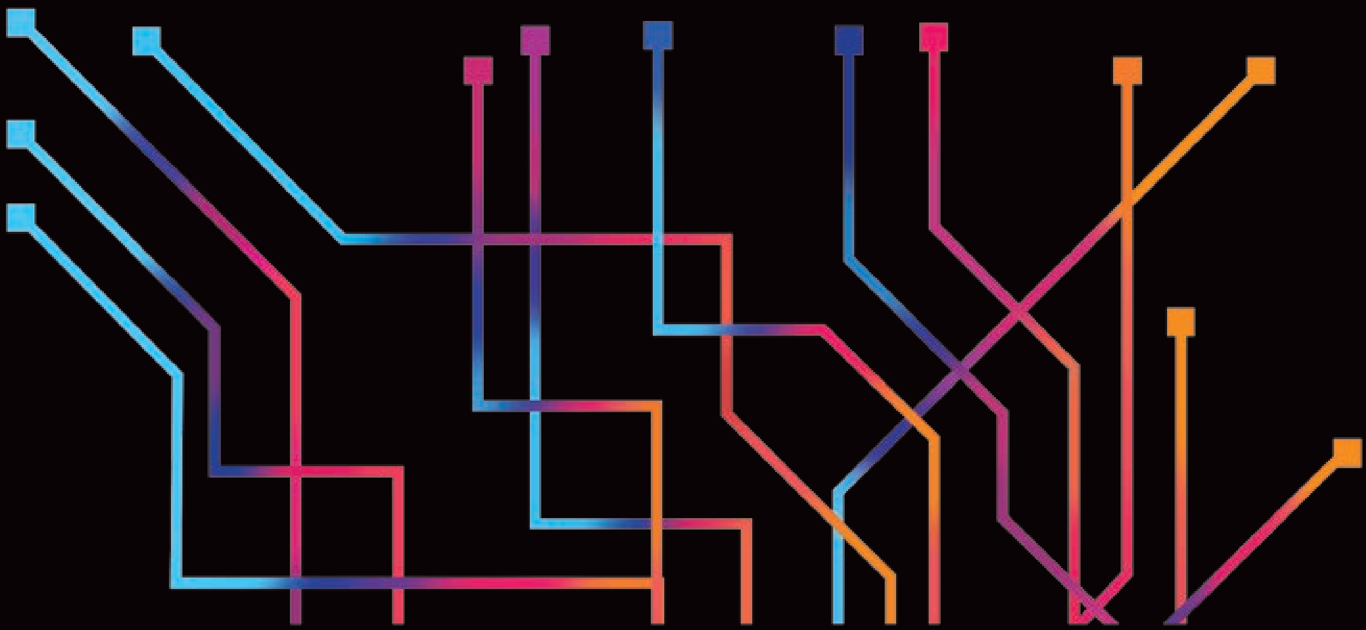


TRANSITION

This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This Annual Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made, or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

ANNUAL REPORT 2020

ASA

ADVANCED SYSTEMS
AUTOMATION LIMITED

Contents

About ASA

Advanced Systems Automation Limited ("ASA" or the "Company", and together with its subsidiaries, the "Group") entered the semiconductor industry in 1986. Its core business is in the manufacturing of automated equipment for the encapsulation in semiconductors. Today, ASA's encapsulation equipment are used by semiconductor assembly processes around the world.

In 1997, ASA embarked into developing the world's first total backend inline equipment solution. Thereafter, in 2000, through further developmental efforts, it successfully launched the Solder Ball placement and the Saw Singulation and Sort machines. These equipment were designed for the Ball Grid Array packages, which were then experiencing rapid growth. In 2003, a high speed Flip Chip bonder was introduced to the market and this design won the Advanced Packaging Award that year. Today, the Group prides itself as a world-class manufacturer of automated backend equipment for the semiconductor assembly process. Its equipment are sold globally to major semiconductor manufacturers.

