advanced
Science. Engineered, Delivered.

TRANSFORMING

For A SUSTAINABLE Tomorrow | Annual Report 2021

advanced

Science. Engineered, Delivered.

CONTENTS

TRANSFORMING FOR A SUSTAINABLE TOMORROW.

Our Mission
Advancing innovations in engineering science.

Our Vision
To be the most advanced organisation in engineering science.

ABOUT US

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CORPORATE VALUES

Adherence
To Advanced's Ethical Principles

Care
For Our Stakeholders, The Community, The Environment And Respect For The Rights, Differences And Dignity Of Others

Excellence
Is A Virtue We Fully Commit To All Stakeholders

CREATING VALUE BY

Focusing
on geographical markets and market sectors which exhibit strong growth trends.

Developing
solutions and capabilities tailored to the requirements of customers worldwide.

Succeeding
through the consistent execution of our proven strategy for growth.

Expanding
in emerging economies where our total solutions give us competitive advantage.

VALUE PROPOSITION

Innovative Engineering Technologies & Solutions

Organic Growth

- ✓ Pursue high value contracts in key industries & markets
- ✓ Extend geographical footprint
- ✓ Strengthen & integrate our Sales & Engineering teams

Strategic Technologies & Products

- ✓ Build strategic alliances with global leaders in process technologies & equipment
- ✓ Broaden related businesses, products & services
- ✓ Enhance environmental solutions in process technologies, products & services

Strategic Investments

- ✓ Strategic technologies & equipment
- ✓ Sustainable technologies, businesses, products & services
- ✓ Environmental solutions products & services

Capabilities Investment

- ✓ Implement ongoing training and development programmes
- ✓ Recruit additional high calibre specialists

OUR BUSINESS

ENGINEERING SERVICES & EQUIPMENT

- Design, consultancy and turnkey engineering services
- Design, fabrication and supply of process equipment, technologies, analytical and instrumentation systems for oil & gas and petrochemical industries
- Field services (installation, commissioning, maintenance & training)

Our Engineering Services & Equipment business is further classified into 2 KEY SEGMENTS, namely:

→

01 ADVANCED ANALYSER TECHNOLOGIES

ATAC

Incorporated in United Kingdom, **Analytical Technology & Control Limited ("ATAC")** specialises in the design, manufacture and supply of a range of online analysers for the process and quality controls of refinery products, as well as a range of analysers for measuring calorific values of natural gas compositions in gas plants.

Guided Wave

US-based **Guided Wave Inc ("GWI")** specialises in online optical measurements for process analytical chemistry. With over 30 years of experience and more than 600 installed systems worldwide, GWI designs complete UV / VIS / NIR instrument systems and sample conditioning systems that are used continuously, both online and real-time under the rigours of the manufacturing plant environment.

02 ADVANCED SYSTEM SOLUTIONS

CAE

Established in Singapore, with factories and offices in Singapore, China, United States and Middle East. **Advanced CAE ("CAE")** is an expert designer and provider of process analyser systems, metering skids and related services to the oil and gas, petrochemical, pharmaceutical and semiconductor industries.

OUR SYSTEMS & PRODUCTS

01 BALL VALVES

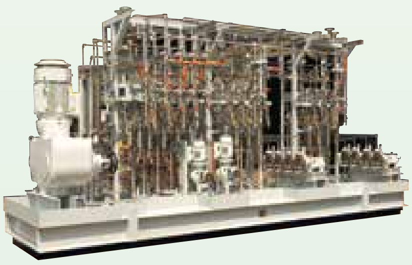
High quality standard and customised ball valves for speciality industrial use such as coal-gasification / liquefaction, LNG, PTA etc.

02 BOILING POINT ANALYSER

Continuous measurement of a single distillation point with short response time making it ideal for process control.

03 CATALYST METERING PACKAGE

Transfers catalyst, in paste form, in a precise quantity in a polypropylene plant.



04 CHEMICAL DOSING SYSTEM

Automatically injects a precise quantity of various chemicals for the treatment of products and protection of plant equipment.

05 CLEARVIEW® DB PHOTOMETER

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

06 CONE & PLATE VISCOMETER

NμLine is a Cone & Plate Viscometer designed for fast, reliable quality control measurements across a wide range of industrial manufacturing applications including paints & coatings, resins, adhesives, laminates, and food products. It is easy to clean and maintain in the harshest manufacturing environments with a range of fully interchangeable cone sizes available.

07 GAS ODORISATION SYSTEM

Odorises natural gas / town gas / LPG due to safety regulations. We supply de-odorisation systems as well.

08 LUMINOS TDL GAS ANALYSER

Utilises a tuneable diode laser for precise measurements, even at very low concentrations. This online analyser measures H_2O, H_2S, CO_2, CO and O_2 rapidly and only requires at-site maintenance and calibration.

09 NEAR INFRARED (NIR) ONLINE PROCESS ANALYSER

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

10 PROCESS ANALYSER SYSTEM

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

11 PROCESS VISCOMETER

The Process Viscometer is an online analyser for determining the viscosity of petroleum blended products and feed stocks. The results obtained correlate with the standard test methods utilised by all the refineries around the world, ASTM D445 / D2170.

12 SAMPLE-POINT INTERFACES

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

13 SAMPLING CONDITIONING SYSTEMS

A Sample Conditioning System delivers a representative sample to Process Analysers for measurement. It is a prerequisite for analyser reliability. Sample Conditioning Systems are inclusive of sample extraction, sample transport line, pressure regulating / boosting, sample cooling / temperature maintaining, flow regulating, filtration, calibration facilities, sample disposal, etc.

14 VAPOUR PRESSURE ANALYSER

The ATAC Model 1354 is a completely automatic Vapour Pressure Analyser for measuring the Reid Vapour Pressure (the vapour pressure exerted by a liquid at 100°F/37.8°C) for a wide range of refinery streams. Accurate measurements that correlate with ASTM D323 (D1267 for LPG) can be made on samples having viscosities up to 80cP at the measurement temperature.

ASSOCIATED PARTNERS

ANALYSERS & SYSTEMS

Control Instruments® Corporation

Specialising in gas detection products includes continuous process analysers, BTU analysers, flammable gas monitors, oxygen monitors, and remote access and control devices.

HeadlineFilters

Manufacturer of bonded microfiber filter elements and associated filter housing.

hobré ANALYZER SOLUTIONS

Specialises in Wobbe Index, Heating Value (BTU), Combustion Air Requirement analysers; Online EDXRF analysers for element analysis in liquids and total sulphur analysis in petroleum products.

neoMONITORS

Specialises in Tuneable Diode Laser Absorption Spectroscopy (TDLAS) gas and dust analysers.

Thermo SCIENTIFIC

Specialising in online analytical instrumentation, brands including Mass Spectrometer.

SPECIALTY VALVES & EQUIPMENT

perrin A member of KITZ corporation

High quality and reliable specialty ball valves in various exotic alloy materials for severe application in the PE / PP, LNG, Corrosive Acid, Coal Gasification and Catalyst Industries.

MANAGING DIRECTOR'S MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the board of Advanced Holdings Ltd ("**Advanced**" or "**Group**") it is my pleasure to present our Annual Report for the financial year ended 31 December 2021 ("**FY2021**").

FY2021 proved to be a challenging year for the Group. The ongoing Coronavirus pandemic coupled with the appearance of the Omicron variant have made for difficult business conditions, with business slowing down in most regions.

Over the course of the year, the Group has exerted every effort towards managing costs and developing business strategies best suited to navigating an unstable business environment, while at the same time striving to remain competitive.

FY2021 FINANCIAL REVIEW

The Group reported revenue of S$41.7 million for FY2021, a year-on-year decrease of 29.4% from S$59.1 million posted in financial year ended 31 December 2020 ("FY2020"). The decrease in revenue is mainly attributable to the disposal of former subsidiary, ZMK Technologies GmbH ("ZMK"), as well as the negative economic impact and difficult market conditions precipitated by the Coronavirus pandemic.

The Group's gross profit margin improved to 26.2%, from 20.1% in the previous financial year. Accordingly, the Group's recorded gross profit of S$10.9 million in FY2021, representing a decrease of S$1.0 million from FY2020.

China remained the largest market of the Group and contributed revenue of S$22.4 million in FY2021, representing 53.7% of total revenue. Singapore was the second biggest source of revenue with sales totalling S$5.3 million in FY2021 and 12.7% of total revenue. The USA accounted for 8.9% of total revenue with S$3.7 million, and the Middle East contributed 7.0% of total revenue with S$2.9 million. India rounded out the top 5 contributors, bringing in S$1.9 million constituting 4.6% of total revenue in FY2021.

> "The global economy continues to operate under uncertainty and Advanced will endeavour to navigate this uncertainty with due prudence, caution and forethought"

There was a general weakness in market demand which affected business in many regions in FY2021, an unprecedented adverse consequence of the ongoing Coronavirus pandemic. Revenue was down in most regions this year, partially attributable to the disposal of ZMK in the first half year of 2020.

During the year in review, the Group completed the acquisition of 12.25% share capital in Agricore Global Pte Ltd ("Agricore").

During FY2021, the Group entered into a joint venture with Agrimark Pte. Ltd. and PT Borneo Pasifik Global and incorporated a joint venture company Advanced Agri Pte. Ltd. ("AAPL") on 31 March 2021 in Singapore for the business purpose of corn cultivation, corn accumulation and trading, and corn processing in Indonesia. Subsequently on 29 June 2021, AAPL incorporated a majority-owned subsidiary PT Advanced Agri Indonesia in Indonesia.

The Group reported comprehensive loss attributable to the owners of the Company of S$2.0 million for FY2021, compared to an income of S$3.3 million the previous year.

Included in the Group's FY2021 loss are the write-down of S$0.5 million on the remeasurement of assets of Analytical Technology and Control Ltd, one of the Group's subsidiaries that was disposed of after the conclusion of FY2021, and S$0.9 million impairment losses on goodwill, property, plant and equipment and right-of-use assets attributable to the subsidiary, Advanced CAE Pte Ltd.

The Group remains in a good financial position, with cash reserves of S$19.2 million as at 31 December 2021, compared to S$31.5 million as at 31 December 2020. Meanwhile, the Group's outstanding order book is also at a healthy level, standing at approximately S$53.1 million as compared to S$38.7 million as of the previous financial year-end.

FUTURE OUTLOOK

Looking ahead, the global economy is in a weaker position in 2022 than analysts expected. There are still uncertainties while Omicron's presence looms large[1]. Rising energy prices and supply disruptions threaten the USA and developing world with higher and more broad-based inflation than anticipated[2].

The International Monetary Fund has predicted growth of 4.4% in 2022, a downgrade of 0.5 points published in the October World Economic Outlook[3]. This has not considered the potential disruption to supplies and business resulting from the Russian invasion of Ukraine. We saw oil prices spiked to a seven-year-high with prices projected to hit US$125 a barrel by the summer[4]. However, the projected increase in oil prices may be partially offset, if an agreement can be reached between the USA and Iran for the supply of Iran's estimated 80 million barrels of crude oil in reserve[4].

The global economy continues to operate under uncertainty and Advanced will endeavour to navigate this uncertainty with due prudence, caution and forethought.

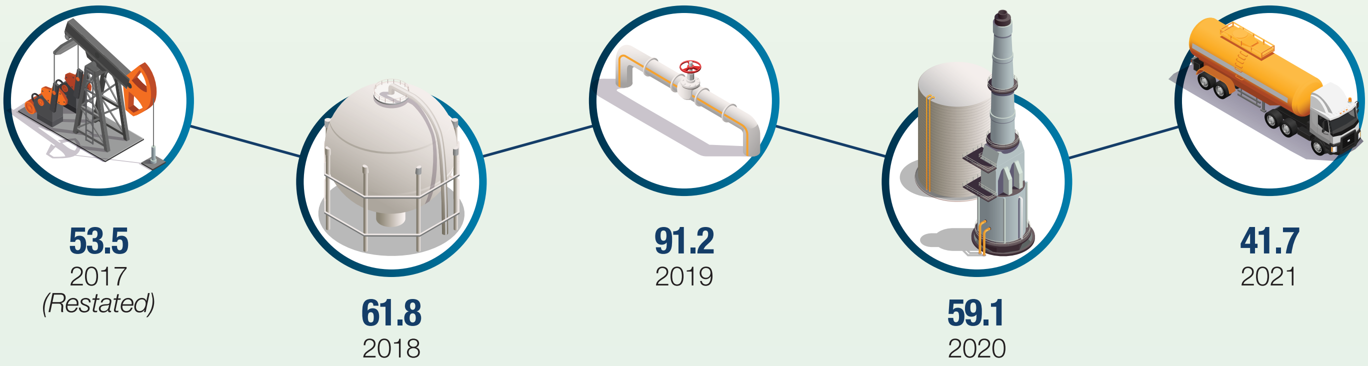
Yours Sincerely,
Dr Wong Kar King
Managing Director

[1] https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022
[2] https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022
[3] https://www.theguardian.com/business/2022/jan/25/inflation-and-omicron-will-dent-world-growth-in-2022-says-imf
[4] https://www.forbes.com/sites/sergeiklebnikov/2022/02/25/russias-invasion-of-ukraine-has-sent-energy-prices-soaring-heres-how-high-oil-could-rise/?sh=161cd0b83f25

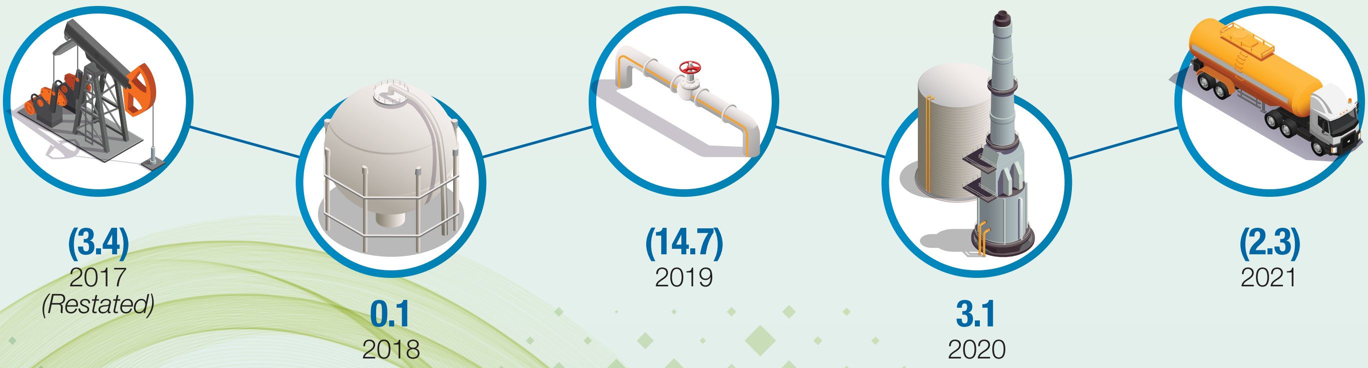
FINANCIAL HIGHLIGHTS

	2017 (Restated)	2018	2019	2020	2021
Revenue ($'000)	53,479	61,761	91,156	59,137	41,729
Profit (Loss) after tax ($'000)	(3,436)	62	(14,743)	3,064	(2,335)
Shareholders' equity ($'000)	57,937	57,780	42,647	45,955	43,908
Cash and cash equivalents ($'000)	41,175	33,355	16,161	31,548	19,245
Earnings (Losses) per share "EPS" (cents)#	(3.00)	0.30	(14.69)	2.77	(2.31)
Dividend per share "DPS" (cents)#	4.90	-	-	-	-
Net asset value per share "NAV" (cents)#	57.21	57.06	42.11	45.38	43.36
Current ratio (times)	2.42	2.79	1.56	2.52	2.03

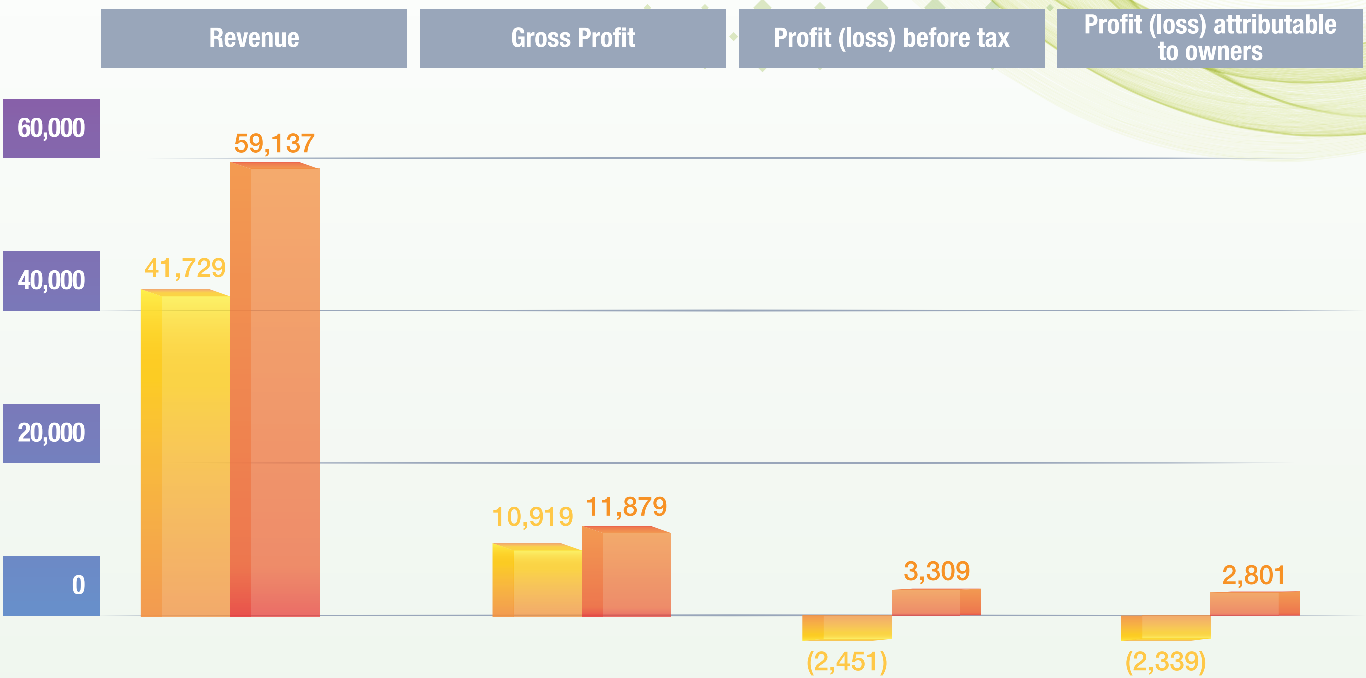
REVENUE ($M)



