\$100,000)			
6	Re-appointment of Messrs Ernst & Young LLP as Auditors			
7	Authority to allot and issue shares			
8	Renewal of Shareholders' Mandate for Interested Person Transactions			

All resolutions put to the vote at the AGM shall be conducted by way of poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes For or Against a resolution, please indicate with an "X" within in the For or Against box provided in respect of that resolution. Alternatively, please indicate the number of votes For or Against in the For or Against box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to Abstain from voting on a resolution, please indicate with an "X" in the Abstain box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to Abstain from voting in the Abstain box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this day of April, 2022

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature of Shareholder(s) or, Common Seal of Corporate Shareholder

\* To delete as appropriate

**IMPORTANT: Please read notes on the reverse** 

Notes:

- 1. A member of the Company should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
- 2. Due to the prevailing COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate and including relevant intermediary) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company's corporate website at the URL <a href="https://www.fopgroup.com/index.php/investor-relations">https://www.fopgroup.com/index.php/investor-relations</a>, and will also be made available on the SGX's website at the URL <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy; failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. Please note that proxy will be given the same rights as a member.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators (being relevant intermediaries) to submit their votes by 10.00 a.m. on 18 April 2022.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the CPF Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
- 4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited at the registered office of the Company at 2 Jalan Rajah, #06-28 Golden Wall Flatted Factory, Singapore 329134; or
  - (b) if submitted electronically, be submitted via email to the Company, at agm2022@fopgroup.com,

in either case, not less than forty-eight (48) hours before the time appointed for holding the AGM, i.e., by 10.00 a.m. on Tuesday, 26 April 2022.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

# In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- 5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy; failing which, the instrument may be treated as invalid.
- 6. The Company shall be entitled to reject the instrument appointing or treated as appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing or treated as appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing or treated as appointing the Chairman of the Meeting as proxy lodged if such members, being the appointer, are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
- 7. Any reference to a time of day in this Proxy Form is made by reference to Singapore time.

#### **Personal Data Privacy:**

By submitting an instrument appointing a proxy appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2022.

FOLD HERE

THE COMPANY SECRETARY Fuji Offset Plates Manufacturing Ltd 2 Jalan Rajah #06-28 Golden Wall Flatted Factory Singapore 329134 AFFIX POSTAGE STAMP

# FUJI OFFSET PLATES MANUFACTURING LTD

(CO. REG. NO. 198204769G)

2, Jalan Rajah # 06-28, Golden Wall Flatted Factory, Singapore 329134 (65) 62659111 (65) 62682300 www.fopgroup.com contact@fopgroup.com