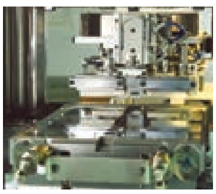
Another core business segment within ASA is its Equipment Contract Manufacturing Services ("ECMS") unit. This division manufactures electromechanical components and parts for the semiconductor and consumer electronics industries. In 2013, the Group expanded its competency and skill set in this business segment through the acquisition of ASA Multiplate (M) Sdn. Bhd. and Emerald Precision Engineering Sdn. Bhd. In 2018, the Group's acquisition of Pioneer Venture Pte Ltd, Yumei REIT Sdn. Bhd. and Yumei Technologies Sdn. Bhd. was successfully completed. This stable of companies brought with them new skill sets in die-casting and plastic injection moulding enabling the Group to offer a wider spectrum of comprehensive value propositions to a broader customer base and an expanded regional reach.

On 20 January 2021, the Company announced that it has completed the disposals of its loss-making subsidiaries, ASA Multiplate (M) Sdn. Bhd. and Microfits Pte Ltd on 31 December 2020 and 20 January 2021 respectively. In addition, the Group has also entered into a sale and purchase agreement on 26 February 2021 to dispose its remaining key operating subsidiaries, Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn. Bhd., Yumei REIT and Pioneer Venture Pte Ltd. Upon completion of the proposed disposal, the Company will cease to hold any operating business and will become a cash company as defined under Rule 1017 of the Catalist Rules. By disposing the operating subsidiaries, the Company will consider other potential new operating businesses with growth potential.

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

Letter To Shareholders and Operations Review

> *To date, we are in the process of divesting all our subsidiaries and are now searching for viable businesses with potentials to be listed on either the Catalist or the Mainboard of the Singapore Exchange Securities Trading Limited. This is not an easy task under normal circumstances, it has become even more daunting.*



Dear Shareholders,

The onslaught of the COVID-19 pandemic has brought global turmoil to governments, economies and consumers. This turbulence has continued past its anniversary and the road ahead is mired with uncertainties. What is clear is the world has to adapt to a new way of life that will place even more focus on technology to navigate the brave new world in the future.

At ASA, our efforts to revamp our organization continues. To date, we are in the process of divesting all our subsidiaries and are now searching for viable businesses with potentials to be listed on either the Catalist or the Mainboard of the

Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This is not an easy task under normal circumstances, it has become even more daunting. Nonetheless, we remained committed and will continue to keep our shareholders informed of our developments. Notwithstanding the above, I am pleased to present to shareholders the annual report for the financial year ended 31 December 2020 ("**FY2020**").

ASA OPERATIONS REVIEW

INCOME STATEMENT

During FY2020 and as at the date of the annual report, the Company has completed the disposal of its entire interest in Microfits Pte. Ltd. ("**MPL**") and ASA Multiplate (M) Sdn. Bhd. ("**ASAM**") on 20 January 2021 and 31 December 2020 respectively. In addition, the Company has announced its intention to dispose its entire issued and paid-up capital of Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn. Bhd., Yumei REIT Sdn. Bhd. and Pioneer Venture Pte. Ltd. ("**Sale Companies**").

As a result, the Sale Companies have been classified as discontinued operations and assets held for sales during FY2020. Accordingly, there is no revenue derived for the Group from continuing operations.

Other income of S$69,000 in FY2020 comprises the government grant on Jobs Support Scheme payout.

General and administrative ("**G&A**") costs in FY2020 were lower by S$1.2 million or 34% compared to the costs incurred in FY2019 mainly due to costs reduction and lower travelling costs amid COVID-19. Included in FY2020 G&A was also the corporate support services fee of S$0.4 million incurred and payable to ASTI Holdings Limited.

Finance costs incurred in FY2020 was comparable to FY2019 of S$0.2 million primarily due to the borrowings from ASTI Holdings Limited.

The Group recorded a foreign exchange loss of S$34,000 and S$13,000 in FY2020 and FY2019 respectively, due to the fluctuation of Malaysia Ringgit against Singapore Dollars.

As a result of the above, the Group reported a net loss attributable to owners of the Company from continuing operations of S$2.6 million in FY2020.

Letter To Shareholders and Operations Review

BALANCE SHEET

Non-current assets dropped by S$10.0 million or 99%, from S$10.1 million in 31 December 2019 to S$0.1 million in 31 December 2020. This was mainly attributed to the reclassification of Sale Companies' non-current assets under "**Assets held for sale**".