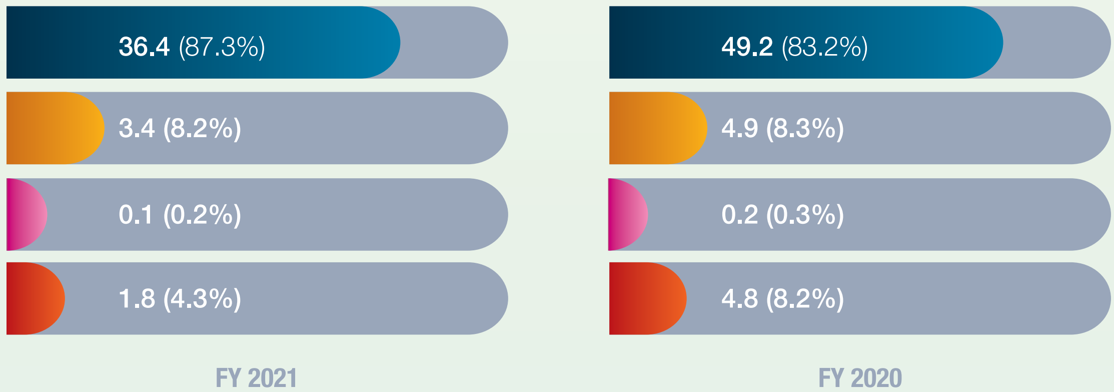
PROFIT (LOSS) AFTER TAX ($M)



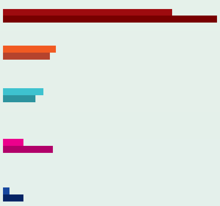
TWO YEARS COMPARISON ($'000)



REVENUE BY INDUSTRY ($M) and PERCENTAGE (%) of REVENUE



REVENUE BY TOP FIVE GEOGRAPHICAL MARKET ($M) and PERCENTAGE (%) of REVENUE



	2021 | S$'M (%)	**2020** | S$'M (%)
China	**22.4** (53.7%)	**25.3** (42.8%)
Singapore	**5.3** (12.7%)	**6.7** (11.3%)
USA	**3.7** (8.9%)	**5.9** (10.0%)
Middle East	**2.9** (7.0%)	**3.0** (5.1%)
India	**1.9** (4.6%)	**0.3** (0.7%)

BOARD OF DIRECTORS

DR WONG KAR KING

Managing Director

Dr Wong is the founder and Managing Director of the Group and was appointed to the Board on 19 February 2004. His key responsibilities include the overall management and operations of the business, in addition to formulating business strategies poised at spearheading the Group's growth forward. Dr Wong has 37 years of experience in technical sales and marketing. He also spent three years in the field of research and development. Prior to establishing the Group in 1992, Dr Wong worked in Rotork PLC (in England) and subsequently Rotork Asia (in Singapore) from 1987 to 1992. Dr Wong graduated from The Queen's University of Belfast, United Kingdom with a Bachelor Degree in Engineering (First Class Honours) and a Doctorate in Engineering. He was conferred the Outstanding Entrepreneur Award at the Asia Pacific Entrepreneurship Awards 2013 organised by Enterprise Asia and was later crowned the EY Entrepreneur Of The Year 2014 led by Ernst & Young in Singapore.

LIM BOON CHENG

Independent & Non-Executive Chairman

Mr Lim was appointed as the Independent Non-Executive Chairman on 14 August 2019 and he has been on the Board as an Independent Director since 1 April 2013. He comes with more than 30 years of experience in the public accounting industry in Singapore and the United Kingdom. Mr Lim is also an independent non-executive director of BBR Holdings (S) Ltd, listed on the Singapore Exchange, and Design Capital Limited, listed on the Hong Kong Stock Exchange. Mr Lim is a Panel Member of the Strata Titles Boards of Singapore and he is also a Lay Member of the Inquiry Panel of the Law Society of Singapore. Prior to joining Advanced, he was the Managing Partner and subsequently the Chairman of the public accounting firm LTC LLP, until his retirement from the practice in March 2012. Mr Lim is a Fellow of the Institute of Singapore Chartered Accountants and a Fellow of Chartered Accountants Ireland. He holds a Master of Business Administration degree from the University of Ulster, United Kingdom.

DR HO CHOON HOU

Independent Director

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

BG (RET) LIM YEOW BENG

Independent Director

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

KEY MANAGEMENT

TEO SIOK SAN SAMANTHA

Deputy Chief Executive Officer

Ms Teo was the Deputy Chief Executive Officer of the Group from August 2018 to 21 March 2022. She assisted the Managing Director in the overall management and operations of the Group, formulated business strategies and identified new businesses for the Group. She holds a Bachelor's Degree in Computer Science from the National University of Singapore.

QUAH KIM TECK

Managing Director, Advanced CAE Global Operations

Mr Quah has been fronting Advanced CAE Pte Ltd ("CAE") for more than 30 years, covering engineering, project management as well as sales and marketing of process analyser systems for the oil and gas industry. He is a chemical engineer by profession and is well recognised in the field of process analyser systems. Prior to assuming his new role as Managing Director, Mr Quah had been involved for some years laying the groundwork for CAE's global growth infrastructure as General Manager. With his expertise, he is well equipped to lead CAE towards further growth as well as in establishing global markets. Mr Quah holds a Bachelor's Degree in Chemical Engineering from the National University of Singapore.

WANG YILONG JOHNSON

Acting Chief Financial Officer

Mr Wang first joined the Company in 2017 as Group Assistant Manager and was promoted to Group Finance Manager in January 2020. He is responsible for finance and accounting, compliance, corporate governance of the Group. He has more than 12 years of accounting experience mainly with listed companies in Singapore. Mr Wang holds a Bachelor of Science with First Class Honours in Applied Accounting from Oxford Brookes University. He also holds professional certificates issued by Association of Chartered Certified Accountants (ACCA) and is currently a member of Institute of Singapore Chartered Accountants.

YANG XIAO FEI

General Manager, PRC Operations

Ms Yang is responsible for managing the Group's sales and marketing in the People's Republic of China ("PRC"). Prior to joining the Group in 2000 as a Division Sales Manager, she was the General Manager of Beijing Huawei Energy Technology Co. Ltd where she was instrumental in establishing contacts and developing business opportunities in the Oil & Gas industry. She holds a Degree in Bachelor of Economics, majoring in Accountancy, from the Beijing Forestry University, School of Economics and Finance.

STEPHEN JAMES EDWARD MCRAE

Finance & Managing Director, Analytical Technology & Control Ltd

Mr McRae joined Analytical Technology & Control Ltd ("ATAC") in 2010. Appointed as the Finance & Managing Director on 1 January 2015, he is responsible for managing ATAC's finance and overall business operations and development. His role in the Group extinguished pursuant to the completion of the disposal of ATAC on 25 February 2022. He previously held the roles of Finance Manager and Finance Director before his current appointment. Prior to joining the Group, he spent 20 years with Blue Circle PLC and Lafarge SA which are world leaders in cement as well as FTSE100 and CAC40 listed companies respectively. Mr McRae last held the position of Industrial Finance Leader for Lafarge's over £400m UK cement operations. Mr McRae, who is ACMA / GCMA qualified (Chartered Institute of Management Accountants), brings with him many years of experience in working with and leading teams across multiple large complex manufacturing plants.

SUSAN JANETTE FOULK

President, Guided Wave Incorporated

Ms Foulk was appointed to her current role as President of Guided Wave Incorporated ("GWI") on 1 April 2012. She is responsible for formulating and implementing the strategic goals and objectives of GWI and managing its overall business operations and development. This includes overseeing the Engineering / R&D, Manufacturing, Service & Support, and Administration functions of GWI which is based in Rancho Cordova, California. Her role in the Group extinguished pursuant to the completion of the disposal of GWI on 1 March 2022. With a background in Chemistry and Chemometric (Statistical) data modeling, she has been employed by GWI for over 30 years in a variety of capacities. She holds a Master's Degree in Analytical Chemistry from the University of North Carolina, Chapel Hill, as well as a Bachelor's in Chemistry from the University of Florida. In 2013, she was conferred the EAS (Eastern Analytical Symposium) award for Outstanding Achievements in Near-Infrared Spectroscopy and was later awarded honorary lifetime membership to the Council for Near-Infrared Spectroscopy in 2016.

GROUP STRUCTURE

(as at 31 December 2021)

advanced
Science. Engineered. Delivered.

- 100% Advanced Controls Pte Ltd
- 100% Advanced CAE Ltd
- 100% Advanced Controls (M) Sdh Bhd
- 49% Advanced Process Equipment (Thailand) Co. Ltd
- 100% Advanced Engineering Holdings Pte Ltd
  - 100% Advanced CAE Pte Ltd
    - 100% Advanced CAE, Inc.
  - 100% Analytical Technology & Control Limited
  - 100% Advanced CAE (ME) Control System L.L.C
  - 100% Advanced CAE Saudi Arabia Company Ltd
  - 100% Guided Wave Asia Pte Ltd
  - 99.9% Guided Wave Inc.
    - 100% Guided Wave Europe BVBA
- 100% Advanced Environmental Technologies Pte Ltd
- 12.25% Agricore Global Pte Ltd
- 51% Advanced Agri Pte Ltd
  - 99.99% PT Advanced Agri Indonesia

CORPORATE INFORMATION

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BOARD OF DIRECTORS

Dr Wong Kar King
(Managing Director)

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

Dr Ho Choon Hou
(Independent Director)

BG (RET) Lim Yeow Beng
(Independent Director)

AUDIT COMMITTEE

Mr Lim Boon Cheng
(Chairman)

Dr Ho Choon Hou
BG (RET) Lim Yeow Beng

NOMINATING COMMITTEE

Dr Ho Choon Hou
(Chairman)

Mr Lim Boon Cheng
BG (RET) Lim Yeow Beng

REMUNERATION COMMITTEE

Mr Lim Boon Cheng
(Chairman)

Dr Ho Choon Hou
BG (RET) Lim Yeow Beng

COMPANY SECRETARY

Ms Ong Beng Hong (LL.B)

SPONSOR

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

REGISTERED OFFICE

30 Woodlands Loop
Singapore 738319
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Fax: +65 6779 5400
Website: www.AdvancedHoldings.com
Email : sales@AdvancedHoldings.com

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

INDEPENDENT AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay,
North Tower, Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Mr Adrian Koh
Date of Appointment:
Since financial year ended
31 December 2020

PRINCIPAL BANKERS

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

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

GLOBAL PRESENCE
(as at 31 December 2021)

ASIA

SINGAPORE

Advanced Holdings Ltd
Advanced CAE Pte Ltd
Advanced Agri Pte Ltd
Advanced Controls Pte Ltd
Advanced Engineering Holdings Pte Ltd
Advanced Environmental Technologies Pte Ltd
Guided Wave Asia Pte Ltd

30 Woodlands Loop
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Tel : +65-6854 9000
: +65-6854 9001
Fax : +65-6779 5400
: +65-6758 7389

Agricore Global Pte Ltd
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Singapore 068898

MALAYSIA

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50450 Kuala Lumpur

INDIA

Guided Wave Asia Pte Ltd
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Flat 4C, Tower – 4,
18, Ho Chi Minh Sarani, Kolkata,
700061, West Bengal, India
Tel : +91-97-4870 6808
Fax : +65-6779 5400

INDONESIA

PT Advanced Agri Indonesia
Rukan Griya Inti Sentosa
Jalan Griya Sejahtera Blok L-39
RT/RW 010/020 Sunter Agung
Tanjung Priok, Jakarta Utara 14350
Indonesia
Tel : +62 2129 619473

THAILAND

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188/83 Sukhumvit Road,
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Rayong Province 21150, Thailand
Tel : +66 (0) 3860-9255-6
Fax : +66 (0) 3860-9254

CHINA

SHANGHAI

Advanced CAE Ltd
No.238 Feng Cun Road,
Qingcun Town,
Fengxian District, 201414,
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Tel : +86-21-6027 0066
Fax : +86-21-6027 0011

EUROPE & USA

USA

Guided Wave Incorporated
3033 Gold Canal Drive,
Rancho Cordova, CA 95670,
USA
Tel : +1-916-638 4944
Fax : +1-916-635 8458

Advanced CAE, Inc.
501 Hickerson Street Building 6,
Conroe, TX 77301,
USA
Tel : +1-936-282-5050

EUROPE

Guided Wave Europe BVBA
Leo de Bethunelaan, 105 / 0001
9300 Aalst,
Belgium
Tel : +31-74-259 5390
Fax : +31-74-259 5752

Analytical Technology & Control Limited
Broadway, Market Lavington,
Devizes Wiltshire SN10 5RQ,
United Kingdom
Tel : +44 (0) 1380 818411
Fax : +44 (0) 1380 812733

MIDDLE EAST

UNITED ARAB EMIRATES

Advanced CAE (ME) Control System L.L.C
10th Floor, C 2 Tower,
Al Bateen,
King Abdullah Al Saud Plot W 35,
P.O. Box 113100,
Abu Dhabi
United Arab Emirates
Tel : +971 25632382

KINGDOM OF SAUDI ARABIA

Advanced CAE Saudi Arabia Company Limited
3381, Road 124 - 1st Industrial
Area, Unit No: 4584,
P.O. Box: 386, Zip Code : 35717,
AL JUBAIL
Kingdom of Saudi Arabia
Tel : +966 13 367 0701

"At Advanced, we will continue to EVOLVE AND TRANSFORM in order to remain relevant in this ever changing environment."

STATEMENT OF CORPORATE GOVERNANCE

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

BOARD MATTERS

The Board's Conduct of Affairs

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

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

The primary role of the Board includes the following:

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

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

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

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

The Company's Directors and their membership on Board Committees (if any) during the financial year under review were as follows:

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

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

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

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

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

Name of Director	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held	5	4	2	1
Number of meetings attended:				
Mr Lim Boon Cheng	5	4	2	1
Dr Wong Kar King	5	4*	2*	1*
Dr Ho Choon Hou	4	4	2	1
BG (RET) Lim Yeow Beng	5	4	2	1

* Attendance by invitation

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

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

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

As at the date of this Annual Report, the Directors have participated in various seminars and other such external programmes. Some of the programmes and seminars include an online training courses conducted by Thomson Reuters on Preventing Financial Crime (Global), Compliance Induction (Global), Anti-Money Laundering (AML) Refresher: Asia-Pacific (APAC) Edition and Introduction to Corporate Social Responsibility and ESG Investing.

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

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

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

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

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

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

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

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

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

Under the Code 2018, an independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. Under Rule 406(3)(d) of the Catalist Rules of the SGX-ST, a Director will not be independent if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Remuneration Committee.

A Director will also not be independent if he has been a director for an aggregate period of more than nine (9) years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the listing applicant, and associates of such directors and chief executive officer. Such resolutions may remain in force until the earlier of (i) the retirement or resignation of the director; or (ii) the conclusion of the third annual general meeting of the listing applicant following the passing of the resolutions.

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

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

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Mr Lim Boon Cheng and Dr Ho Choon Hou have served on the Board for more than nine (9) years from the date of their first appointment. Taking into account the views of the NC, as well as the need for progressive refreshing of the Board, the Board has reviewed and considered Mr Lim Boon Cheng and Dr Ho Choon Hou to be independent based on the definition and criteria set out in the Code and the Catalist Rules. Amongst other reasons, Mr Lim Boon Cheng and Dr Ho Choon Hou have throughout their appointments continuously and constructively challenged the Management on business decisions and remained objective in the discharge of their duties and responsibilities.

The Code 2018 stipulates that the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review. Mr Lim Boon Cheng, who was appointed as an Independent Director of the Company on 1 April 2013, had at the Company's last extraordinary general meeting ("**EGM**") held on 28 October 2021 successfully sought approval as an Independent Director via separate resolutions voted upon by shareholders and shareholders (excluding Directors, the Chief Executive Officer, and their associates) respectively pursuant to Rule 406(3)(d)(iii) of the Catalist Rules. This approval will remain in force until the earlier of Mr Lim Boon Cheng's retirement or resignation as Director or the conclusion of the third Annual General Meeting ("**AGM**") from the approval. As Mr Lim Boon Cheng will be retiring by rotation at the upcoming AGM, he will be seeking approval again as an Independent Director via separate resolutions voted upon by shareholders and shareholders (excluding Directors, the Chief Executive Officer, and their associates) respectively pursuant to Rule 406(3)(d)(iii) of the Catalist Rules.

Dr Ho Choon Hou, who was appointed as an Independent Director of the Company on 4 January 2013, had at the Company's EGM held on 28 October 2021 successfully sought approval as an Independent Director via separate resolutions voted upon by shareholders and shareholders (excluding Directors, the Chief Executive Officer, and their associates) respectively pursuant to Rule 406(3)(d)(iii) of the Catalist Rules. This approval will remain in force until the earlier of Dr Ho Choon Hou's retirement or resignation as Director or the conclusion of the third AGM from the approval.

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

The Board's diversity policy in identifying nominees is primarily to have an appropriate mix of members with complementary skills, knowledge, core competencies and experience for the Group, regardless of age or gender. The Board is of the view that the current Board comprise persons whose diverse skills, experience, knowledge, expertise and attributes fosters constructive debates and provide for effective direction of the Group. The Management is able to benefit from their external and objective perspectives of issues that are brought before the Board. The Independent Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.

Whilst the Company has not adopted a board diversity policy formally taking into consideration the size of the Board as well as the scale of the Company's operations, the Board and the NC recognise the importance of having an effective and diverse Board, taking into consideration the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. Further to this, the Board and NC will also continue to take into consideration the need for diversity on the Board in the appointment of new Directors in line with the intent of Principle 2 of the Code. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of skills, knowledge, expertise, experience, diversity and gender, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The NC shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed as new Directors with the aim of having at least one (1) female Director on the Board in due course.

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

The non-executive Directors, led by the Independent Chairman, meet regularly without the presence of the Management. The Independent Chairman provides feedback to the Board as appropriate.

Chairman and Chief Executive Officer
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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

The positions of the Independent Chairman and the Managing Director are kept separate and are held by Mr Lim Boon

Cheng and Dr Wong Kar King respectively. The Independent Chairman's duties and responsibilities include scheduling meetings, preparing Board agenda and ensuring compliance with the Code 2018. Mr Lim Boon Cheng, the Independent Chairman, and Dr Wong Kar King, the Managing Director, are not related. The Independent Chairman leads the Board to ensure its effectiveness and approves the agenda of each Board meeting in consultation with the Managing Director. The Independent Chairman reviews the Board papers and ensures that Board members are provided with accurate, timely and clear information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meeting. The Independent Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

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

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

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

Board Membership
Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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

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

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

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

a. making recommendations to the Board on all board appointments;
b. reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the Directors, having regard to the Directors' contribution and performance;
c. reviewing succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Managing Director and key management personnel;
d. determining annually, or whenever necessary during the year, the independence of Independent Directors, bearing in mind the relationships which would deem a Director not to be independent;
e. making recommendations to the Board on the process and criteria for evaluation of the performance of the Board, the Board Committees and the individual Directors;
f. evaluating the performance of the Board, the Board Committees and the contributions from the individual Directors on a year to year basis; and
g. reviewing training and professional development programmes for the Board and its Directors.