Trade and other receivables declined by S$4.1 million or 98%, from S$4.2 million at 31 December 2019 to S$0.1 million at 31 December 2020, mainly attributed to the reclassification of Sale Companies' receivables of S$4.0 million under "**Assets held for sale**".

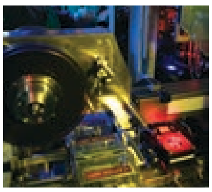
Trade and other payables have decreased S$0.1 million or 0.9% from S$12.0 million at 31 December 2019 to S$11.9 million at 31 December 2020, due to the reclassification of amount due to key management in relation to payroll, which was offset by the reclassification of Sale Companies' payables of S$1.4 million under "**Liabilities directly associated with assets held for sale**".

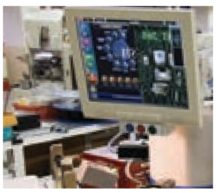
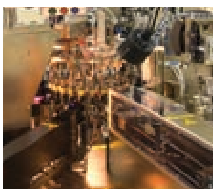
Other liabilities declined by S$1.3 million or 46% from S$2.8 million at 31 December 2019 to S$1.5 million at 31 December 2020, mainly due to the reclassification of Sale Companies' payables under "**Liabilities directly associated with assets held for sale**".

As at 31 December 2020, the Group reported net current liabilities of S$2.0 million and net liabilities of S$1.9 million.

CASHFLOW

Net cash flows generated from operating activities amounted to S$0.3 million in FY2020. This included operating cash flows before changes in



working capital of S$0.7 million net of interest paid of S$107,000 and income tax paid of S$309,000 during the period.

Net cash flows used in investing activities amounted to S$1.2 million and was due to purchase of PPE, offset by proceeds from disposal of PPE.

Net cash flow generated from financing activities amounted to S$1.4 million and was mainly due to new borrowings of S$2.0 million net off against the repayment of finance lease obligations and bank borrowings.

OUTLOOK

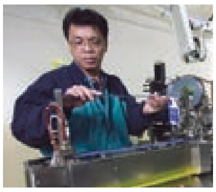
The Company is in the midst of exploring a potential acquisition of a new business and will make the necessary announcements in compliance with the Catalist Rules as and when there are material developments in relation to such a potential acquisition.

IN APPRECIATION

I would like to thank all of our customers, principals, bankers, and shareholders for their confidence and trust in us, and I look forward to your support in the new financial year while we search for viable businesses with potential to be listed on either the Catalist or Mainboard of SGX-ST. To our shareholders, your support has been very important to us, and our new management will continue to work and bring value to all our stakeholders.

Yours Sincerely,

DATO' SRI MOHD SOPIYAN B MOHD RASHDI
Non-Executive Chairman



Board of Directors

Mr Seah Chong Hoe, 61
Executive Director and Chief Executive Officer

A pioneer of the Yumei Group, Mr Seah Chong Hoe was instrumental in its growth and development since 1989. He brings with him more than 3 decades of knowledge and experience from the electronics engineering as well as the plastic molding industries.

In his current role at ASA, Mr Seah will oversee the operations and business efficiency of the group.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited

Past 3 Years Listed Companies' Directorships
- None

Dr Kenneth Yu Keung Yum, 73
Independent Director
Nominating Committee Chairman

PhD Electrical Engineering and Applied Physics, Stanford University

Dr Yu brings with him over 35 years of experience from the areas of technology, product design and management. He had spent 16 years with Lattice Semiconductor Corp during which he started and managed a subsidiary company in Shanghai, China.

An expert in all facets of semiconductor equipment and technologies, Dr Yu has done memory and ASIC designs and is familiar with applications ranging from PLDs, processors, telephony ICs to CCD imagers. He is the co-author of 25 technical articles and owner of 8 patents.