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

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

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

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

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

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

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

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Mr Lim Boon Cheng(1)	66	1 April 2013	28 October 2021	Present: BBR Holdings (S) Ltd Design Capital Ltd(2)	Present: Owner and Principal of Fitzroy Corporate Advisory Director of AIB MT Fund Asia Pte Ltd (in members' voluntary liquidation) Past: Director of FGPO (Singapore) Ltd Director of FG Investors Pte Ltd

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Dr Wong Kar King	60	19 February 2004	30 April 2021	-	Present: Director and shareholder of Greenphyto Pte. Ltd. Director and shareholder of Green Manor Hotels & Properties Sdn Bhd Director and shareholder of Manor Properties Group (M) Sdn Bhd Director of Advanced CAE Pte. Ltd. Director of Advanced Controls Pte Ltd Director of Advanced Environmental Technologies Pte. Ltd. Director of Advanced Engineering Holdings Pte. Ltd. Past: Director of Advanced China Ventures Pte. Ltd. Director of Applied Engineering Pte Ltd Director of Advanced Resources Holdings Pte. Ltd. Director of Advanced Water Engineering Pte. Ltd. Director of Applied Shipyard Pte. Ltd. Director of Guided Wave Asia Pte. Ltd.

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Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
Dr Ho Choon Hou[3]	49	4 January 2013	28 October 2021	Present: Cordlife Group Limited Vividthree Holdings Ltd. Mclean Technologies Berhad[3]	Present: Principal at Southern Capital Group Limited Non-Executive Director of Agricore Global Pte. Ltd. Non-Executive Director of Hoch Ventures Pte. Ltd. Non-Executive Director of Catermas Engineering Private Limited Non-Executive Director of Core Equipment Holdings Pte. Ltd. Non-Executive Director of Fuelcore Pte. Ltd. Non-Executive Director of SCG+ Private Limited Non-Executive Director of Southern Star Gourmet Pte. Ltd. Non-Executive Director of Star Learners Group Pte. Ltd. Non-Executive Director of Straits Group Pte. Ltd. Non-Executive Director of Catermas Investments Limited Non-Executive Director of Invictus Medical Investments Non-Executive Director of Maestro Group Holdings Limited

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies	Other Principal Commitments
BG (RET) Lim Yeow Beng[4]	63	14 August 2019	30 October 2020	Past: Medtecs International Corporation Limited	Present: Legal Representative and Non-Executive Director of Access World Shanghai Legal Representative, Chairman and Non-Executive Director of Access World Tonghua Legal Representative, Chairman and Non-Executive Director of Access World Guangzhou Non-Executive Director of Tripod Hospitality Pte Ltd Non-Executive Director of Tripod Hospitality Ltd (Thailand) Non-Executive Director of Unicorn Hotels and Resorts Ltd (Thailand) Non-Executive Director of Unicorn Hospitality Co Ltd (Thailand) Non-Executive Director of Face Bistro Pte Ltd Non-Executive Director of Eat Drink Sleep Play Pte Ltd Independent Adviser to ST Logistics group Independent Adviser to Access World Logistics (Singapore) Pte. Ltd. (formerly known as Pacorini Metals (Asia) Pte. Ltd.) Independent Adviser to Goldbell Corporation Pte. Ltd. Independent Adviser to Manor Group (Singapore) Pte. Ltd. Independent Adviser to Royal Maritimo International Pte Ltd President/Adviser of AJJ Health Care Management Pte Ltd Past: Non-Executive Director of Enviropac (S) Pte Ltd

Notes:
(1) Mr Lim Boon Cheng will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.
(2) Listed on the Hong Kong Stock Exchange.
(3) Listed on Bursa Malaysia.
(4) BG (RET) Lim Yeow Beng will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.

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

The Board's overall performance as well as the effectiveness of its Board Committees will be evaluated by the Nominating Committee. The Nominating Committee will also assess each Director's (including the Chairman's) contribution to the Board. The guidelines for assessment include attendance at meetings of the Board and the Board Committees, the level and quality of participation during the meetings and any other specific contributions. The Board did not engage an external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each Director for FY2021.

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

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

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

To assess the effectiveness of each Board Committee, the factors evaluated by the Nominating Committee include but are not limited to:
(i) the size and composition of the Board Committee;
(ii) the discussion and decision-making processes of the Board Committee (including the conduct of meetings by the Board Committee);
(iii) the Board Committee's access to information;
(iv) the accountability of the Board Committee to the Board; and
(v) the performance of the Board Committees (including the Board Committee's performance in relation to the discharge of its principal responsibilities set out in the Code 2018).

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

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

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

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

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

The Remuneration Committee may seek professional advice on remuneration matters as and when necessary. The Remuneration Committee ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultant during the financial year under review.

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

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

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

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

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

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

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

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

<u>Directors of the Company</u>

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

In respect of the amounts and breakdown of the remuneration, after careful deliberation and taking into consideration the competitive pressures in the talent market, the sensitive and confidential nature of remuneration, the relative size of the Group as well as the competitive business environment in which the Group operates in, the Board has, on review, decided not to disclose the precise remuneration of the Company's Managing Director. The Board is of the view that it is not in the Group's best interest to make such precise disclosure as the disadvantages which would be caused to the Group's business interest would far outweigh the benefits of such disclosure. The level and mix of remuneration paid to the Managing Director for FY2021 are as follows:

Executive Director	Remuneration Band	Salary including CPF	Performance Bonus	Benefits	Total
Dr Wong Kar King	From $750,001 to $1,000,000	98%	-	2%	100%

Remuneration paid to non-executive Directors comprised solely directors' fees paid quarterly in arrears and were approved by the shareholders in the AGM held on 30 April 2021. The breakdown of directors' fees paid and/or payable to the non-executive Directors for FY2021 is as follows:

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

<u>Key Management Personnel of the Company</u>

The annual aggregate remuneration paid to the top five (5) key management personnel of the Company (excluding the Managing Director) for FY2021 is $1,081,000. Details of the remuneration paid to such key management personnel are set out below:

Key Management Personnel	Salary including CPF	Performance Bonus	Benefits	Total
Below $250,000				
Samantha Teo	100%	-	-	100%
Fredy Cheng	71%	29%	-	100%
Quah Kim Teck	100%	-	-	100%
Stephen McCrae	100%	-	-	100%
Susan Foulk	85%	15%	-	100%

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

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

Employees who are substantial Shareholders of the Company or are immediate family members of a Director, the Managing Director or substantial Shareholder

There was no employee who is a substantial shareholder or who is an immediate family member of a Director, the Managing Director or substantial Shareholder of the Company and whose remuneration exceeds $100,000 for FY2021. The details of the employee who is an immediate family of a Director and her remuneration are as follows:

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

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

The Board has received assurances from:

(a) the Managing Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Managing Director and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal controls systems.

The Company has engaged PKF-CAP Risk Consulting Pte Ltd, a member firm of PKF International, as the internal auditors to perform an internal audit for FY2021. PKF-CAP Risk Consulting Pte Ltd is a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors report directly to the Chairman of the Audit Committee on all internal audit matters.

PKF-CAP Risk Consulting Pte Ltd is headed by Mr Michael Chin, who is Fellow (practising) member of the Institute of Singapore Chartered Accountants and a Fellow member of the Institute of Chartered Accountants in England and Wales. Prior to heading PKF-CAP Risk Consulting Pte Ltd, he joined Arthur Andersen LLP as a partner in its Assurance and Business Advisory division before leaving the firm to set up his own audit and consultancy practices together with another partner. Mr Michael Chin has extensive experience as engagement director in charge of numerous internal audit assignments including corporate governance, risk management and FRS compliance review for companies listed on the SGX as well as for not-for-profit organisations such as the People's Association. The senior manager of PKF-CAP Risk Consulting Pte Ltd, Mr Edward Chua, is a member of the Institute of Singapore Chartered Accountants, Malaysia Institute of Accountants, CPA Australia, The Institute of Internal Auditors, Information Systems Audit and Controls Association and the Association of Certified Fraud Examiners.

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

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

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

The Audit Committee will assess the independence, adequacy and effectiveness of the internal audit function annually. Based on the audit reports and management controls in place, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at December 31, 2021 in its current business environment.

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

<u>Financial Risk Management Policies</u>

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

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

Foreign Currency Risk

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

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

Interest Rate Risk

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

Credit Risk

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

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

Liquidity Risk

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

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

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

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

The Audit Committee held four meetings during FY2021. Dr Wong Kar King, the Managing Director, attended all four meetings. The Group's external auditors were also present at the relevant junctures during some of these meetings. Separate sessions with the external auditors are also held without the presence of the Management at least annually, to consider any matters which might be raised privately.

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

The responsibilities of the Audit Committee include the following:

- review the Group's financial and operating results and accounting policies;
- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

STATEMENT OF CORPORATE GOVERNANCE

- review the periodic and annual announcements as well as the related press releases on the result and financial position of the Group;
- review the audit plan of the external auditors;
- review the consolidated financial statements of the Group before submission to the Board together with the external auditors' report on those financial statements;
- review and evaluate at least annually the adequacy and effectiveness of the Group's systems of internal controls and risk management;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit;
- review and make recommendations to the Board on the re-appointment of external auditors of the Company and the Group;
- review and make recommendations to the Board on the remuneration and terms of engagement of the external auditors;
- review the effectiveness of the internal audit function and ensure co-ordination between the internal and external auditors and the Management;
- review the assurance from the Managing Director and the Chief Financial Officer on the financial records and financial statements;
- review interested person transactions;
- review any potential conflicts of interest;
- review the policy and arrangements for concerns about improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- review and discuss with the external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- undertake such reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- generally undertake such other functions and duties which may be required by statute or the rules of the Catalist Rules of the SGX-ST, and by such amendments made thereto from time to time.

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

Significant Matter	**How the Matter was Addressed by the Audit Committee**
a. Contract revenue recognition	The Audit Committee reviewed the Management's approach to the recognition of contract income, with reference to the percentage-of-completion method which involved the Management's assessment of the stage of completion of the contract activity and the estimated total costs to completion of the contract. The Audit Committee reviewed the basis on which the revenue of the contracts has been recognised and concurred with the Management's judgments on the amounts involved. See Note 3.2(a) to the financial statements.
b. Impairment assessments of long-lived assets and investment in subsidiaries	The Audit Committee reviewed the management's approach to assess the impairment of long-lived assets and investment in subsidiaries which involved determining the recoverable amounts based on either value in use ("VIU") computation or fair value less cost of disposal ("FVLCD") model. The VIU computation equals the present value of the cash flows generated by a cash generating unit while the FVLCD model involves engaging an independent valuer in estimating the market value of these assets or based on expected sales proceeds as stipulated in agreements. The Audit Committee reviewed the assumptions used in VIU computation and basis on which the valuation is performed and concurred with the Management's judgements on the amount involved. See Notes 10, 11, 12, 14, 15 and 16 to the financial statements.

The external auditors have included the above significant matters as key audit matters in their audit report for FY2021 together with a detailed description of the audit procedures adopted (refer to pages 50 to 52 of this Annual Report).

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

The Group has also set in place whistle-blowing procedures pursuant to which staff of the Group may, in confidence or anonymously, raise concerns about possible improprieties in matters of financial reporting or other matters to the Audit Committee. Investigations on matters raised are undertaken by members of the Audit Committee with the assistance of the Managing Director and/or senior management of the Group, where appropriate. The objective for such arrangement is to ensure independent investigation of matters raised and to allow appropriate actions, without detrimental or unfair treatment to the staff who made the report, to be taken. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the Audit Committee will then decide on recommended disciplinary or remedial action, if any. The action so determined by the Audit Committee to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively.

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

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

Ernst & Young LLP is the Company's current external auditors and was appointed since 30 October 2020. In accordance with Rule 1204(6) of the Catalist Rules, the audit fees payable to Ernst & Young LLP for their audit and non-audit services for FY2021 are $184,000 and $13,000 respectively.

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

The Company engages different audit firms for its subsidiaries or significant associated companies and the names of these audit firms are disclosed on Pages 101 to 103 and 105 of this Annual Report. The Board and Audit Committee have reviewed the appointments of these audit firms and are of the view that the appointments of these other audit firms do not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 715 (when read with Rule 716) and Rule 717 of the Catalist Rules.

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

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

Shareholder meetings are the principal forum for communication with Shareholders. Annual Reports and notices of the AGMs or any other Shareholder meetings (as the case may be) are sent to all Shareholders at least 14 days before the scheduled date of such meeting. The external auditors and the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders. Appropriate management personnel are also present at general meetings to respond, if necessary, to operational questions from Shareholders. All Directors attended the AGM of the Company held during FY2021. Three out of four Directors, all Directors except Dr Ho Choon Hou, attended the EGM of the Company held on 28 October 2021.

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

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

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

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

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

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

Engagement with Shareholders
Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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

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

Due to the COVID-19 pandemic in Singapore, Shareholders will not be allowed to attend the forthcoming AGM in person. Instead, following the passing of the COVID-19 (Temporary Measures) Act 2020 and 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 have been put in place to allow Shareholders to participate in the forthcoming AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions in advance of the AGM, and/or (c) appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM.

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

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

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

MANAGING STAKEHOLDERS RELATIONSHIPS

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

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

Please refer to the Sustainability Report of the Company which the Company will publish by 31 May 2022 for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2021.

As mentioned in the previous page, the Company maintains a website (www.AdvancedHoldings.com), which allows the stakeholders to communicate and engage with the Company.

STATEMENT OF CORPORATE GOVERNANCE

SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

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

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

There were no discloseable interested person transactions during FY2021.

DEALINGS IN SECURITIES

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

MATERIAL CONTRACTS

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

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2021.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Lim Boon Cheng and BG (RET) Lim Yeow Beng are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on April 28, 2022 (collectively, the **"Retiring Directors"** and each a **"Retiring Director"**).

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

	MR LIM BOON CHENG	BG (RET) LIM YEOW BENG
Date of Appointment	1 April 2013	14 August 2019
Dates of last re-appointment	28 October 2021	30 October 2020
Age	66	63
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 of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualifications, work experience and suitability of Mr Lim Boon Cheng for re-appointment as Independent Chairman, and as the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nominating Committee. The Board has reviewed and concluded that Mr Lim Boon Cheng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualifications, work experience and suitability of BG (RET) Lim Yeow Beng for re-appointment as Independent Director, and as a member of each of the Audit Committee, the Nominating Committee and the Remuneration Committee. The Board has reviewed and concluded that BG (RET) Lim Yeow Beng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and the relevant Board Committees.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Chairman; Chairman of the Audit Committee; Chairman of the Remuneration Committee; Member of the Nominating Committee	Independent Director; Member of the Audit Committee; Member of the Nominating Committee; Member of the Remuneration Committee
Professional qualifications	Chartered Accountant, Institute of Singapore Chartered Accountants Chartered Accountant, Chartered Accountants Ireland Master of Business Administration Degree, University of Ulster, Northern Ireland	Bachelor of Engineering Degree in Mechanical Engineering (Hons), National University of Singapore Master of Science in Industrial Engineering, National University of Singapore Graduate of the Executive Development Programme by IMD, Switzerland

	MR LIM BOON CHENG	BG (RET) LIM YEOW BENG
Working experience and occupation(s) during the past 10 years	December 2000 to March 2012: Managing Partner/Chairman of LTC & Associates / LTC LLP February 2001 to October 2014: Director of One Consulting Group Pte. Ltd. June 2007 to October 2014: Director of One E-Risk Services Pte. Ltd. December 2007 to October 2014: Director of One Outsource Services Pte Ltd. June 2007 to October 2014: Director of One Tax Services Pte Ltd. September 2005 to October 2014: Director of One Financial Advisory Pte Ltd. 2017 to Present: Owner and principal of Fitzroy Corporate Advisory	April 2005 to December 2014: Toll Logistics Holdings (Director of Government Business Group); ST Logistics Pte Ltd (President and CEO of ST Logistics group of companies) Since January 2015: Director/Adviser to a number of companies in the hotel development, hospitality, engineering, logistics, healthcare and retail/e-commerce sectors, such as Access World Logistics (Singapore) Pte. Ltd., Goldbell Corporation Pte. Ltd., Manor Group (Singapore) Pte. Ltd. Royal Maritimo International Pte Ltd., AJJ Healthcare Management Pte Ltd and Legend Logistics Group
Shareholding interest in the Company and its subsidiaries	Nil	6,666 ordinary shares as at July 17, 2020
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LIM BOON CHENG	BG (RET) LIM YEOW BENG
Other Principal Commitments* Including Directorships (for the last 5 years) *"Principal Commitments" has the same meaning as defined in the Code 2018.	Past: Director of FGPO (Singapore) Ltd Director of FG Investors Pte Ltd Present: Independent Non-Executive Director of BBR Holdings (S) Ltd Independent Non-Executive Director of Design Capital Ltd (listed on the Hong Kong Stock Exchange) Director of AIB MT Fund Asia Pte Ltd (in members' voluntary liquidation)	Past: Non-Executive Director of Enviropac (S) Pte Ltd Independent Director of Medtecs International Corporation Limited Present: Legal Representative and Non-Executive Director of Access World Shanghai Legal Representative, Chairman and Non-Executive Director of Access World Tonghua Legal Representative, Chairman and Non-Executive Director of Access World Guangzhou Non-Executive Director of Tripod Hospitality Pte Ltd Non-Executive Director of Tripod Hospitality Ltd (Thailand) Non-Executive Director of Unicorn Hotels and Resorts Ltd (Thailand) Non-Executive Director of Unicorn Hospitality Co Ltd (Thailand) Non-Executive Director of Face Bistro Pte Ltd Non-Executive Director of Eat Drink Sleep Play Pte Ltd Independent Adviser to Access World Logistics (Singapore) Pte. Ltd. (formerly known as Pacorini Metals (Asia) Pte. Ltd.) Independent Adviser to Goldbell Corporation Pte. Ltd. Independent Adviser to Manor Group (Singapore) Pte. Ltd. Independent Adviser to Royal Maritimo International Pte Ltd President/Adviser of AJJ Health Care Management Pte Ltd Independent Advisor to Legend Logistics Group
(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

		MR LIM BOON CHENG	BG (RET) LIM YEOW BENG
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LIM BOON CHENG	BG (RET) LIM YEOW BENG
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, In connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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

FINANCIAL STATEMENTS

DIRECTOR'S STATEMENT

The directors present their statement together with the audited consolidated financial statements of Advanced Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), and statement of financial position 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 statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

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

Directors

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

Dr Wong Kar King
Mr Lim Boon Cheng
Dr Ho Choon Hou
BG (RET) Lim Yeow Beng

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 or debentures

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

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

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

The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same at 31 December 2021.

Share options

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

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

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

Audit Committee

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

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

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

(c) the periodic and annual announcements on the results and financial position of the Group and the Company before their submission to the Board of Directors;

(d) the annual audit plan of the Company's independent auditor and the results of their examination of the financial information of the Company, the consolidated financial statements of the Group and the independent auditor's report on those financial statements before their submission to the Board of Directors;

(e) effectiveness of the material internal controls of the Group, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(f) met with the independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(g) legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(h) the cost effectiveness and the independence and objectivity of the independent auditors;

(i) the nature and extent of non-audit services provided by the independent auditors;

(j) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation of the independent auditors and reviewed the scope and results of the audit;

(k) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and

(l) reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual.

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

Auditors

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

On behalf of the board of directors:

Dr Wong Kar King Director	Mr Lim Boon Cheng Director

Singapore

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVANCED HOLDINGS LTD.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Advanced Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows 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 and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

We have fulfilled the 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.

Contract revenue recognition

18% of the Group's revenue relate to contracts with customers to provide system integration solutions that are recognised over-time by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is measured by reference to the proportion of total costs incurred at the statement of financial position date compared to management's budgeted total contract cost (the "input method").

Significant management judgement is required for the estimation of each contract's stage of completion, total cost required for completion, and assessing the risk of onerous contracts. The operational disruptions caused by the COVID-19 pandemic have also heightened the uncertainties in making these assessments. Accordingly, we have determined this to be a key audit matter.

Our audit procedures included the following:

- Obtained an understanding of the Group's internally established methods and processes for recognising contract revenue and tested key internal controls over the revenue recognition process.
- Evaluated management's estimates and assumptions used in recognising revenue for individually significant contracts and contracts for projects subject to higher uncertainties such as those where a large portion of materials and services are provided by external vendors, those having significant changes to budgeted cost, and those affected by delays and cost escalations due to operational disruptions from the COVID-19 pandemic.
- Reviewed the key terms and conditions of selected contracts including related amendments and variation options that can impact the recognition of contract revenue, cost of sales and foreseeable losses.
- Evaluated management's computations and application of the input method used in determining the stage of completion of the contracts by reviewing the actual costs incurred up to the statement of financial position date, its relationship to the extent of progress towards completion, and the current estimated costs to complete the projects.
- Discussed with management and relevant project managers to understand the progress of the projects, reasons for budgeted cost variances, risks of project delays and onerous contracts and reviewed external evidence such as project acceptance documentation and correspondences with customers and contractors.
- Assessed the adequacy of the Group's disclosures on contract revenue recognition and associated estimation uncertainty made in Notes 3.2(a), 7 and 26 to the financial statements.

Impairment assessments of long-lived assets and investment in subsidiaries

The Group has significant long-lived assets including property, plant and equipment, right-of-use assets, goodwill on consolidation and investments in an associate and a joint venture belonging to five cash generating units ("CGUs") as at 31 December 2021 which are disclosed in Notes 10, 11, 12, 15 and 16 to the financial statements. The Company has investments in subsidiaries that represents approximately 75% of its total assets which are disclosed in Note 14 to the financial statements.

Management has identified a combination of impairment indicators for the Advanced CAE CGU, investment in an associate, Agricore Global Pte Ltd ("Agricore"), as well as the Company's investments in Advanced Engineering Holdings Pte Ltd ("AEH") and Advanced Environmental Technologies Pte Ltd ("AET"). Management has estimated their recoverable amounts based on value in use ("VIU") and fair value less costs of disposal ("FVLCD") as at 31 December 2021. Pursuant to the impairment assessments, the Group recognised the impairment losses on property, plant and equipment, right-of-use assets and goodwill on consolidation of $66,000, $639,000 and $176,000 respectively for Advanced CAE CGU and impairment loss on investment in Agricore of $108,000. The Company recognised total impairment losses of $359,000 in relation to AEH and AET for the year ended 31 December 2021.

Significant management judgment is required in the identification of impairment indicators and in estimating recoverable amounts which are affected by management's forecast of future cash flows and market prices of comparable assets. The economic uncertainties arising from the COVID-19 pandemic has further elevated the level of estimation uncertainty involved. Accordingly, we have identified the impairment assessments as a key audit matter.

Our audit procedures included the following:

- Obtained an understanding of management's methodology and process to determine the carrying amount and recoverable amount of the CGUs and investments in subsidiaries.
- Evaluated management's identification of relevant impairment indicators.
- In respect of the estimation of VIU:
  - Checked that the cash flow projections are based on approved management budgets.
  - Evaluated key assumptions applied in the cash flow forecasts such as revenue, profit margins and growth rate, taking into consideration past performance and budget variances, our knowledge of the business operations and the relevant industry data.
  - Reviewed management's sensitivity analyses for possible changes to key assumptions, including those arising from the uncertain economic environment.
  - Involved our internal valuation specialist to assist us in evaluating the reasonableness of the discount rate and terminal growth rate applied.

- In respect of the estimation of FVLCD:
  - o Evaluated the objectivity, independence and competence of the independent valuer engaged by management.
  - o Discussed with management and the independent valuer and obtained assistance from our internal valuation specialist to understand and evaluate the appropriateness of the valuation methodology applied, and key inputs and assumptions used such as market data, observable prices of comparable assets and adjustments made for location, size, and condition of the asset.
- Reviewed the adjustments made for the effects of liabilities, cash and non-operating assets to determine the recoverable amount of investments in an associate and subsidiaries.
- Assessed the adequacy of the Group's and Company's disclosures on the impairment assessments and associated estimation uncertainty made in Notes 3.2(b), 10, 11, 12, 14 and 15 to the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Current assets					
Cash and bank balances	4	19,245	31,548	1,941	2,859
Trade receivables	5	9,036	12,495	–	–
Other receivables and prepayments	6	2,850	2,404	5,259	9,293
Contract assets	7	6,130	3,686	525	466
Inventories	8	10,782	6,799	–	–
		48,043	56,932	7,725	12,618
Assets classified as held for sale	9	4,470	–	–	–
Total current assets		52,513	56,932	7,725	12,618
Non-current assets					
Property, plant and equipment	10	18,149	14,259	487	237
Right-of-use assets	11	3,001	3,786	–	–
Goodwill on consolidation	12	–	176	–	–
Intangible assets	13	–	–	–	–
Investments in subsidiaries	14	–	–	37,391	37,750
Investments in associates	15	3,787	3,932	3,787	4,000
Investments in joint ventures	16	426	–	510	–
Deferred tax assets	17	609	353	–	–
Total non-current assets		25,972	22,506	42,175	41,987
Total assets		78,485	79,438	49,900	54,605
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	18	2,151	1,486	625	156
Trade and other payables	19	8,765	12,446	11,736	15,734
Contract liabilities	7	12,227	7,836	–	–
Lease liabilities	20	51	173	–	–
Provision for warranty	21	20	146	–	–
Income tax payable		232	480	–	4
		23,446	22,567	12,361	15,894
Liabilities directly associated with assets classified as held for sale	9	2,463	–	–	–
Total current liabilities		25,909	22,567	12,361	15,894

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

STATEMENT OF FINANCIAL POSITION

	Note	Group 2021	Group 2020	Company 2021	Company 2020
		$'000	$'000	$'000	$'000
Non-current liabilities					
Bank borrowings	18	6,116	8,301	1,719	2,344
Lease liabilities	20	2,467	2,520	–	–
Deferred tax liabilities	17	5	10	–	–
Total non-current liabilities		8,588	10,831	1,719	2,344
Capital, reserves and non-controlling interests					
Share capital	22	47,433	47,433	47,433	47,433
Treasury shares	23	(1,837)	(1,837)	(1,837)	(1,837)
Foreign currency translation reserve	24	631	337	–	–
General reserve	25	1,617	1,561	–	–
Accumulated losses		(3,936)	(1,539)	(9,776)	(9,229)
Equity attributable to owners of the Company		43,908	45,955	35,820	36,367
Non-controlling interests		80	85	–	–
Total equity		43,988	46,040	35,820	36,367
Total liabilities and equity		78,485	79,438	49,900	54,605

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		$'000	$'000
Revenue	26	41,729	59,137
Cost of sales		(30,810)	(47,258)
Gross profit		10,919	11,879
Other operating income	27	917	2,652
Distribution and marketing costs		(4,461)	(5,413)
Administrative expenses		(5,660)	(11,031)
Other operating expenses	28	(1,890)	(1,760)
Other (losses)/gains, net	29	(1,834)	7,376
Finance costs	30	(321)	(318)
Share of results of associates and joint ventures		(121)	(76)
(Loss)/profit before taxation	31	(2,451)	3,309
Income tax credit/(expense)	32	116	(245)
(Loss)/profit for the year		(2,335)	3,064
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		288	527
Realisation of foreign currency translation differences on disposal of a subsidiary		–	(44)
Total comprehensive income for the year		(2,047)	3,547
(Loss)/profit attributable to:			
Owners of the Company		(2,339)	2,801
Non-controlling interests		4	263
		(2,335)	3,064
Total comprehensive income attributable to:			
Owners of the Company		(2,045)	3,308
Non-controlling interests		(2)	239
		(2,047)	3,547
(Losses)/earnings per share (cents)			
Basic and diluted	33	(2.31)	2.77

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

	Share capital (Note 22)	Treasury shares (Note 23)	Foreign currency translation reserve (Note 24)	General reserve (Note 25)	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2021								
Balance as at 1 January 2021	47,433	(1,837)	337	1,561	(1,539)	45,955	85	46,040
(Loss)/profit for the year	–	–	–	–	(2,339)	(2,339)	4	(2,335)
Other comprehensive income for the year	–	–	294	–	–	294	(6)	288
Total comprehensive income for the year	–	–	294	–	(2,339)	(2,045)	(2)	(2,047)
Others								
Appropriation to general reserve	–	–	–	56	(56)	–	–	–
Acquisition of non-controlling interest	–	–	–	–	(2)	(2)	(3)	(5)
Total others	–	–	–	56	(58)	(2)	(3)	(5)
Balance as at 31 December 2021	47,433	(1,837)	631	1,617	(3,936)	43,908	80	43,988
2020								
Balance as at 1 January 2020	47,433	(1,837)	(170)	1,561	(4,340)	42,647	(919)	41,728
Profit for the year	–	–	–	–	2,801	2,801	263	3,064
Other comprehensive income for the year	–	–	507	–	–	507	(24)	483
Total comprehensive income for the year	–	–	507	–	2,801	3,308	239	3,547
Others								
Disposal of a subsidiary	–	–	–	–	–	–	765	765
Total others	–	–	–	–	–	–	765	765
Balance as at 31 December 2020	47,433	(1,837)	337	1,561	(1,539)	45,955	85	46,040

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

	Share capital (Note 22)	Treasury shares (Note 23)	Accumulated losses	Total
	$'000	$'000	$'000	$'000
Company				
Balance as at 1 January 2020	47,433	(1,837)	(16,214)	29,382
Profit for the year, representing total comprehensive income for the year	–	–	6,985	6,985
Balance as at 31 December 2020 and 1 January 2021	47,433	(1,837)	(9,229)	36,367
Loss for the year, representing total comprehensive income for the year	–	–	(547)	(547)
Balance as at 31 December 2021	47,433	(1,837)	(9,776)	35,820

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	$'000	$'000
Operating activities		
Profit/(loss) before taxation	(2,451)	3,309
Adjustments for:		
Depreciation of property, plant and equipment	704	3,665
Depreciation of right-of-use assets	437	431
Allowance for inventories obsolescence	94	96
Inventories written off	2	–
Amortisation of intangible assets	–	26
(Write back of)/allowance for expected credit loss	159	(100)
(Gain)/loss on modification of lease	(1)	119
Gain on disposal of a subsidiary (Note A)	–	(6,456)
Gain on disposal of an associate	–	(49)
Impairment loss on goodwill	176	–
Impairment loss on right-of-use assets	639	–
Impairment loss on property, plant and equipment	66	–
Write down on remeasurement of disposal group classified as held for sale (Note 9)	534	–
Impairment loss/(write-back of impairment) on investment in an associate	108	(105)
Loss on disposal of property, plant and equipment	20	14
Share of results of associates	37	76
Share of results of joint ventures	84	–
Provision for modification of existing products	1,689	–
(Write-back of)/provision for warranty	(61)	6
Interest expense on bank loans	215	211
Interest expense on lease liabilities	106	107
Interest income	(75)	(54)
Unrealised exchange gain	(52)	(144)
Operating cash flows before movements in working capital	2,430	1,152
(Increase)/decrease in inventories	(5,927)	698
(Increase)/decrease in contract assets	(2,520)	5,874
Decrease/(increase) in trade receivables	2,291	(1,140)
(Increase)/decrease in other receivables and prepayments	(544)	1,499
Increase in contract liabilities	3,892	571
Increase in trade and other payables	819	4,295
Utilisation of provision for warranty	(16)	(9)
Cash generated from/(used in) operations	425	12,940
Income tax paid	(365)	(156)
Interest paid	(300)	(300)
Interest received	75	54
Net cash flows from/(used in) operating activities	(165)	12,538

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	**2020**
	$'000	$'000
Investing activities		
Proceeds from disposal of property, plant and equipment	204	43
Additions to intangible assets	–	(4)
Net cash inflow arising on disposal, representing cash and cash equivalents of a subsidiary disposed (Note A)	–	797
Proceeds from disposal of an associate	–	405
Deferred consideration received from disposal of assets and liabilities of a subsidiary	–	9
Purchase of property, plant and equipment	(4,898)	(334)
Investment in a joint venture	(510)	–
Deferred payment for an investment in an associate (Note 19)	(5,000)	(4,000)
Net cash flows used in investing activities	(10,204)	(3,084)
Financing activities		
Repayment of principal portion of lease liabilities (Note 18)	(394)	(540)
Proceeds from bank borrowings	–	5,073
Repayment of bank borrowings	(1,439)	(872)
Acquisition of non-controlling interest of a subsidiary (Note B)	(5)	–
Increase in pledged fixed deposits	(24)	146
Net cash flows from/(used in) financing activities	(1,862)	3,807
Net (decrease)/increase in cash and cash equivalents	(12,231)	13,261
Cash and cash equivalents at beginning of the year (Note 4)	31,065	17,497
Effects of exchange rate changes on the balance of cash held in foreign currencies	719	307
Cash and cash equivalents at end of the year (Note 4)	19,553	31,065

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note A

Disposal of a subsidiary in 2020

On 4 June 2020, the Group entered into a conditional share purchase agreement to dispose of its 85% equity interests in its subsidiary, ZMK Technologies GmbH ("ZMK") for a total consideration of $2,118,000. Subsequent to this disposal, the Group recorded a gain on disposal of a subsidiary of $6,456,000 (Note 29). All the assets of ZMK were written down to recoverable amounts and presented as "Assets classified as held for sale" and all the liabilities of ZMK were presented as "Liabilities directly associated with assets classified held for sale" in 2019.

The effects of the disposal of ZMK on the financial results of the Group for the financial period up to the date of disposal are as follows:

	1 January 2020 to 4 June 2020
	$'000
Revenue	11,179
Cost of sales	(9,104)
Gross profit	2,075
Other operating income	191
Distribution and marketing costs	(853)
Administrative expenses	(1,589)
Other operating expenses	(51)
Finance costs	(93)
Results of ZMK recognised in the Group's profit for the year ended 31 December 2020	(320)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The effects of disposal of ZMK on the financial position of the Group as at 4 June 2020 are as follows:

	$'000
Current assets	
Cash and cash equivalents	1,321
Trade receivables	3,657
Other receivables and prepayments	221
Contract assets	3,202
Inventories	384
Total current assets	8,785
Non-current assets	
Property, plant and equipment	3,131
Intangible assets	136
Total non-current assets	3,267
Current liabilities	
Trade and other payables	12,645
Contract liabilities	2,287
Provision for warranty	175
Total current liabilities	15,107
Non-current liability	
Bank borrowings	2,048
Total non-current liability	2,048
Gain on disposal of a subsidiary	
Total consideration received	2,118
Non-controlling interests deconsolidated	(765)
Net liabilities derecognised	5,103
Gain on disposal of a subsidiary (Note 29)	6,456
Total consideration	2,118
Less: Cash and cash equivalents in a subsidiary disposed	(1,321)
Net cash inflow arising on disposal, representing cash and cash equivalents of a subsidiary disposed	797

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

Note B

Acquisition of non-controlling interest in 2021

In 2021, the Group acquired remaining 0.13% equity interests in its subsidiary, Guided Wave Incorporated ("GWI") and subsequent to this acquisition, GWI became wholly-owned subsidiary of the Group. Cash outflow as a result of acquisition of equity interests in GWI is set out below:

	2021
	$'000
Non-current assets	1
Inventories	2
Trade and other receivables	1
Other current assets	2
Trade and other payables	(2)
Non-current liabilities	(1)
Net identifiable assets	3
Premium paid to acquire equity interest from non-controlling interest	2
Net cash outflow on acquisition of non-controlling interests	5

As the change in ownership interests in the subsidiary does not result in a loss of control, the loss from acquisition of the non-controlling interest has been accounted for as equity transaction. The resulting cash flow has been classified as cash outflows used in financing activities.

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

1. General Information

Advanced Holdings Ltd. (the "Company") is a limited liability company incorporated in Singapore with its principal place of business and registered office at 30 Woodlands Loop, Singapore 738319. The Company is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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

The principal activities of the subsidiaries, an associate and a joint venture are disclosed in Notes 14, 15 and 16 respectively. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2021. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

2.3 *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 or after
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*To be determined* [1]
Annual Improvements to SFRS(I)s 2018-2020	*1 January 2022*
Amendments to SFRS(I) 3 Reference to the Conceptual Framework	*1 January 2022*
Amendments to SFRS(I) 1-16 Property, Plant and Equipment -Proceeds before Intended Use	*1 January 2022*
Amendments to SFRS(I) 1-37 Onerous Contracts - Cost of Fulfilling a Contract	*1 January 2022*
SFRS(I) 17 Insurance Contracts	*1 January 2023* [2]
Amendments to SFRS(I) 17	*1 January 2023*

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

2.3 ***Standards issued but not yet effective (cont'd)***

Description	Effective for annual periods beginning on or after
Amendment to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current - Deferral of Effective Date	*1 January 2023* [3]
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	*1 January 2023*
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	*1 January 2023*
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	*1 January 2023*
Amendment to SFRS (I) 17: Initial Application of SFRS (I) 17 and SFRS (I) 9 - Comparative Information	*1 January 2023*

[1] The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC in December 2015 via Amendment to Effective Date of Amendments to SFRS(I) 10 and SFRS(I) 1-28.

[2] The mandatory effective date of this Standard had been revised from 1 January 2021 to 1 January 2023 by the ASC in November 2020 via Amendments to SFRS(I) 17.

[3] The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 by the ASC in July 2020 via Amendment to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date.

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

2.4 ***Basis of consolidation and business combinations***

(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.

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control 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 the statement of comprehensive income; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to the statement of comprehensive income or retained earnings, as appropriate.

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

2.4 ***Basis of consolidation and business combinations(cont'd)***

(b) ***Business combinations***

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

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

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

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

2.5 ***Transactions with non-controlling interest***

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

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

2.6 ***Foreign currency***

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

(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.

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

2.6 ***Foreign currency***

(a) ***Transactions and balances (cont'd)***

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

(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 the statement of comprehensive income.