Dr Yu's present interest is developing the technology to operate a generalized IoT network seamlessly, and to apply big data analytic to sensor data collected by IoT networks. Dr Yu is also a director of Sky1 Technology Limited.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited
- Dragon Group International Limited

Past 3 Years Listed Companies' Directorships
- ASTI Holdings Limited

Dato' Sri Mohd Sopiyan B Mohd Rashdi, 59
Independent and Non-Executive Chairman
Audit Committee Chairman

Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391)
Degree in Accountancy, University iTM, Malaysia

Dato' Sri Mohd Sopiyan brings with him a wealth of experience from his previous employment with Maybank Finance Bhd, Bank Negara Malaysia, Edaran Digital System Bhd Group of Companies and Financial Advisory Services where he was responsible for the accounting, financial, corporate finance, budgeting, treasury management and tax matters.

During his tenure with Bank Negara, he was attached to the Bank's regulatory department which oversees and monitors financial institutions. He was subsequently seconded to TPU Sdn Bhd, a company formed by Bank Negara to restructure and rehabilitate companies facing financial problems during the recession in the 1980s.

Dato' Sri Mohd Sopiyan is currently the Chief Executive Officer of PT Dragon Terra Venture, a company involved in capital market activities including corporate finance and fund raising exercises in Indonesia.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited
- ASTI Holdings Limited
- Dragon Group International Limited

Past 3 Years Listed Companies' Directorships
- PT Envy Technologies Indonesia Tbk

Mr Steven Shen Hing, 59
Independent Director

Bachelor of Science in Electrical Engineering, National Taiwan University

Mr Steven Shen is a reputable name in the semiconductor and electronics industry. He brings with him a wealth experience having been a successful entrepreneur and was the President of Flextech (North Asia) responsible for China, Hong Kong, Korea and India.

Mr Shen founded his own component distribution company and developed his own technical design and FAE teams in the late 1980s. Over span of 2 years, his company commanded more than 85% of the sound blaster card market in China and Hong Kong. In early 1990s, riding on the enhanced ESS features developed, his company became a globally renowned VCD and DVD chip supplier in the early 1990s.

His knowledge on the stringent corporate governance requirements coupled with his familiarity of the semiconductor and electronics industries will be a valuable addition to the board of ASA Group.

Current Listed Companies' Directorships
- Advanced Systems Automation Limited

Past 3 Years Listed Companies' Directorships
- None

Key Management

Anthony Loh
Vice President of Finance

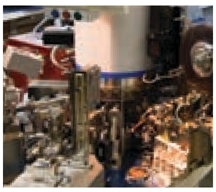
Mr Loh joined the Group in 2017 and has over 20 years of experience in finance and accounting. He is overall in charge of the Group's Finance Team and is also the Vice President of Finance of ASTI Holdings Limited and Dragon Group International Limited. Prior to joining the Group, Mr Loh has extensive working experience in MNCs, GLCs and SMEs. He is a Chartered Accountant, a non-practising member of Institute of Singapore Chartered Accountants and holds an Association of Chartered Certified Accountants (ACCA) qualification.

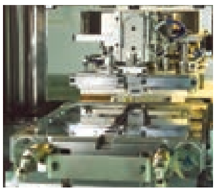
As announced on 30 April 2021, Mr Loh has submitted his resignation letter to the Company and will cease to be the Vice President of Finance with effect from 16 May 2021.

Financial Highlights

RESULTS OF OPERATIONS	2020	2019	2018
	S$'000	S$'000 (restated)[1]	S$'000
Group Income Statement			
Revenue	- [2]	- [2]	12,191
Loss before taxation from continuing operations	(2,562)	(3,725)	(1,302)
Loss Attributable to Owners of the Company	(4,803)	(4,546)	(6,041)
Group Balance Sheets			
Non-Current Assets	64	10,071	10,023
Current Assets	19,570	10,649	13,585
Total Assets	19,634	20,720	23,608
Current Liabilities	21,536	19,077	16,665
Non-Current Liabilities	-	961	1,625
Total Liabilities	21,536	20,038	18,290
Equity Attributable to Owners of the Company	(1,902)	1,572	6,117
Non-Controlling Interests	-	(890)	(799)
Total Equity	(1,902)	682	5,318
Basic Loss per share (cents) [3]	(0.02)	(0.02)	(0.04)
Net Assets Value per share (cents) [4]	(0.01)	0.01	0.03
Weighted average number of shares in the year	22,324,126,058	22,324,126,058	16,322,756,195
Number of shares (excluding treasury shares) as at end of year	22,324,126,058	22,324,126,058	22,324,126,058
Financial Ratios			
Return on Average Shareholders' Fund (%) [5]	2,911	(118)	(103)
Gearing Ratio (%) [6]	117	90	68
Current Ratio (Times) [7]	0.9	0.6	0.8

(1) Financial figures are restated due to reclassification to discountinued operations
(2) Revenue in FY2019 and FY2020 are reported under discountinued operations
(3) Loss per share are calculated based on net loss attributable to ordinary shareholders divided by the weighted average number of shares
(4) Net assets value are calculated based on equity attributable to owners of the company divided by the number of ordinary shares
(5) Return on average shareholders' fund are calculated based on net loss attributable to ordinary shareholders divided bythe average of equity attributable to owners of the company
(6) Gearing ratio is calculated based on net debts divided by equity
(7) Current ratio is calculated based on current assets divided by current liabilities





Corporate Information

BOARD OF DIRECTORS

Executive:

Mr Seah Chong Hoe
Executive Director and Chief Executive Officer

Non-Executive:

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Independent and Non-Executive Chairman

Dr Kenneth Yu Keung Yum
Independent Director

Mr Steven Shen Hing
Independent Director

AUDIT COMMITTEE

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Chairman

Dr Kenneth Yu Keung Yum
Mr Steven Shen Hing

NOMINATING COMMITTEE

Dr Kenneth Yu Keung Yum
Chairman

Mr Steven Shen Hing
Dato' Sri Mohd Sopiyan B Mohd Rashdi

REMUNERATION COMMITTEE

Mr Steven Shen Hing
Chairman

Dr Kenneth Yu Keung Yum
Dato' Sri Mohd Sopiyan B Mohd Rashdi

COMPANY SECRETARY

Theng Searn Por

EXECUTIVE OFFICERS

Anthony Loh
Vice President of Finance

REGISTERED OFFICE

Blk 25 Kallang Avenue, #06-01
Kallang Basin Industrial Estate
Singapore 339416
Tel: (65) 6309 5500
Fax: (65) 6292 2067

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00, AIA Tower
Singapore 048542
Tel: (65) 6232 3210
Fax: (65) 6232 3244

BUSINESS OFFICE

Blk 25 Kallang Avenue, #06-01
Kallang Basin Industrial Estate
Singapore 339416
Tel: (65) 6309 5500
Fax: (65) 6292 2067

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

INDEPENDENT AUDITOR

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

Audit Partner-in-charge:

Tan Po Hsiong, Jonathan
(Since the financial year ended 31 December 2016)

PRINCIPAL BANKER

Malayan Banking Berhad
United Overseas Bank Limited

APPENDIX 1

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2020

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Financial year ended 31 December 2020 (“FY2020”)

The board of directors (the “**Board**” or “**Directors**”) of Advanced Systems Automation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is committed to maintaining a high standard of corporate governance in complying with the Singapore Code of Corporate Governance 2018 (the “**Code**”) which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). For FY2020, the Company had complied with all principles set out in the Code. In areas where the Company deviates from the provisions of the Code, the rationale and explanation of how the Company’s practices are in line with the principles of the Code is provided. The Board views the adherence of such corporate governance practices as key to discharging its duties to protect and enhance shareholder value and the financial performance of the Group.

This Corporate Governance Report (“**Report**”) describes the corporate governance practices of the Group that were in place throughout FY2020 with reference to the principles and provisions set out in the Code.

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 Company is headed by an effective Board which leads and controls the Company. The Board is collectively responsible for the success of the Company. The main role and responsibility of the Board is to oversee the business affairs of the Company and to set broad policies, strategies and goals for the Company and the Group. The Board is involved in the approval of annual budgets and the management’s investment and divestment decisions. The Board 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 Company. The Board is accountable to the shareholders of the Company (the “**Shareholders**”) while the management (the **“Management**”) is accountable to the Board.