2.7 ***Property, plant and equipment***

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

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

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

Buildings	-	over the lease period ranging from 42 to 47 years
Leasehold improvements	-	10 years
Plant and equipment	-	3 to 10 years
Renovation	-	3 to 10 years
Motor vehicles	-	5 to 10 years

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

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

2.7 ***Property, plant and equipment (cont'd)***

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

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

2.8 ***Intangible assets***

(a) ***Goodwill***

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

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

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

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

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

(b) ***Other 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. Internally generated intangible assets are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

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

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

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

2.8 ***Intangible assets (cont'd)***

(b) ***Other intangible assets***

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

Gains or losses arising from derecognition 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 the statement of comprehensive income when the asset is derecognised.

2.9 ***Non-current assets held for sale***

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

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. Summary of significant accounting policies (cont'd)

2.11 *Associates and joint ventures*

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

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

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

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

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

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

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

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

2.12 *Impairment of non-financial assets*

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

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

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

2.12 ***Impairment of non-financial assets (cont'd)***

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

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

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

2.13 ***Financial instruments***

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

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

(a) ***Financial assets***

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

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

Classification of financial assets

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

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

Amortised cost and effective interest method

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

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

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

<u>*Classification of financial assets*</u> *(cont'd)*

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

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

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

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

<u>*Foreign exchange gains and losses*</u>

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

<u>*Impairment of financial assets*</u>

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

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

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

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

2.13 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

<u>Impairment of financial assets</u> *(cont'd)*

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

<u>Significant increase in credit risk</u>

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.13 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

Definition of default

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

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

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

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

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);

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

2.13 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

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

- Past-due status;
- Nature, size or industry of debtors; and
- External credit ratings where available.

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

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

The Group recognises an impairment gain or loss in the statement of comprehensive income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

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

(b) ***Financial liabilities and equity instruments***

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

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

2.13 ***Financial instruments (cont'd)***

(b) ***Financial liabilities and equity instruments (cont'd)***

Financial liabilities (cont'd)

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

Financial liabilities subsequently measured at amortised cost

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

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

Financial guarantee contracts

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

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

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in the statement of comprehensive income (Note 29) for financial liabilities that are not part of a designated hedging relationship.

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

Derecognition of financial liabilities

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

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

2.13 ***Financial instruments (cont'd)***

(c) ***Offsetting of financial instruments***

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

2.14 ***Cash and cash equivalents***

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

2.15 ***Inventories***

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

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

Cost is calculated on the following methods:

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

2.16 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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.

(a) ***Assurance-type warranty***

The Group recognises the estimated liability to repair or replace products that are still under assurance-type warranty at the end of the reporting period.

Provisions for assurance-type warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation, and is calculated based on historical experience of the level of repairs and replacements. Changes in estimates are recognised in the statement of comprehensive income.

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

2.17 ***Provisions (cont'd)***

(b) ***Onerous contracts***

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(c) ***Reinstatement costs***

A provision for reinstatement costs for leased property in recognised when an underlying make good obligation clause exists in property lease contracts. The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date, based on current legal requirements and technology. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the reporting date.

2.18 ***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) ***Group as a lessee***

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

(i) Right-of-use assets

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

Land use rights	-	over the period of 47 years
Leasehold land	-	over the period of 42 years
Motor vehicles	-	2 to 3 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.12.

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

2.18 ***Leases (cont'd)***

(a) ***Group as a 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 resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

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

(b) ***Group as a lessor***

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other operating income in the period in which they are earned.

2.19 ***Employee benefits***

(a) ***Defined contribution plans***

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

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

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

(b) ***Employee leave entitlement***

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

2.20 ***Contract assets and liabilities***

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

2.21 ***Revenue recognition***

The Group recognises revenue from the following major sources:

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

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

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

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

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

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

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

2.21 ***Revenue recognition (cont'd)***

(a) ***Contract income from system integration solutions for process analyser and specialty valves (cont'd)***

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

Extended warranty

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

(b) ***Sale of goods – analyser technologies products***

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

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

Sales-related warranties associated with the analysers cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets in accordance with the accounting policy set out in Note 2.17

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

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

(d) ***Commission income from agency agreements***

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

Revenue relating to the commission income is recognised when the commission is earned after the supplier notifies the entity. This represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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

2.21 ***Revenue recognition (cont'd)***

(e) ***Others***

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

Dividend income is recognised when the shareholders' rights to receive payment have been established.

The Group's policy for recognition of revenue from operating leases is described above (Note 2.18).

2.22 ***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 country where the Company operates and generates taxable income.

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

(b) ***Deferred tax***

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in associate where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the forseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investment in associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences with 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)

2.22 ***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 income 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.

2.23 ***Research and development costs***

Research and development cost that does not meet the recognition criteria under SFRS(I) 1-38 *Intangible Assets*, are recognised as an expense in the period in which it is incurred.

2.24 ***Government grants***

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to the statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in statement of comprehensive income in the period in which they become receivable.

2.25 ***Share capital and share issuance expense***

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

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

2.26 ***Treasury shares***

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

2.27 ***General reserve***

(a) ***Statutory reserve***

The People's Republic of China ("PRC") laws and regulations require the entities to provide for a statutory reserve which is appropriated from net income as reported in the PRC statutory financial statements. The use of this reserve is at the discretion of the entities' Board of Directors. The reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase share capital.

(b) ***Capital reserve***

Capital reserve represents a portion of earnings for the establishment of a legal reserve in compliance with the relevant laws and regulations of Belgium. The subsidiary has elected to establish the maximum allowable reserve, equivalent to 10% of its share capital.

2.28 ***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.

2.29 ***Current versus non-current classification***

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

2.29 ***Current versus non-current classification (cont'd)***

All other assets are classified as non-current.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

3.1 ***Judgements made in applying accounting policies***

Management is of the opinion that there are no critical judgements (other than those involving estimates) on the amounts recognised in the financial statements.

3.2 ***Key sources of estimation uncertainty***

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

(a) ***Construction contracts***

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

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

The carrying amounts of the Group's contract assets and contract liabilities are disclosed in Note 7.

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

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

(b) *Impairment assessment of long-lived assets*

The Group assesses whether there are any indicators of impairment for long-lived assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. The Group also assesses whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

An impairment exists when the carrying value of long-lived assets exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of long-lived assets, are detailed in Notes 10 and 15 to the financial statements.

4. Cash and bank balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Cash and bank balances	18,730	31,065	1,941	2,859
Fixed deposits	515	483	–	–
	19,245	31,548	1,941	2,859
Classified as held for sale (Note 9)	823	–	–	–
Total	20,068	31,548	1,941	2,859
Less: Pledged fixed deposits	(515)	(483)	–	–
Cash and cash equivalents in the statement of cash flows	19,553	31,065	1,941	2,859

Fixed deposits earn fixed effective interest rates ranging from 0.3% to 1.8% (2020: 1.4% to 2.5%) per annum and for varying tenure periods of between 9 days and 1.9 years (2020: 12 days and 2.4 years). These fixed deposits can be terminated with no significant cost to the Group.

Fixed deposits are pledged to banks for credit facilities of the Group (Note 35).

5. Trade receivables

	Group 2021	Group 2020
	$'000	$'000
Third parties	9,188	12,599
Joint ventures and associates	8	8
Less: Allowance for expected credit loss	(160)	(112)
	9,036	12,495
Classified as held for sale (Note 9)	938	–
	9,974	12,495

The credit period is generally 30 to 90 days (2020: 30 to 90 days). No interest is charged on the outstanding balance.

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

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

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

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

	Group Life-time ECL 2021	Group Life-time ECL 2020
	$'000	$'000
Balance as at 1 January	112	272
Charge/(credit) to statement of comprehensive income	166	(121)
Write-off against allowance	(118)	(39)
	160	112
Classified as held for sale	3	–
Balance as at 31 December	163	112

6. Other receivables and prepayments

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Loans to subsidiaries	–	–	2,032	6,298
Less: Allowance for expected credit loss	–	–	–	(3,964)
	–	–	2,032	2,334
Sundry receivables	311	508	110	34
Other receivables from subsidiaries	–	–	3,079	6,907
Deposit	77	77	–	–
	388	585	5,221	9,275
Advance payments to suppliers	2,381	1,577	–	–
Prepayments	81	242	38	18
	2,850	2,404	5,259	9,293
Classified as held for sale (Note 9)	249	–	–	–
	3,099	2,404	5,259	9,293

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

In 2020, loss allowance had been made for estimated irrecoverable loans to subsidiaries amounting to $3,964,000 in view of the financial position of these subsidiaries and uncertainties regarding recoverability from these subsidiaries. These loans were written off against allowance during the year.

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

	Company 12 months ECL	
	2021	2020
	$'000	$'000
Balance as at 1 January	3,964	4,464
Write-off against allowance	(3,964)	(500)
Balance as at 31 December	–	3,964

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

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

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

7. Contract assets and contract liabilities

Contract assets

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Accrued revenue	79	136	525	466
Amounts related to construction contracts	6,065	3,571	–	–
Less: Allowance for expected credit loss	(14)	(21)	–	–
	6,130	3,686	525	466

Contract assets relating to accrued revenue are amounts for which the Group and Company have performed work as at statement of financial position date, but have not billed the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract assets relating to construction contracts are balances due from customers under contract income that arise when the relevant performance obligation for the customer contract is satisfied and the Group becomes entitled to the consideration per the contract. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry.

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

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

	Group	
	2021	2020
	$'000	$'000
Balance as at 1 January	21	–
(Credit)/charge to the statement of comprehensive income	(7)	21
Balance as at 31 December	14	21

Contract liabilities

	Group	
	2021	2020
	$'000	$'000
Advanced receipts from customers	10,150	6,241
Amounts related to construction contracts	2,077	1,595
	12,227	7,836

7. Contract assets and contract liabilities (cont'd)

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

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

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is $4,098,000 (2020: $7,594,000).

8. Inventories

	Group	
	2021	**2020**
	$'000	$'000
Raw materials	1,263	1,232
Spare parts and consumable tools	369	1,993
Work-in-progress	8,007	2,782
Finished products	3	239
Goods in transit	1,140	553
	10,782	6,799
Classified as held for sale (Note 9)	1,405	–
	12,187	6,799

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

Movement in allowance for inventories obsolescence:

	Group	
	2021	**2020**
	$'000	$'000
Balance as at 1 January	769	700
Charge to statement of comprehensive income	94	96
Classified as held for sale	(360)	–
Write-off against allowance	–	(31)
Translation differences	(23)	4
Balance as at 31 December	480	769

The allowance for inventories obsolescence relates to raw materials, spare parts and consumable tools. The allowance charged is included in "Other (losses)/gains".

9. Assets classified as held for sale

The Group entered into a share purchase and transfer agreement ("agreement A") with a third party to dispose its 100% equity interest in wholly-owned subsidiary, Guided Wave Incorporated ("GWI"), for a total consideration of approximately $3,380,000. Subsequent to the financial year-end, the agreement A was signed on 6 January 2022 and completed in March 2022.

The Group has also entered into a share purchase and transfer agreement ("agreement B") with a third party to dispose its 100% equity interest in wholly-owned subsidiary, Analytical Technology and Control Ltd ("ATAC"), for a total consideration of $2. Subsequent to the financial year-end, the agreement B was signed on 10 February 2022 and completed in February 2022.

The assets and liabilities of GWI and ATAC have been classified as disposal groups held for sale and presented separately in the statement of financial position as at 31 December 2021 due to the following reasons:

(a) GWI and ATAC are available for immediate sale and can be sold to the buyers in its current condition;
(b) The actions to complete the sale were initiated before 31 December 2021 and completed subsequent to financial year end;
(c) Potential buyers have been identified and negotiations have been completed; and
(d) The board approved the plan to sell GWI and ATAC.

As a result of this classification, a write-down on remeasurement of ATAC assets of $534,000 was recorded in other losses/(gains) (Note 29).

The major classes of assets and liabilities comprising the disposal groups classified as held for sale as at 31 December 2021 are as follow:

	GWI 2021	**ATAC 2021**	**Total 2021**
	$'000	$'000	$'000
Current assets			
Cash and cash equivalents	678	145	823
Trade receivables	878	60	938
Other receivables and prepayments	127	122	249
Inventories	1,351	54	1,405
Total current assets	3,034	381	3,415
Non-current assets			
Property, plant and equipment	17	–	17
Right-of-use assets	1,038	–	1,038
Total non-current assets	1,055	–	1,055
Assets classified as held for sale	4,089	381	4,470

9. Assets classified as held for sale (cont'd)

	GWI 2021 $'000	ATAC 2021 $'000	Total 2021 $'000
Current liabilities			
Bank borrowings	–	18	18
Trade and other payables	957	297	1,254
Provision for warranty	48	1	49
Lease liabilities	204	–	204
Total current liabilities	1,209	316	1,525
Non-current liability			
Bank borrowings	–	65	65
Lease liabilities	852	–	852
Deferred tax liabilities	21	–	21
Total non-current liabilities	873	65	938
Liabilities directly associated with assets classified as held for sale	2,082	381	2,463

10. Property, plant and equipment

	Buildings and improvements	Plant and equipment	Renovation	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
Balance as at 1 January 2020	21,236	3,375	2,477	517	–	27,605
Additions	242	92	–	–	–	334
Disposals	–	(275)	–	(50)	–	(325)
Write-off	–	(23)	(2)	–	–	(25)
Disposal of a subsidiary	–	(177)	–	(3)	–	(180)
Translation differences	244	191	54	8	–	497
Balance as at 31 December 2020 and 1 January 2021	21,722	3,183	2,529	472	–	27,906
Additions	–	158	–	484	4,256	4,898
Disposals	–	(28)	–	(371)	–	(399)
Write-off	–	(157)	(19)	–	–	(176)
Classified as held for sale (Note 9)	–	(623)	–	–	–	(623)
Translation differences	283	52	60	4	–	399
					–	
Balance as at 31 December 2021	22,005	2,585	2,570	589	4,256	32,005
Accumulated depreciation						
Balance as at 1 January 2020	4,953	2,998	1,968	233	–	10,152
Depreciation charge for the year	541	214	136	46	–	937
Accelerated depreciation charge for the year (Note 34)	2,728	–	–	–	–	2,728
Disposals	–	(224)	–	(44)	–	(268)
Write-off	–	(23)	(2)	–	–	(25)
Disposal of a subsidiary	–	(106)	–	(7)	–	(113)
Translation differences	99	63	54	5	–	221
Balance as at 31 December 2020 and 1 January 2021	8,321	2,922	2,156	233	–	13,632
Depreciation charge for the year	426	102	138	38	–	704
Disposals	–	(1)	–	(174)	–	(175)
Write-off	–	(157)	(19)	–	–	(176)
Classified as held for sale (Note 9)	–	(590)	–	–	–	(590)
Translation differences	248	68	60	4	–	380
Balance as at 31 December 2021	8,995	2,344	2,335	101	–	13,775

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

	Buildings and improvements	Plant and equipment	Renovation	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Accumulated impairment loss						
Balance as at 1 January 2020	–	16	–	–	–	16
Translation Differences	–	(1)	–	–		(1)
Balance as at 31 December 2020 and 1 January 2021	–	15	–	–	–	15
Impairment loss for the year	–	–	66	–	–	66
Balance as at 31 December 2021	–	15	66	–	–	81
Carrying amount						
Balance as at 31 December 2021	13,010	226	169	488	4,256	18,149
Balance as at 31 December 2020	13,401	246	373	239	–	14,259

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

	Plant and equipment	Motor vehicles	Total
	$'000	$'000	$'000
Company			
Cost			
Balance as at 1 January 2020	85	372	457
Additions	1	–	1
Balance as at 31 December 2020 and 1 January 2021	86	372	458
Additions	4	484	488
Write-off	(8)	–	(8)
Transferred to a subsidiary	(2)	–	(2)
Disposal	-	(372)	(372)
Balance as at 31 December 2021	80	484	564
Accumulated depreciation			
Balance as at 1 January 2020	81	99	180
Depreciation charge for the year	4	37	41
Balance as at 31 December 2020 and 1 January 2021	85	136	221
Depreciation charge for the year	2	37	39
Write-off	(8)	–	(8)
Transferred to a subsidiary	(2)	–	(2)
Disposal	-	(173)	(173)
Balance as at 31 December 2021	77	–	77
Carrying amount			
Balance as at 31 December 2021	3	484	487
Balance as at 31 December 2020	1	236	237

Details of the properties held by the Group as at 31 December 2021 are set out below:

Location	Gross area (sq. m.)	Tenure	Use
Buildings			
30 Woodlands Loop Singapore 738319	8,104	42 years	Factory and office
No. 238 Fengcun Road, Qingcun Town, Fengxian District, 201714 Shanghai PRC	15,817	47 years	Factory and office

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

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

	Group	
	2021	**2020**
	$'000	$'000
Cost of sales	244	291
Distribution and marketing costs	46	67
Administrative expenses	414	3,307
	704	3,665

The Group has pledged one of its leasehold properties with total carrying amount of $12,278,000 (2020: $12,703,000) to secure certain banking facilities granted to the Group (Note 18).

Impairment testing on property, plant and equipment

As at 31 December 2021 and 2020, the Group carried out a review of the recoverable amount of its property, plant and equipment attributable to Advanced CAE ("CAE") CGU due to uncertain global economic conditions and the existing challenging surrounding the oil and gas industry. CAE CGU also incurred operating losses for the year ended 31 December 2021 and 2020.

The recoverable amount of the property, plant and equipment allocated to CAE CGU was determined based on a value-in-use calculation of the CGU using cash flow projections based on financial budgets approved by directors covering 5 years' periods.

The post-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5 years' periods are as follows:

	2021	**2020**
Growth rate	1.6%	1.5%
Post-tax discount rates	10.25%	11.15%

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Budgeted revenue and gross margins - The budgeted revenue and gross margins are within the range of actual revenue achieved from 2017 to 2021 and range from 12% to 16% respectively.

If the budgeted revenue for 2022 decreased to the actual revenue for 2021 and all other key assumptions remain unchanged, would result in additional impairment in CAE CGU.

If the gross profit margin for 2021 decreased to 9.5%, with annual increase of 1% from 2023 to 2026 and all other key assumptions remain unchanged, would result in additional impairment in CAE CGU.

Long-term growth rate - Rate used to extrapolate cashflows is based on the sustainable growth of the Singapore economy in the future.

Discount rate - The discount rate used represent the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

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

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

Based on the assessment, the recoverable amount of property, plant and equipment allocated to this CGU was computed to be lower than carrying amounts. As such, impairment loss of $66,000 was allocated to property, plant and equipment and recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

No impairment loss on property, plant and equipment was recorded in 2020.