The Board endeavours to provide Shareholders with balanced and understandable assessments of the Group’s performance and position on a regular basis through the release of quarterly and full year results announcements and updates, where applicable. With effect from 7 February 2020, following the revisions to the quarterly reporting framework of the Catalist Rules, the Group will cease to release its financial statements results announcement on a quarterly basis. Instead, the financial statements of the Group will be announced on a half-yearly basis.

The principal functions of the Board include the following:

- providing entrepreneurial leadership, setting strategic aims and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of Shareholders’ interests and the Group’s assets;
- overseeing the processes for risk management, financial reporting and compliance as well as evaluating the adequacy and effectiveness of internal controls;
- approving annual budgets, major funding proposals, as well as investment and divestment proposals of the Group;
- reviewing the Management’s performance, approving the nominations to the Board and the appointments of key management personnel, as may be recommended by the Nominating Committee (the “**NC**”);
- identifying the key stakeholder groups and recognising that their perceptions affect the Group’s reputation;
- appointing the Group’s Chief Executive Officer (“**Group CEO**”), and reviewing and endorsing the framework of remuneration for the Board and key management personnel as may be recommended by the Remuneration Committee (the “**RC**”);
- considering sustainability issues such as environmental and social factors, as part of the Group’s strategic formulation; and
- setting the Company’s values and standards (including ethical standards) and ensuring that its obligation to Shareholders and other stakeholders are understood and met.

All the Directors exercise due diligence and independent judgement, and are fiduciaries who act and make decisions objectively in the best interests of the Group. Directors facing conflicts of interest will also recuse themselves from discussions and decisions involving the issues of conflict.

The Board holds regular meetings and, to assist it in the execution of its responsibilities, establishes board committees, namely, the NC, the RC and the Audit Committee (the "**AC**") (collectively, the "**Board Committees**") to cover specific functions that are delegated from the Board. Each Board Committee operate within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The Board acknowledges that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. Specific descriptions of these Board Committees are set out in this Report.

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

- strategies and objectives of the Group;
- announcements of quarterly and full year results and release of annual reports;
- issuance of shares of the Company;
- declaration of interim dividends and proposal of final dividends;
- convening of Shareholders' meetings;
- investments and divestments;
- acquisitions and disposals;
- business plans and annual budget of the Group;
- commitments to terms loans and lines of credits from banks and financial institutions; and
- interested person transactions.

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

The Board receives updates on the management of the business affairs and operations of the Group and assesses from time to time, strategies and financial initiatives implemented by the Management. The Management has provided the Board with complete and adequate information in a timely manner prior to meetings and also on an on-going basis for the Board to discharge its obligations. Such information includes background or explanatory information relating to matters brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. The Board also duly monitors the Management's performance.

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished in a timely manner. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

To facilitate separate and independent access to the Management, Directors are also provided with the names and contact details of the Management. In carrying out their obligations as Directors of the Company, access to independent professional advice is, if necessary, available to all Directors, either individually or as a group, at the expense of the Company.

The CEO updates the Board during the quarterly Board meetings on Group's strategies and business environment to keep the members of the Board abreast of the Group businesses and activities.

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board and Board Committees' procedures are followed and in compliance with applicable rules and regulations including the Companies Act (Cap. 50) and the Catalist Rules.

Changes to regulations and accounting standards are closely monitored by the Management. Directors are briefed during the Board meetings of these changes especially where such changes have an important bearing on the Company's or Directors' disclosure obligations.

Attendance at Board and Board Committee Meetings

The Board meets regularly at least four (4) times a year and as when warranted by particular circumstances, as deemed appropriate by the Board. The Company's Constitution allows meetings to be conducted by way of teleconference and videoconference.

The frequency of the meetings of the Board and the Board Committees, and the attendance by the Directors for such meetings in FY2020 are set out as follows:

Meetings	Board	AC	NC	RC
Total held in FY2020	5	6	3	2
Directors				
Dato' Michael Loh Soon Gnee^	1	1*	1*	1*
Dato' Khor Gark Kim#	3	4	3	1
Dato' Sri Mohd Sopiyan B Mohd Rashdi^^	5	6	3	2
Dr Kenneth Yu Keung Yum	5	6	3	2
Mr Steven Shen Hing**	5	2	3*	1
Mr Seah Chong Hoe##	1	1*	-	1*

Notes:

* *By Invitation*
^ *The resignation of Dato' Michael Loh Soon Gnee as Chief Executive Officer and Executive Chairman took effect from 7 April 2020.*
\# *Dato' Khor Gark Kim retired as independent director with effect from 29 June 2020.*
\## *Mr Seah Chong Hoe was appointed as Chief Executive Officer and Executive Director of the Company on 17 August 2020.*
** *Mr Steven Shen Hing was appointed as member of AC, NC and RC on 8 June 2020 and as Chairman of RC on 29 June 2020.*
^^ *Dato' Sri Mohd Sopiyan B Mohd Rashdi was re-designated as Independent and Non-Executive Chairman of the Board on 29 June 2020.*

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company. Other than Mr Seah Chong Hoe was appointed as director of the Company on 17 August 2020, there were no new directors appointed in FY2020. Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out, amongst other, the Director's duties and obligations. The Company will put all newly appointed Directors through an orientation programme to familiarise them with the Group's structure, businesses and governance practices. This is to ensure that all Directors understand the Company's business as well as their directorship duties, including their roles and responsibilities as Directors of the Company. For newly-appointed Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the Rule 406(3)(a) of the Catalist Rules, the Company will arrange for the Directors to attend the SGX-ST's prescribed training courses on the roles and responsibilities of a director of a listed company. Mr Seah had attended the prescribed training courses organized by the Singapore Institute of Directors in March 2021 and was also briefed on the roles and responsibilities as a director of a listed company.

On an on-going basis, the Management will provide necessary updates on the Group and its business to the Directors, including any changes in legislations or regulations that may impact the Company's conduct of its business or affect the Directors' discharge of their duties to the Company. All Directors are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. Additional trainings will be arranged and funded by the Company, as and when necessary, for the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board.

During FY2020, news releases and newsletters issued by the SGX-ST, the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority, the Company's external auditors and advisors, which are relevant to the Directors, were circulated to the Board. The Board was also briefed on changes to the accounting standards and regulatory updates by the external auditors and the Company Secretary.

Principle 2: Board Composition and Guidance

As at the date of this Report, the Board comprises four (4) Directors, three (3) out of its four (4) Directors are Independent Directors. Following Dato' Michael Loh Soon Gnee's resignation as the Executive Chairman on 7 April 2020, Dato' Sri Mohd Sopiyan B Mohd Rashdi was re-designated as Independent and Non-Executive Chairman of the Board. With an Independent Chairman and more than half of the Board comprising independent directors, the Board is capable of exercising independent and objective judgement on the corporate affairs of the Group.

Board and Board Committee Appointments

As of the date of this Report, the designation of the Directors on the Board and details of their respective memberships on the Board Committees are as follows:

Directors	Board Membership	Board Committee Membership		
		Audit	Nominating	Remuneration
Mr Seah Chong Hoe	Executive Director	N.A.	N.A.	N.A.
Dato' Sri Mohd Sopiyan B Mohd Rashdi	Non-Executive Chairman & Independent Director	Chairman	Member	Member
Dr Kenneth Yu Keung Yum	Independent Director	Member	Chairman	Member
Mr Steven Shen Hing*	Independent Director	Member	Member	Chairman

Notes:

* *Mr Steven Shen Hing was appointed as member of the AC, NC and RC on 8 June 2020 and Chairman of RC on 29 June 2020.*

Collectively, the Directors provide an appropriate balance and diversity of skills, experience and knowledge of the Group, as well as core competencies in accounting and finance, business and management expertise, industry knowledge, strategic planning experience and customer-related knowledge to make decisions in the best interests of the Company. The profiles of each of the Directors are set out in the "Board of Directors" section of this Annual Report.

Before February 2021, the Company did not have a Board diversity policy as provided by Provision 2.4 of the Code, but the Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. In reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity,including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. Accordingly, the Board was of the view that its current practices are consistent with the aim of Principle 2 of the Code. In February 2021, the Board has approved a diversity policy that codified the principles that the NC, Board and the Company were using annually to assess the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. In summary, the following objective criteria are used to assess the diversity of the board:

- Skills sets, knowledge and experience;
- Mix of industries;
- Gender;
- Age and temperament;
- Ethnicity and culture; and
- Geography.