11. Right-of-use assets

The Group has lease contracts (as a lessee) for leasehold land, land use rights and motor vehicles. The average lease term ranges from 2 to 47 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the year:

	Land use rights	Leasehold land	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
Balance as at 1 January 2020	1,326	3,888	32	5,246
Modification of lease	–	(664)	–	(664)
Translation differences	62	(3)	2	61
Balance as at 31 December 2020 and 1 January 2021	1,388	3,221	34	4,643
Additions	–	1,287	–	1,287
Modification of lease	–	(45)	–	(45)
Write-off	–	(528)	(7)	(535)
Classified as held for sale (Note 9)	–	(1,153)	–	(1,153)
Translation differences	69	(3)	–	66
Balance as at 31 December 2021	1,457	2,779	27	4,263
Accumulated depreciation				
Balance as at 1 January 2020	184	431	14	629
Depreciation charge for the year	29	391	11	431
Modification of lease	–	(201)	–	(201)
Translation differences	9	(12)	1	(2)
Balance as at 31 December 2020 and 1 January 2021	222	609	26	857
Depreciation charge for the year	30	399	8	437
Modification of lease	–	(30)	–	(30)
Write-off	–	(528)	(7)	(535)
Classified as held for sale (Note 9)	–	(115)	–	(115)
Translation differences	11	(2)	–	9
Balance as at 31 December 2021	263	333	27	623

11. Right-of-use assets (cont'd)

	Land use rights	Leasehold land	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Accumulated impairment				
Balance as at 1 January 2020, 31 December 2020 and 1 January 2021	–	–	–	–
Impairment loss for the year	–	639	–	639
Balance as at 31 December 2021	–	639	–	639
Carrying amount				
Balance as at 31 December 2021	1,194	1,807	–	3,001
Balance as at 31 December 2020	1,166	2,612	8	3,786

Impairment of right-of use assets

As at 31 December 2021 and 2020, the Group carried out a review of the recoverable amounts of its right-of-use assets attributable to CAE CGU to uncertain global economic conditions and the existing challenging climate surrounding the oil and gas industry.

The recoverable amount of the right-of-use assets allocated to this CGU was determined based on a value-in-use calculation of the CGU using cash flow projections based on financial budgets approved by directors covering 5 years' periods.

The key assumptions used in value-in-use calculations are detailed in Note 10.

Based on the assessment, the recoverable amounts of right-of-use assets allocated to this CGU was computed to be lower than carrying amounts. As such, impairment loss of $639,000 was allocated to right-of-use assets and recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

No impairment loss on right-of-use assets was recorded in 2020.

12. Goodwill

	Group
	$'000
Cost:	
Balance as at 1 January 2020	3,011
Disposal of a subsidiary	(141)
Struck-off of a subsidiary	(75)
Balance as at 31 December 2020, 1 January 2021 and 31 December 2021	2,795
Allowance for impairment loss:	
Balance as at 1 January 2020	2,835
Disposal of a subsidiary	(141)
Struck-off of a subsidiary	(75)
Balance as at 31 December 2020 and 31 December 2021	2,619
Impairment loss for the year	176
Balance as at 31 December 2021	2,795
Carrying amount:	
Balance as at 31 December 2021	–
Balance as at 31 December 2020	176

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

	Group	
	2021	**2020**
	$'000	$'000
Engineering service and manufacturing:		
Analytical Technology & Control Ltd	1,895	1,895
Advanced CAE Pte Ltd ("CAE")	176	176
Guided Wave Incorporated	538	538
Advanced CAE (ME) Control System L.L.C ("CAE ME")	186	186
	2,795	2,795

Impairment testing on goodwill

The annual impairment test of goodwill acquired through business combinations relates to goodwill of $176,000 that has been allocated to the CAE CGU.

The recoverable amount of this CGU was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by directors covering 5 years' period.

The key assumptions used in value-in-use calculations are detailed in Note 10.

Based on the assessment, the recoverable amounts allocated to this CGU was computed to be lower than carrying amounts. As such, impairment loss of $176,000 was allocated to goodwill and recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

No impairment loss on goodwill was recorded in 2020.

13. Intangible assets

	Customer order books	Software	License fee and patents	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
Balance as at 1 January 2020	150	121	676	947
Additions	–	4	–	4
Disposal of a subsidiary	–	(14)	(1)	(15)
Translation differences	–	10	(5)	5
Balance as at 31 December 2020, 1 January 2021 and 31 December 2021	150	121	670	941
Accumulated amortisation				
Balance as at 1 January 2020	150	85	501	736
Amortisation for the year	–	26	–	26
Disposal of a subsidiary	–	(31)	(1)	(32)
Translation differences	–	5	(5)	–
Balance as at 31 December 2020, 1 January 2021 and 31 December 2021	150	85	495	730
Impairment loss				
Balance as at 1 January 2020	–	36	176	212
Translation differences	–	–	(1)	(1)
Balance as at 31 December 2020, 1 January 2021 and 31 December 2021	–	36	175	211
Carrying amount				
Balance as at 31 December 2021	–	–	–	–
Balance as at 31 December 2020	–	–	–	–

Customer order books, license fee and patents and software are amortised over their estimated useful lives, ranging from 5 to 10 years.

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

	Group	
	2021	2020
	$'000	$'000
Other operating expenses (Note 28)	–	26

14. Investments in subsidiaries

	Company 2021 $'000	Company 2020 $'000
Unquoted equity shares, at cost	46,410	46,410
Less: Allowance for impairment losses	(9,019)	(8,660)
	37,391	37,750

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2021 %	2020 %	2021 %	2020 %
Held by the Company						
Advanced Controls Pte. Ltd. [(1)]	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries.	Singapore	100	100	100	100
Advanced Controls (M) Sdn. Bhd. [(2)]	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Malaysia	100	100	100	100
Advanced CAE Ltd [(3)]	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	People's Republic of China	100	100	100	100
Advanced Environmental Technologies Pte. Ltd.[(10)]	Investment holding	Singapore	100	100	100	100
Advanced Engineering Holdings Pte. Ltd. [(1)]	Investment holding	Singapore	100	100	100	100
Advanced Process Equipment (Thailand) Co., Ltd. [(a)(4)]	Sales and marketing of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemical and energy related industries	Thailand	49	49	49	49

14. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Percentage of equity held		Proportion of voting power held	
			2021	2020	2021	2020
			%	%	%	%
Held through subsidiaries						
Guided Wave Asia Pte. Ltd. [(1)]	Marketing and sale of Guided Wave products	Singapore	100	100	100	100
Guided Wave Incorporated [(b) (5) (11)]	Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	United States of America	100	99	100	99
Guided Wave Europe BVBA [(6)]	Marketing and sale of Guided Wave products	Belgium	100	100	100	100
Analytical Technology & Control Ltd [(6) (11)]	Design, manufacture and supply of analysers and specialises in research and development	United Kingdom	100	100	100	100
Advanced CAE, Inc. [(9)]	Design, fabrication, installation and maintenance of measurement and control instrument	United States of America	100	100	100	100
Advanced CAE Pte. Ltd. [(1)]	Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Singapore	100	100	100	100
Advanced China Ventures Pte. Ltd. [(12)]	Investment holding	Singapore	–	100	–	100
Advanced CAE (ME) Control System L.L.C [(7)]	Installation and maintenance of measurement and control equipment	United Arab Emirates	100	100	100	100
Advanced CAE Saudi Arabia Company Limited [(8)]	Installation and maintenance of measurement and control equipment	Kingdom of Saudi Arabia	100	100	100	100

14. Investments in subsidiaries (cont'd)

(a) The Group holds 49% (2020: 49%) effective shareholdings in Advanced Process Equipment (Thailand) Co., Ltd.

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

(b) The Group acquired remaining 0.13% equity interest in its subsidiary, Guided Wave Incorporated and subsequent to this acquisition, GWI became wholly-owned subsidiary of the Group ("GWI").

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Peter Chong & Co, Malaysia

(3) Audited by Ernst & Young, China

(4) Audited by Inter Account 2013 Co., Ltd, Thailand

(5) Audited by Campbell Taylor & Company, California, USA

(6) Audited by Haines Watts Swindon, United Kingdom

(7) Audited by Ernst & Young, Abu Dhabi, United Arab Emirates.

(8) Audited by PKF Al Bassam & Co., Kingdom of Saudi Arabia.

(9) Not required to be audited by the laws of the country of incorporation

(10) Entities in process of striking-off

(11) Classified as disposal group held for sale

(12) Struck off on 8 November 2021

14. Investments in subsidiaries (cont'd)

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the Company and the Audit Committee, having reviewed the appointment of different auditors for the Group's subsidiaries, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the Group.

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2021	**2020**
Design, engineering, fabrication, integration and supply of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemicals and energy related industries	Singapore China Malaysia	2 1 1	2 1 1
Investment holding	Singapore	2	3
Marketing and sale of Guided Wave products	Singapore Belgium	1 1	1 1
Design, manufacture and supply of analysers and specialises in research and development	United Kingdom	1	1
Design, fabrication, installation and maintenance of measurement and control instrument	USA	1	1
Installation and maintenance of measurement and control equipment	United Arab Emirates Kingdom of Saudi Arabia	1 1	1 1
		12	13

Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiaries	
		2021	**2020**
Manufacture of fiber-optic based spectrophotometers for chemical analysis in the chemical process industry	USA	1	1
Sales and marketing of process equipment, analysers, measurement and controls systems etc. for oil and gas, chemicals and petrochemical and energy related industries	Thailand	1	1
		2	2

Impairment testing on investments in subsidiaries

As at 31 December 2021, the Group carried out a review of the recoverable amounts of its investments in subsidiaries namely Advanced Engineering Holding Pte Ltd ("AEH") CGU and Advanced Environmental Technologies Pte Ltd ("AET") CGU due to the uncertainty global challenging climate surrounding the oil and gas industry.

Management has assessed the recoverable amounts of its investments in subsidiaries on the basis of their combination of value-in-use and fair value less cost of disposal.

Value-in-use computation was determined based on financial budgets approved by directors covering 5 years' period. The key assumptions used in value-in-use computation are detailed in Note 10. Adjustments are also made for the effects of liabilities, cash and non-operating assets to determine the recoverable amounts of investments in AEH and AET.

14. Investments in subsidiaries (cont'd)

Impairment testing on investments in subsidiaries (cont'd)

Fair value less cost of disposal was determined based on expected sales proceeds set out in the share purchase and transfer agreements entered subsequent to the financial year end.

Based on the assessments, impairment losses of $359,000 in total was recognised in the Company's statement of comprehensive for the financial year ended 31 December 2021.

In 2020, reversal of previously recognised impairment of $4,840,000 in total was recognised in the Company's statement of comprehensive income.

15. Investments in associates

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	15,000	15,000	15,000	15,000
Share of post-acquisition results	(210)	(173)	–	–
Less: Allowance for impairment losses	(11,003)	(10,895)	(11,213)	(11,000)
	3,787	3,932	3,787	4,000

Details of the Group's associates are as follows:

Name of associates	Principal activity	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held	
			2021	2020	2021	2020
			%	%	%	%
Held by the Company						
Agricore Global Pte Ltd[(1) (2)]	Palm oil cultivation	Singapore	12.25	12.25	12.25	12.25

(1) Audited by Ernst & Young LLP, Singapore.

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

Analysis of impairment losses of investments in associates are as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance as at 1 January	10,895	11,770	11,000	11,000
Charge/(credit) to the statement of comprehensive income	108	(105)	213	–
Disposal of an associate	–	(770)	–	–
Balance as at 31 December	11,003	10,895	11,213	11,000

15. Investments in associates (cont'd)

Summarised financial information in respect of the Group's associates are set out below:

	Agricore Global Pte Ltd	
	2021	2020
	$'000	$'000
Current assets	114	202
Non-current assets	40,220	40,125
Current liabilities	(1,334)	(1,505)
Non-current liabilities	(15,031)	(14,373)
Revenue	16	8
Loss for the year, representing total comprehensive income for the year	(303)	(683)

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

	Agricore Global Pte Ltd	
	2021	2020
	$'000	$'000
Net assets of the associates	23,970	24,449
Proportion of the Group's ownership interest	12.25%	12.25%
Share of net assets of the associate	2,936	2,995
Goodwill	11,856	11,856
Allowance for impairment loss	(11,003)	(10,895)
Translation differences	(2)	(24)
Carrying amount of the investment	3,787	3,932

Impairment testing on investment in an associate

Management carried out a review of the recoverable amount of the investment in Agricore Global Pte Ltd ("Agricore") in consideration of Agricore's financial performance during the year and its net liabilities position as at the statement financial position date. There was no material change in Agricore's operations during the year.

The recoverable amount of the investment in Agricore was determined based on its fair value less cost of disposal. The fair value less costs of disposal was based on market value of the land permits held by Agricore and adjustments made for the effects of liabilities, cash and non-operating assets. The Group engaged Muttaqin Bambang Purwanto Rozak Uswatun & Partners, an independent Indonesian professional valuer to determine the fair value of the land permits.
The valuation techniques and key assumptions were summarised below:

Description	Fair value hierarchy	Valuation technique	Key assumptions
Land permits	Level 3	Market data comparison approach	Include consideration of: • Actual transaction prices of similar assets • Price and discount offer • Ownership rights • Specifications and physical condition of the objects being valued

15. Investments in associates (cont'd)

Impairment testing on investment in an associate (cont'd)

Based on the assessment of the recoverable amount for the investment in Agricore, an impairment loss of $108,000 was recognised in the statement of comprehensive income for the financial year ended 31 December 2021.

In 2020, a reversal of previously recognised impairment loss of $105,000 was recognised in the statement of comprehensive income.

16. Investments in joint ventures

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	510	–	510	–
Share of post-acquisition results	(84)	–	–	–
	426	–	510	–

On 31 March 2021, the Company incorporated a wholly owned subsidiary, Advanced Agri Pte Ltd ("AAPL") in Singapore. On 31 May 2021, pursuant to a joint venture agreement, AAPL completed the allotment of its fully paid-up share capital to the Company (51%) and other corporate shareholders (49%). AAPL is involved in the management of corn plantation, corn trading, corn processing and sales and distribution of corn-based products in Indonesia.

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

Name of joint ventures	**Principal activity**	**Place of incorporation and operation**	**Proportion of ownership interest**		**Proportion of voting power held**	
			2021	**2020**	**2021**	**2020**
			%	%	%	%
Advanced Agri Pte Ltd [1][2]	Management of corn plantation(s), corn trading, corn processing and sales and distribution of corn-based products in Indonesia	Singapore	51	-	51	-

(1) Audited by Ernst & Young, Singapore.

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

Summarised financial information in respect of the Group's joint venture are set out below:

	Advanced Agri Pte Ltd	
	2021	**2020**
	$'000	$'000
Current assets	801	–
Non-current assets	41	–
Current liabilities	(12)	–
Revenue	–	–
Loss for the period, representing total comprehensive income for the period	(164)	–

16. Investments in joint ventures (cont'd)

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

	Advanced Agri Pte Ltd	
	2021	**2020**
	$'000	$'000
Net assets of the joint venture	830	–
Proportion of the Group's ownership interest	51%	–
Share of net assets of the joint venture	423	–
Translation differences	3	
Carrying amount of the investment	426	–

17. Deferred tax

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

	Group	
	2021	**2020**
	$'000	$'000
Deferred tax assets	609	353
Deferred tax liabilities	(5)	(10)
Classified as held for sale (Note 9)	604	343
	(21)	–
Net	583	343

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

	Group	
	2021	**2020**
	$'000	$'000
Balance as at 1 January	343	284
Credit to the statement of comprehensive income (Note 32)	248	46
Classified as held for sale	21	–
Translation differences	(8)	13
Balance as at 31 December	604	343

17. Deferred tax (cont'd)

	Group			
	Statement of financial position		Consolidated statement of comprehensive income	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets				
- Provisions and accruals	504	211	293	39
- Untilised tax losses	105	142	(37)	–
	609	353	256	39
Deferred tax liabilities				
- Property, plant and equipment	–	(10)	10	20
- Undistributed earnings of a subsidiary	(5)	–	(5)	–
	(5)	(10)	5	20
Deferred tax assets, net	604	343	261	59

Subject to agreement by the tax authorities, the Group has unabsorbed tax losses and credits at the end of the reporting period amounting to $3,141,000 (2020: $9,558,000), which are available for offset against future profits. No deferred tax asset has been recognised in respect of the unabsorbed tax losses amounting to $2,434,000 (2020: $8,723,000) due to unpredictability of future profit streams. Unabsorbed tax losses at the end of the reporting period arose mainly from the Group's overseas subsidiaries which are subject to statutory corporate income tax rates ranging from 19% to 25% (2020: 19% to 32%). The tax losses of China subsidiary can only be utilised within the five-year periods commencing from the year in which the loss is incurred.

18. Bank borrowings

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Bank loan A	4,133	5,167	–	–
Bank loan B	2,344	2,500	2,344	2,500
Bank loan C	1,790	2,030	–	–
Bank loan D	–	90	–	–
	8,267	9,787	2,344	2,500
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,151)	(1,486)	(625)	(156)
Amount due for settlement after 12 months	6,116	8,301	1,719	2,344
Classified as held for sale (Note 9)	83	–	–	–
	6,199	8,301	1,719	2,344
Classified as:				
Current portion	2,151	1,486	625	156
Non-current portion	6,116	8,301	1,719	2,344
	8,267	9,787	2,344	2,500

18. Bank borrowings (cont'd)

The Group's bank borrowings comprise of:

(a) Bank loan A was raised on 30 April 2014. It is secured by the leasehold property at 30 Woodlands Loop, Singapore 738319 (Note 10) and is covered by a corporate guarantee from the Company.

Bank loan A is repayable in 143 monthly instalments of $86,111 each commencing from 1 May 2014 and a final instalment of $86,167 on 1 April 2025. In 2020, the loan facility has been granted 8 months' moratorium on principal instalments commencing in May 2020 to December 2020 with maturity date extended till 1 December 2025.

Bank loan A bears interest at variable interest rates ranging from 2.25% to 2.50% (2020: 2.23% to 3.79%) per annum.

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

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

Bank loan B bears a fixed interest rate of 2.00% (2020: 2.00%) per annum.

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

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

Bank loan C bears a fixed interest rate of 3.00% (2020: 3.00%) per annum.

(d) Bank loan D is an unsecured term loan drawdown by a subsidiary.

Bank loan D is repayable in 72 monthly instalments of $1,299 each commencing from 25 June 2020 and a final instalment of $1,604 on 30 June 2026.

Bank loan D bears a fixed interest rate of 2.50% (2020: 2.50%) per annum.

Bank loan A of the Group amounting to approximately $4,133,000 (2020: $5,167,000) includes covenants, amongst others, that require the maintenance of certain financial ratios.

As at 31 December 2021, the Group has complied with financial covenants as required by a bank.

18. Bank borrowings (cont'd)

Reconciliation of liabilities arising from financing activities

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

			Non-cash changes				
	1 January 2021	Financing cash flows[(i)]	New lease liabilities	Lease modification	Classified as held for sale	Translation differences	31 December 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	9,787	(1,439)	–	–	(83)	2	8,267
Lease liabilities	2,693	(394)	1,287	(16)	(1,056)	4	2,518
	12,480	(1,833)	1,287	(16)	(1,139)	6	10,785

			Non-cash changes			
	1 January 2020	Financing cash flows[(i)]	New lease liabilities	Disposal of a subsidiary	Translation differences	31 December 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	7,543	4,201	–	(2,048)	91	9,787
Lease liabilities	3,569	(540)	(343)	–	7	2,693
	11,112	3,661	(343)	(2,048)	98	12,480

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

19. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade payables	5,217	3,778	27	13
Loans from subsidiaries	–	–	11,017	9,897
Accrued operating expenses	3,053	1,653	305	263
Other payables				
- third parties	495	2,015	46	166
- related companies	–	–	341	395
	8,765	7,446	11,736	10,734
Deferred consideration for acquisition of associate	–	5,000	–	5,000
	8,765	12,446	11,736	15,734
Classified as held for sale (Note 9)	1,254	–	–	–
	10,019	12,446	11,736	15,734

19. Trade and other payables (cont'd)

The credit period on purchases of goods generally ranges from 30 to 60 days (2020: 30 to 60 days).

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

The deferred consideration for acquisition of associate was non-interest bearing and was payable in 2 tranches of $4,000,000 due on 30 September 2020 and $5,000,000 due on 31 March 2021. The Group has fully settled the remaining amount during the financial year.

Included in the accrued operating expenses is the provision for modification of existing products of $1,689,000. The provision for modification of existing products represents service and rectification costs in respect of unsold products to meet its quality standards in accordance with global certification requirements. The provision was made on a case by case basis.

Movement in provision are as follows:

	Provision for modification of existing products
	$'000
Balance as at 1 January 2020, 31 December 2020 and 1 January 2021	–
Charge to the statement of comprehensive income	1,689
Balance as at 31 December 2021	1,689

20. Lease liabilities (Group as a lessee)

Set out below are the carrying amounts of lease liabilities recognised and the movement during the year:

	Group
	$'000
Balance as at 1 January 2020	3,569
Modification of lease	(343)
Accretion of interest	107
Payments	(649)
Translation differences	9
Balance as at 31 December 2020 and 1 January 2021	2,693
Additions	1,287
Modification of lease	(16)
Accretion of interest	106
Payments	(495)
Translation differences	(1)
Classified as held for sale (Note 9)	(1,056)
Balance as at 31 December 2021	2,518

20. Lease liabilities (Group as a lessee) (cont'd)

	2021	2020
	$'000	$'000
Classified as:		
Current portion	51	173
Non-current portion	2,467	2,520
	2,518	2,693

The following are the amounts recognised in the statement of comprehensive income:

	Group	
	2021	2020
	$'000	$'000
Depreciation of right-of-use assets	437	431
Interest expense on lease liabilities	106	107
Expense relating to short-term leases	9	28
Expense relating to leases of low-value assets leases	23	27

21. Provision for warranty

The Group provides 1 to 3 years (2020: 1 to 5 years) of warranty on certain products and undertakes to repair or replace the items that fail to perform satisfactorily. The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's warranty program for certain products. The estimate has been made on the basis of historical warranty claims and past experiences of the level of repairs and returns.

Movement in provision for warranty:

	Group	
	2021	2020
	$'000	$'000
Balance as at 1 January	146	175
(Credit)/charge to the statement of comprehensive income	(61)	6
Utilisation during the year	(16)	(9)
Disposal of a subsidiary	–	(31)
Classified as held for sale (Note 9)	(49)	–
Translation differences	–	5
Balance as at 31 December	20	146

22. Share capital

	Group and Company			
	2021		2020	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid up:				
Balance as at 1 January and 31 December	103,521,700	47,433	103,521,700	47,433

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

23. Treasury shares

	Group and Company			
	2021		2020	
	No. of shares	$'000	No. of shares	$'000
Issued and paid up:				
Balance as at 1 January and 31 December	2,253,333	1,837	2,253,333	1,837

24. Foreign currency translation reserve

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

25. General reserve

	Group	
	2021	2020
	$'000	$'000
Balance as at 1 January	1,561	1,561
Additions for the year	56	–
Balance as at 31 December	1,617	1,561

In accordance with the relevant laws and regulations of the PRC, companies in PRC are required to set up a general reserve fund by way of appropriation of funds from its statutory net profit at a rate of 10% (2020: 10%) for each year.

The fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the PRC authorities. The appropriation is required until the statutory reserve reaches 50% of the registered capital. The reserve is not available for distribution to shareholders as dividends.

One of the subsidiaries in Europe has designated a portion of its earnings for the establishment of a legal reserve in compliance with the relevant laws and regulations of Belgium. The subsidiary has elected to establish the maximum allowable reserve, equivalent to 10% of its share capital.

26. Revenue

	Group	
	2021	2020
	$'000	$'000
Type of goods or service		
Sales of goods	32,146	43,589
Contract income	7,314	13,902
Service income	2,160	1,296
Commission income	109	350
	41,729	59,137

26. Revenue (cont'd)

	Group	
	2021	**2020**
	$'000	$'000
Timing of revenue recognition		
At a point in time:		
Sales of goods	32,146	43,589
Commission income	109	350
	32,255	43,939
Over time:		
Contract income	7,314	13,902
Service income	2,160	1,296
	9,474	15,198
	41,729	59,137

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

	Group	
	2021	**2020**
	$'000	$'000
Contract income	12,742	13,042
Service income	311	653
Total	13,053	13,695

Management expects that 79.0% (2020: 83.9%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 amounting to $10,310,000 (2020: $11,492,000) will be recognised as revenue during the next reporting period. The remaining $2,743,000 (2020: $2,203,000) will be recognised as revenue in 2022 (2020: 2021).

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

27. Other operating income

	Group	
	2021	**2020**
	$'000	$'000
Interest income from fixed deposits	75	54
Government grants	3	1,600
Rental income	726	598
Sundry income	113	400
	917	2,652

Government grants relate to Job Support Scheme, subsidies and cash grant received from the governments of Singapore, United Kingdom and the United States of America.

28. Other operating expenses

	Group	
	2021	**2020**
	$'000	$'000
Research and development expenses	1,890	1,734
Amortisation of intangible assets (Note 13)	–	26
	1,890	1,760

29. Other losses/(gains)

	Group	
	2021	**2020**
	$'000	$'000
Allowance for inventories obsolescence	94	96
Inventories written-off	2	–
(Write-back of)/allowance for expected credit loss	159	(100)
Loss on disposal of property, plant and equipment	20	14
(Gain)/loss on modification of lease	(1)	119
Impairment loss on goodwill	176	–
Gain on disposal of a subsidiary	–	(6,456)
Gain on disposal of an associate	–	(49)
Write down on remeasurement of disposal group classified as held for sale	534	–
Impairment loss on property, plant and equipment	66	–
Impairment loss on right-of-use assets	639	–
Impairment loss/(write-back of impairment) on investment in an associate	108	(105)
Foreign exchange (gain) loss, net	37	(895)
	1,834	(7,376)

30. Finance costs

	Group	
	2021	**2020**
	$'000	$'000
Interest expense on bank loans	215	211
Interest expense on lease liabilities	106	107
	321	318

31. (Loss)/Profit before taxation

(Loss)/Profit before taxation is stated at after charging/(crediting):

	Group	
	2021	2020
	$'000	$'000
Depreciation of property, plant and equipment	704	3,665
Depreciation of right-of-use assets	437	431
Provision for modification of existing products	1,689	–
Directors' fees	150	150
Employees benefit expense (including directors)	7,186	7,192
Defined contribution plans (including directors)	481	488
Cost of inventories recognised as expense	28,081	44,055
(Write-back of)/provision for warranty provision	(61)	6
Audit fees:		
Paid/payable to auditors of the Company	184	173
Paid/payable to other auditors	83	207
Non-audit fees:		
Paid/payable to auditors of the Company	13	13
Paid/payable to other auditors	14	16

32. Income tax (credit)/expense

	Group	
	2021	2020
	$'000	$'000
Income tax		
- Current year	152	292
- Overprovision in prior years	(24)	(2)
	128	290
Deferred tax (Note 17)	(248)	(46)
Withholding tax	4	1
	(116)	245

32. Income tax expense (cont'd)

The reconciliation between income tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate for the year ended 31 December was as follows.

	Group	
	2021	**2020**
	$'000	$'000
(Loss)/profit before taxation	(2,451)	3,309
Tax (benefits)/expense at the applicable tax rate of 17% (2020: 17%)	(417)	563
Effect of different tax rates of subsidiaries operating in other jurisdictions	153	(67)
Tax effect on non-allowable items	133	443
Tax effect on non-taxable items	(178)	(1,059)
Effect of tax concessions	(49)	(5)
Effect of share of results of an associate and a joint venture	21	11
Effect of tax-exempt income and tax relief	–	(21)
Effect of deferred tax assets not recognised	234	490
Withholding tax	4	1
Overprovision of income tax in prior years	(24)	(2)
Others	7	(109)
	(116)	245

33. Earnings/(losses) per share

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

	Group	
	2021	**2020**
	$'000	$'000
(Losses)/earnings		
(Losses)/earnings for the purposes of basic and diluted (losses)/earnings per share [(loss)/profit for the year attributable to owners of the Company]	(2,339)	2,801
Number of shares		
Number of ordinary shares outstanding* for the purposes of basic (losses)/earnings per share ('000)	101,268	101,268
Basic and diluted (losses)/earnings per share (cents)	(2.31)	2.77

* Excludes treasury shares

Diluted (losses)/earnings per share are the same as basic (losses)/earnings per share as there are no dilutive potential ordinary shares. As at the end of the reporting period, no share option was granted.

34. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Capital commitments in respect of property, plant and equipment	–	884

In December 2019, the Group assessed that leasehold building in China with carrying amount of $4,400,000, included in the Group's property, plant and equipment was defective due to water leakage and walls cracking. The Group obtained a professional assessment from external consultant indicating that the Group would need to incur approximately $1,362,000 to rectify the issue.

In 2020, the leakage and cracked walls have worsened. Another external consultant was commissioned to quote for the work required. Based on the assessment and advice from the external consultant, considering the potential safety of workers and condition of the building, the Group has decided to rebuild the building (excluding the usable the structural frame with carrying amount of $453,000). The total estimated construction cost is approximately $4,940,000.

The Group also reviewed the remaining useful life of the building in 2020 and as such, accelerated depreciation of $2,728,000 was recognised for the building for the year ended 31 December 2020. The amount of accelerated depreciation is estimated and recognised to reduce the carrying amount of the building to the recoverable carrying amount of the structural frame that can be reused for the planned rebuild. The accelerated of depreciation is not expected to have an effect in the future period.

(b) ***Operating lease commitments – as lessee***

At 31 December 2021, the Group is committed to $44,000 (2020: $151,000) for short-term and low-value assets leases.

(c) ***Operating lease commitments – as lessor***

Operating leases, in which the Group is the lessor, relate to portion of its property owned by the Group with lease terms of between 1 to 8 years. The lessee does not have an option to purchase the property at the expiry of the lease period. Rental income earned during the year is disclosed in Note 27.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Not later than one year	285	251
Later than one year but not later than five years	513	488
Later than five years	43	163
	841	902

35. Bankers' and financial guarantees

	Group	
	2021	2020
	$'000	$'000
Bankers' guarantees with recourse to the Group	5,171	7,599

The maximum amount for which the Group could become liable is as shown above.

Bankers' guarantees of $5,171,000 (2020: $7,599,000) issued by the banks were drawn on credit facilities secured by the corporate guarantees from the Company and certain fixed deposits (Note 4).

The Company provided corporate guarantees of up to $54,647,000 (2020: $61,574,000) to certain banks and financial institutions for credit facilities granted to certain subsidiaries. One of the subsidiaries also provided a corporate guarantee of $12,500,000 (2020: $12,500,000) for credit facilities granted to the Company.

Management has evaluated the fair value of these corporate guarantees and is of the view that the fair value of the benefits derived from these guarantees to the banks and financial institutions is not significant and hence this has not been recognised in the financial statements.

Based on expectations at the end of the reporting period, the Group and Company consider that it is more likely than not that no amount will be payable under the above arrangements.

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

	One year or less 2021	One year or less 2020
	$'000	$'000
Group		
Financial guarantees	12,500	12,500
Company		
Financial guarantees	54,647	61,574

36. Financial instruments, financial risks and capital management

(a) ***Categories of financial instruments***

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised costs:				
- Cash and bank balances	19,245	31,548	1,941	2,859
- Trade receivables	9,036	12,495	–	–
- Other receivables	388	585	5,221	9,275
	28,669	44,628	7,162	12,134
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	8,765	12,446	11,736	15,734
- Bank borrowings	8,267	9,787	2,344	2,500
- Lease liabilities	2,518	2,693	–	–
	19,550	24,926	14,080	18,234

(ii) The following table sets out the financial instruments including financial instruments under disposal groups held for sale as at the end of the reporting period:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised costs:				
- Cash and bank balances	20,068	31,548	1,941	2,859
- Trade receivables	9,974	12,495	–	–
- Other receivables	637	585	5,221	9,275
	30,679	44,628	7,162	12,134
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	10,019	12,446	11,736	15,734
- Bank borrowings	8,350	9,787	2,344	2,500
- Lease liabilities	3,574	2,693	–	–
	21,943	24,926	14,080	18,234

(b) ***Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements***

There are no financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements at 31 December 2021 and 31 December 2020.

36. Financial instruments, financial risks and capital management (cont'd)

(c) ***Financial risk management policies and objectives***

The Group's overall policy for financial risk management is to minimise the potential adverse effects from market and credit changes on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

The Group may use forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods. There is no outstanding financial exchange contract as at 31 December 2021 and 2020.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group transacts business denominated in various foreign currencies, including the United States Dollars ("USD"), Euro ("EUR"), British Pounds ("GBP") and Chinese Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group's entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Denominated in:				
USD	7,806	11,184	(1,442)	(631)
EUR	3,413	7,829	(110)	(963)
GBP	51	4	(1)	(28)
RMB	–	–	(8)	(1)
Others	3	3	(3)	(29)

	Company			
	Assets		Liabilities	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Denominated in:				
USD	558	215	–	–
EUR	3	4	–	–

The Group mitigates foreign currency exposure by striving, where possible, to negotiate sales and purchase transactions in the same currency with counterparties. Exposure to foreign currency risks is monitored on an ongoing basis to ensure that net exposure is at an acceptable level by entering into forward contracts as and when necessary.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

36. Financial instruments, financial risks and capital management (cont'd)

(c) ***Financial risk management policies and objectives (cont'd)***

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, favourable (unfavourable) effects on operating results will be:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Denominated in:				
USD	636	1,055	56	22
EUR	330	687	–	–
GBP	5	(2)	–	–
RMB	(1)	–	–	–

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effect on operating results will be vice versa.

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates as a result of fluctuation in interest rates.

The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

The Group's exposure to interest rate risk mainly arises from the Group's fixed deposits placed with banks (Note 4) and certain bank borrowings which bear variable interest rates (Note 18).

Reasonably possible changes on interest rates are not expected to have a material effect in the Group's profit or loss.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised is as disclosed in Note 35.

36. Financial instruments, financial risks and capital management (cont'd)

(c) ***Financial risk management policies and objectives (cont'd)***

(iii) <u>Overview of the Group's exposure to credit risk</u> (cont'd)

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

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

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

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
2021						
Trade receivables	5	(a)	Lifetime ECL (simplified approach)	9,196	(160)	9,036
Other receivables	6	Performing	12-month ECL	388	–	388
Contract assets	7	(a)	Lifetime ECL (simplified approach)	6,144	(14)	6,130
					(174)	

36. Financial instruments, financial risks and capital management (cont'd)

(c) ***Financial risk management policies and objectives (cont'd)***

(iii) Overview of the Group's exposure to credit risk (cont'd)

Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
2020						
Trade receivables	5	(a)	Lifetime ECL (simplified approach)	12,607	(112)	12,495
Other receivables	6	Performing	12-month ECL	585	–	585
Contract assets	7	(a)	Lifetime ECL (simplified approach)	3,707	(21)	3,686
					(133)	

Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
2021						
Other receivables	6	Performing	12-month ECL	5,221	–	5,221
Contract assets	7	(a)	Lifetime ECL (simplified approach)	525	–	525
					–	
2020						
Other receivables	6	Performing	12-month ECL	9,275	–	9,275
Other receivables	6	In default	Lifetime ECL	3,964	(3,964)	–
Contract assets	7	(a)	Lifetime ECL (simplified approach)	466	–	466
					(3,964)	

(a) For trade receivables and contract assets, the Group and the Company determine the expected credit losses by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions (Notes 5 and 7).

36. Financial instruments, financial risks and capital management (cont'd)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with banks and financial institutions that are reputable and creditworthy. For receivables from subsidiaries, the Company considers the historical default experience and the financial position of the subsidiaries. For trade receivables, the Group performs initial and ongoing credit evaluation of its customers' financial condition, monitors payment and extent of credit granted. Before accepting any new customer, the Group will perform credit risk assessment using the financial results of the customer to determine credit-worthiness.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

The Group and Company do not require or hold collateral on account of its receivables. The maximum exposure to credit risk for each class of financial asset is the carrying amount of that class of financial asset as shown on the statement of financial position.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The maximum exposure to credit risk for trade receivables as at the end of the reporting period based on location of the Group's customers is set out as follows:

	Group	
	2021	**2020**
	$'000	$'000
China	2,413	5,751
Singapore	1,426	1,118
Other Asian countries	4,177	2,519
Europe and United States of America	59	558
Middle east	282	616
Others	679	1,933
	9,036	12,495

The Group's exposure to credit risk is influenced by individual characteristics of each customer, as well as the demographics of the Group's customer base including the default risk of the industry and country in which customers operate in.

The trade receivables of the Group included 9 debtors (2020: 5 debtors) that individually represented more than 5% of the Group's trade receivables.

Corporate guarantees given by the Company to banks for certain subsidiaries' credit facilities amount to $54,647,000 (2020: $61,574,000).

(v) Liquidity risk management

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

36. Financial instruments, financial risks and capital management (cont'd)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Non-derivative financial assets and liabilities

Liquidity and interest risk analyses

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to interest which is not included in the carrying amount of the financial liability on the statement of financial position.

	Interest/non-interest bearing	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		% per annum	$'000	$'000	$'000	$'000	$'000
Group							
2021							
Financial assets							
Trade and other receivables (excluding advance payments to suppliers and prepayments)	Non-interest bearing	–	9,424	–	–	–	9,424
Bank balances	Non-interest bearing	–	18,730	–	–	–	18,730
Fixed deposits	Fixed interest rate	1.05%	–	527	–	(12)	515
	Total financial assets		28,154	527	–	(12)	28,669
Financial liabilities							
Trade and other payables	Non-interest bearing	–	8,765	–	–	–	8,765
Bank borrowings	Fixed interest rate	2.50%	1,117	3,017	–	–	4,134
Bank balances	Variable interest rate	2.47%	1,033	3,100	–	–	4,133
Lease liabilities	Fixed interest rate	3.37%	130	609	3,318	(1,539)	2,518
	Total financial liabilities		11,045	6,726	3,318	(1,539)	19,550
	Total financial assets/ (liabilities)		17,109	(6,199)	(3,318)	1,527	9,119

36. Financial instruments, financial risks and capital management (cont'd)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets and liabilities (cont'd)

	Interest/non-interest bearing	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
		% per annum	$'000	$'000	$'000	$'000	$'000
Group							
2020							
Financial assets							
Trade and other receivables (excluding advance payments to suppliers and prepayments)	Non-interest bearing	–	13,080	–	–	–	13,080
Bank balances	Non-interest bearing	–	31,065	–	–	–	31,065
Fixed deposits	Fixed interest rate	1.93%	–	495	–	(12)	483
	Total financial assets		44,145	495	–	(12)	44,628
Financial liabilities							
Trade and other payables	Non-interest bearing	–	12,446	–	–	–	12,446
Bank borrowings	Fixed interest rate	2.50%	703	4,643	–	(726)	4,620
Bank borrowings	Variable interest rate	2.76%	1,033	4,272	–	(138)	5,167
Lease liabilities	Fixed interest rate	3.47%	254	619	3,440	(1,620)	2,693
	Total financial liabilities		14,436	9,534	3,440	(2,484)	24,926
	Total financial assets/ (liabilities)		29,709	(9,039)	(3,440)	2,472	19,702

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values either due to short term maturity of these financial assets and financial liabilities, or due to variable interest rates attached to long term bank borrowings.

36. Financial instruments, financial risks and capital management (cont'd)

(d) *Capital management policies and objectives*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares or obtain new borrowings.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses. The Group has complied with the externally imposed capital requirements in 2021 and 2020, other than as disclosed in Note 18.

The Group's and Company's overall strategy remains unchanged from 2020.

37. Related company transactions

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

Significant intercompany transactions:

Transactions with related companies

	Company	
	2021	**2020**
	$'000	$'000
Management fee income received/receivable from subsidiaries	2,391	2,305

38. Other related party transactions

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2021	**2020**
	$'000	$'000
Short-term benefits	2,041	2,515
Post-employment benefits	104	152
Total	2,145	2,667
Comprises amounts paid/payable to:		
- Directors of the Company	913	896
- Other key management personnel	1,232	1,771
	2,145	2,667

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

39. Segment information

Management has determined segment based on how information is reported to the Group's chief operating decision maker for the purposes of resource allocation and operating performance review.

The Group's reportable segments under SFRS(I) 8 consist of engineering service and manufacturing for customers operating mainly in the Petrochemicals & Chemicals and Oil & Gas industries. This segment includes contract income from system integration solutions for process analyser and specialty valves, sale of analyser technologies products, maintenance and repair of analysers, specialty valves and systems, and commission income from agency agreements.

The Group's activities are primarily based in China, Singapore, Malaysia, Korea, Japan, Thailand, Europe and USA. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

Segment information about the Group is presented below.

(a) Analysis by business segment

Segment revenue and profit:

In determining the profit or loss for each reportable segment, segment revenue and cost of sales are the operating revenue and cost of sales reported in the Group's statement of comprehensive income that are directly attributable to a segment. Operating income and expenses include items directly attributable to a segment and the relevant portion of such operating income and expenses that can be allocated on a reasonable basis to a segment. Non-recurring gains or losses such as gain on dilution of investment and goodwill impairment are not allocated.

All inter-segment sales are eliminated on consolidation.

Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of trade and other receivables, cash and cash equivalents, intangible assets, inventories, contract assets, right-of-use assets and property, plant and equipment, net of allowances and provisions. Segment assets do not include deferred tax assets. Capital additions include the total cost incurred to acquire property, plant and equipment and intangible assets directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade and other payables, contract liabilities, lease liabilities and bank borrowings. Current and deferred income tax liabilities are not allocated.

39. Segment information (cont'd)

(a) Analysis by business segment (cont'd)

Segment information about the Group's revenue and results is presented below:

	Engineering service and manufacturing	
	2021	**2020**
	$'000	$'000
Revenue		
External revenue		
Petrochemicals and Chemicals	36,376	49,225
Oil and Gas	3,413	4,896
Iron and Steel	118	196
Others	1,822	4,820
Total revenue	41,729	59,137
Segment results		
Segment result	959	(911)
Share of results of associates and joint ventures	(121)	(76)
Interest income	75	54
Interest expense	(321)	(318)
Unallocated (expenses)/income	(3,043)	4,560
(Loss)/profit before taxation	(2,451)	3,309
Income tax credit/(expense)	116	(245)
(Loss)/profit for the year	(2,335)	3,064
Assets		
Segment assets	65,177	58,340
Investments in associates	3,787	3,932
Investment in a joint venture	426	–
Deferred tax assets	609	353
Unallocated assets	8,486	16,813
Total assets	78,485	79,438

39. Segment information (cont'd)

(a) Analysis by business segment (cont'd)

	Engineering service and manufacturing	
	2021	2020
	$'000	$'000
Liabilities		
Segment liabilities	20,160	14,673
Current and deferred tax liabilities	237	490
Unallocated liabilities	14,100	18,235
Total liabilities	34,497	33,398
Other segment information		
Capital additions:		
- Property, plant and equipment	4,410	332
- Unallocated property, plant and equipment	488	2
	4,898	334
Impairment loss on goodwill	176	–
Impairment loss/(write-back of impairment loss) on investment in an associate	108	(105)
Impairment loss on right-of-use assets	639	–
Impairment loss on property, plant and equipment	66	–
Inventories written off	2	–
Allowance for inventories obsolescence	94	96
(Write-back of)/allowance for expected credit losses	159	(100)
Depreciation and amortisation	1,102	4,082
Unallocated depreciation and amortisation	39	40
	1,141	4,122

39. Segment information (cont'd)

(b) Analysis by geographical segment

(i) Analysis of the Group's sales based on the geographical presence of the customers.

	2021	2020
	$'000	$'000
Revenue		
China	22,449	25,306
Singapore	5,303	6,685
USA	3,657	5,897
Middle East	2,893	3,030
India	1,889	341
Other European Countries	1,391	3,742
South Korea	1,183	6,432
Indonesia	1,117	345
Other Asian Countries	761	136
Thailand	356	2,219
Others	288	723
Malaysia	213	210
Kazakhstan	189	2,816
Vietnam	21	923
Netherlands	19	332
	41,729	59,137

(ii) Analysis of the carrying amount of non-current assets in the geographical area in which the amounts are located.

	2021	2020
	$'000	$'000
Non-current operating assets		
China	6,731	2,114
Singapore	19,175	20,122
Europe and USA	–	204
Others	66	66
	25,972	22,506

(c) Revenue from major products and services

The Group does not breakdown revenue beyond the categories disclosed in Note 26.

(d) Information about major customers

During the year, no single customer accounted for more than 10% of the Group's revenue (2020: no single customer accounted for more than 10%).

40. Subsequent events

(a) On 6 January 2022, the Group entered into a share purchase and transfer agreement with a third party to dispose of its 100% equity interests in Guided Wave Incorporated for a consideration of $3,380,000. The disposal is completed in March 2022.

(b) On 10 February 2022, the Group entered into share purchase and transfer agreement with a third party to dispose of its 100% equity interests in Analytical Technology and Control Ltd for a consideration of $2. The disposal is completed in February 2022.

(c) On 21 March 2022, the Group accepted a non-binding letter of intent from a third party in respect of the proposed sale of its property located at 30 Woodlands Loop, Singapore 738319 for a consideration of $13,200,000.

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 31 March 2022.

Issued and fully paid capital	: $47,432,531
Number of ordinary shares (excluding treasury shares)	: 101,268,367
Number of treasury shares	: 2,253,333
Number of Subsidiary Holdings	: Nil
Class of shares	: Ordinary shares
Voting rights	: On a poll: One vote for each ordinary share (excluding treasury shares)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2022

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	121	7.24	5,717	0.01
100 - 1,000	86	5.15	46,601	0.05
1,001 - 10,000	921	55.15	4,733,675	4.67
10,001 - 1,000,000	534	31.98	32,718,792	32.31
1,000,001 and above	8	0.48	63,763,582	62.96
Total	**1,670**	**100.00**	**101,268,367**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2022

No.	Shareholder's Name	Number of Shares Held	%
1	WONG KAR KING	41,402,109	40.88
2	DBS NOMINEES PTE LTD	5,200,491	5.14
3	CHIANG TIN TIAH	5,000,000	4.94
4	RAFFLES NOMINEES (PTE) LIMITED	2,868,094	2.83
5	YANG WEIREN	2,806,566	2.77
6	YANG XIAOFEI	2,690,000	2.66
7	PHILLIP SECURITIES PTE LTD	1,965,989	1.94
8	WONG SWEE YOKE	1,830,333	1.81
9	TOMMIE GOH THIAM POH	805,666	0.80
10	ABN AMRO CLEARING BANK N.V.	801,166	0.79
11	LIM KHENG JIN JOHN (LIN QINGREN)	740,333	0.73
12	MAYBANK SECURITIES PTE LTD	707,861	0.70
13	OCBC NOMINEES SINGAPORE PTE LTD	689,834	0.68
14	BD CORPORATION PTE LTD	670,000	0.66
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	621,800	0.61
16	KAN SHAW HUAH (JIAN SHAOHUA)	517,800	0.51
17	IWAN RUSLI @ LIE TJIN VAN	500,000	0.49
18	LIM THIAM HONG	455,400	0.45
19	HENG YONG SENG	450,000	0.44
20	LAI WENG KAY	432,700	0.43
	TOTAL	**71,156,142**	**70.26**

The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 22 March 2022.

SUBSTANTIAL SHAREHOLDERS

AS AT 22 MARCH 2022

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 22 March 2022)

Name of Substantial Shareholders	Direct Interest	%[1]
Dr Wong Kar King	41,402,109	40.88

Notes:

(1) Percentage computed is based on 101,268,367 ordinary shares in issue (excluding 2,253,333 shares held as treasury shares) as at 22 March 2022.

As at 22 March 2022, 2,253,333 ordinary shares are held as treasury shares, representing 2.23% of the total number of issued ordinary shares excluding treasury shares.

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 22 March 2022, approximately 57.3% of the issued ordinary shares of the Company is held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of SGX-ST has been complied with.

Note:

The percentage is based on 101,268,367 shares (excluding 2,253,333 shares held as treasury shares) as at 22 March 2022.

NOTICE OF ANNUAL GENERAL MEETING

ADVANCED HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401856N)

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Advanced Holdings Ltd. (the "**Company**") will be held by way of electronic means on **Thursday, 28 April 2022** at **2.00 p.m.** to transact the businesses set out below.

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://advancedholdings.com/media/news/. A printed copy of this Notice will NOT be despatched to Shareholders.

ORDINARY BUSINESS

1 To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' Statement and the Auditors' Report of the Company. **(Resolution 1)**

2 To re-elect as a Director, BG (RET) Lim Yeow Beng, who is retiring under Article 91 of the Company's Constitution.

BG (RET) Lim Yeow Beng will, upon re-election as a Director of the Company, remain as an Independent Director. He will remain as a member of each of the Audit Committee, Nominating Committee and the Remuneration Committee. The Board considers BG (RET) Lim Yeow Beng to be independent for the purposes of Rule 704(7) of the Catalist Rules. **(Resolution 2)**

3 To re-elect as a Director, Mr Lim Boon Cheng, who is retiring under Article 91 of the Company's Constitution.

Mr Lim Boon Cheng will, upon re-election as a Director of the Company, remain as a Lead Independent Director, Chairman of the Board of Directors, Audit Committee and Remuneration Committee, and a member of the Nominating Committee. The Board considers Mr Lim Boon Cheng to be independent for the purposes of Rule 704(7) of the Catalist Rules. **(Resolution 3)**

4 That contingent upon the passing of Ordinary Resolution 3 above, and in accordance with Rule 406(3)(d)(iii) of the of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the **"Catalist Rules"**), shareholders to approve Mr Lim Boon Cheng's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Lim Boon Cheng's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 5 below. **(Resolution 4)**

5 That contingent upon the passing of Ordinary Resolution 4 above, and in accordance with Rule 406(3)(d)(iii) of the Catalist Rules, shareholders (excluding directors, chief executive officer, and their associates) to approve Mr Lim Boon Cheng's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Lim Boon Cheng's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of this Ordinary Resolution 5. **(Resolution 5)**

6 To approve directors' fees of $150,000.00 for the financial year ending 31 December 2022, to be paid quarterly in arrears. **(Resolution 6)**

7 To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company, to hold office until the conclusion of the next annual general meeting and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

8 To transact any other business that may be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

9 To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"That pursuant to Section 161 of the Companies Act 1967 ("**Act**") and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively **"Instruments"**) that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided always that:

(I) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company at the time of the passing of this Resolution, after adjusting for:

(aa) new shares arising from the conversion or exercise of any convertible securities which are issued and outstanding or subsisting at the time of the passing of this Resolution;

(bb) new shares arising from exercising share options or vesting of share awards which are issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of shares;

(III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)] **(Resolution 8)**

By Order of the Board

Dr Wong Kar King
Managing Director
13 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

(i) Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

(1) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 April 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2022" which has been uploaded together with this Notice on SGXNet on the same day. This announcement may also be accessed at the URL https://advancedholdings.com/media/news/.

In particular, the Annual General Meeting will be held by way of electronic means and a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 2.00 p.m. on 26 April 2022, at the URL https://conveneagm.sg/advancedholdingsAGM2022. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Annual General Meeting by 27 April 2022. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the Annual General. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed. Shareholders who do not receive an email by 2.00 p.m. on 27 April 2022, but who have registered by the deadline of 2.00 p.m. on 26 April 2022, should contact the Company at the following email address: general.meetings@advancedholdings.com.

A member may also submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 2.00 p.m. on 20 April 2022:

(a) via the pre-registration website at the URL https://conveneagm.sg/advancedholdingsAGM2022;

(b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 30 Woodlands Loop, Singapore 738319; or

(c) by email to general.meetings@advancedholdings.com.

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

(a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

(b) the member's NRIC/Passport/UEN number;

(c) the member's contact number and email address; and

(d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status

The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the Annual General Meeting as received from members before 2.00 p.m. on 20 April 2022 by 22 April 2022 via an announcement to be published on the Company's website at the URL https://advancedholdings.com/media/news/ and SGXNet.

Please note that members will not be able to ask questions at the Annual General Meeting "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the Annual General Meeting.

(2) **A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.** In appointing the Chairman of the Annual General Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://advancedholdings.com/media/news/ and has also been made available on SGXNet.

(3) The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the Annual General Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

(a) if submitted via the pre-registration website, be submitted via the URL https://conveneagm.sg/advancedholdingsAGM2022 in the electronic format accessible on the said website;

(b) if sent personally or by post, be deposited at the registered office of the Company at 30 Woodlands Loop, Singapore 738319; or

(c) if submitted by email, be received by the Company at general.meetings@advancedholdings.com,

in any case, not less than 48 hours before the time for holding the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

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 COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms personally or by post, members are strongly encouraged to submit completed proxy forms electronically via the pre-registration website or email.

(4) The instrument appointing the Chairman of the Annual General Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Annual General Meeting as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

(5) In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Annual General Meeting as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

(6) Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF and SRS investors, and who wish to participate in the Annual General Meeting (**"Relevant Intermediary Participants"**) by (a) observing and/or listening to the Annual General Meeting proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the Annual General Meeting in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the Annual General Meeting as proxy to attend, speak and vote on their behalf at the Annual General Meeting, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the Annual General Meeting. CPF or SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 18 April 2022.

(7) The Annual Report for the financial year ended 31 December 2021 may be accessed at the Company's website at the URL https://advancedholdings.com/investors/annual-report/ under "Annual Report 2021". The Annual Report has also been made available on SGXNet.

Personal Data Protection:

By pre-registering for the "live" webcast, submitting an instrument appointing the Chairman of the Annual General Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or submitting any details of Relevant Intermediary Participants in connection with the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof), the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), the publication of the names and comments of the members at the Annual General Meeting and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

ANNUAL GENERAL MEETING
ADVANCED HOLDINGS LTD.
Company Registration Number: 200401856N
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 13 April 2022 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 28 April 2022" which has been uploaded together with the Notice of Annual General Meeting dated 13 April 2022 on SGXNet on the same day. The announcement may also be accessed at the URL https://advancedholdings.com/media/news/.
2. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 18 April 2022.
4. This form of proxy has been made available on SGXNET and the Company's website and may be accessed at the URL https://advancedholdings.com/media/news/. A printed copy of this form of proxy will NOT be dispatched to members.

I/We, ______________________ (Name) ______________________ (NRIC/Passport/UEN No.)

of ____ (Address)

being a *member/members of Advanced Holdings Ltd. (the **"Company"**), hereby appoint the Chairman of the Annual General Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held by way of electronic means on Thursday, 28 April 2022 at 2.00 p.m. and at any adjournment thereof.

I/We direct the Chairman of the Annual General Meeting as my/our proxy to vote for, against and/or abstain from voting on the Resolutions to be proposed at the Annual General Meeting as indicated hereunder:

No.	Resolutions Relating To:	For	Against	Abstain
	Ordinary Business			
1.	Adoption of Financial Statements			
2.	Re-appointment of BG (RET) Lim Yeow Beng			
3.	Re-appointment of Mr Lim Boon Cheng			
4.	Approval of Mr Lim Boon Cheng's continued appointment as an Independent Director by all shareholders			
5.	Approval of Mr Lim Boon Cheng's continued appointment as an Independent Director by shareholders (excluding directors, the chief executive officer, and their associates)			
6.	Approval of Directors' Fees for FY2022, payable quarterly in arrears.			
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors			
	Special Business			
8.	Authority to allot and issue new shares			

* If you wish to exercise all your votes "For" or "Against" the Resolution or to abstain from voting on the Resolution in respect of all your votes, please indicate your vote "For" or "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________ 2022.

Number of Shares held in	
CDP Register	
Member's Register	
TOTAL	

____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Annual General Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. The Chairman of the Annual General Meeting, as proxy, need not be a member of the Company.

3. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the ordinary shares held by you.

4. The instrument appointing the Chairman of the Annual General Meeting as proxy must be submitted to the Company in the following manner:

   (a) via the URL https://conveneagm.sg/advancedholdingsAGM2022 (the "**AHL AGM Website**") in the electronic format accessible on the AHL AGM Website;

   (b) if sent personally or by post, be deposited at the registered office of the Company at 30 Woodlands Loop, Singapore 738319; or

   (c) if submitted by email, be received by the Company at general.meetings@advancedholdings.com,

   in any case, not less than 48 hours before the time set for the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

   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 the AHL AGM Website or email.

5. If sent personally or by post, the instrument appointing the Chairman of the Annual General Meeting as proxy of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the Chairman of the Annual General Meeting as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing the Chairman of the Annual General Meeting as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

7. Where an instrument appointing the Chairman of the Annual General Meeting as proxy is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Annual General Meeting as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Protection:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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