The Non-Executive Independent Directors have participated actively to help to develop and challenge proposals concerning the Group's strategy, business and corporate affairs. They have also reviewed and monitored the reporting of the performance of the Management in meeting goals and objectives of the Group. The Non-Executive Independent Directors, meets regularly without the presence of the Management, led by the independent Chairman and the Chairman of such meetings will provide feedback to the Board as appropriate**.**

The Board will constantly examine its size and decide what is considered an appropriate size for the Board in order to facilitate effective decision-making. Taking into account the nature and scope of the Group's operations, and the requirements of its near-term business plans, the Board is of the view that its current size and composition of the Board and its Board Committees are appropriate and believes that it provides sufficient diversity without affecting the effectiveness and efficiency of decision-making.

Confirmation of Independence of Directors

The NC is also responsible for determining the independence of Directors annually and as and when the circumstances require, based on the definition of "independent directors" set out in the Code and any other salient factors which would render a Director to be deemed not independent. In their review, the NC will also determine if a Director has any relationship(s) with the Group, its related corporations, officers or 5% Shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Group. For the purpose of determining Directors' independence, every Director will provide declaration of his independence which is deliberated upon by the NC and the Board.

In relation to the assessment of the independence of the Directors, specific tests of Directors' independence are set out in the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019, a Director will not be considered as independent if he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three (3) financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is or was determined by the remuneration committee of the issuer. In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations in the current or any of the past three (3) financial years.

Currently, the Board carries out rigorous review of the contribution and independence of Directors who has served on the Board beyond nine (9) years from the date of their appointment and if necessary, may exercise its discretion to extend the tenures of these Directors. Presently, Dato' Sri Mohd Sopiyan B Mohd Rashdi has served as Independent Director of the Company for more than nine (9) years since his initial appointments in 2007. For FY2020, the Board has subjected his independence to a particularly rigorous review.

Taking into account the views of the NC, the Board concurs that Dato' Sri Mohd Sopiyan B Mohd Rashdi continued to demonstrate independence in discharging his responsibilities as Director of the Company by objectively expressing his opinions and seeking relevant explanations and clarifications on matters of the Group from the Management. Moreover, he has gained knowledge and understanding of the Group's business and operations over the years and will enable him to provide valuable contributions to the Company. Based on the declaration of independence received from Dato' Sri Mohd Sopiyan B Mohd Rashdi, he has no association with the Management or any 5% Shareholder that could affect his independence.

After taking into account all these factors, and assessing the need for progressive refreshing of the Board, the Board is of the opinion that Dato' Sri Mohd Sopiyan B Mohd Rashdi is strongly independent in thought, judgement and action and that there are no relationships or circumstances which are likely to affect, or could affect, the Independent Director's judgement. Accordingly, the Board is of the view that there is a good balance between the Executive and Non-Executive Directors, and a strong and independent element on the Board.

The Board notes Rule 406(3)(d)(iii) of the Catalist Rules, effective from 1 January 2022, where a director who has been a director for an aggregate period of more than 9 years will be required to be subject to shareholders' approval, in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. Although the two-tier shareholders' vote is only effective from 1 Janaury 2022, the Company is submitting the independent director to the two-tier shareholders' vote at the upcoming annual general meeting ("**AGM**") as a transitional arrangement and for good corporate governance. In accordance with the said rule, Dato' Sri Mohd Sopiyan B Mohd Rashdi will be subjected to a re-election via the two-tier shareholders' vote at the upcoming **AGM**.

Chairman and Chief Executive Officer (" CEO")

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

Provision 3.1 of the Code sets out that the Chairman and CEO should be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making. The Chairman of the Board, Dato' Sri Mohd Sopiyan B Mohd Rashdi and the CEO, Mr Seah Chong Hoe are two separate persons and are not related to each other, to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

The Chairman assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between the Management and the Board; sets agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board and promotes high standards of corporate governance.

Day to day operations of the Group are entrusted to the CEO. The CEO provides input on broad strategic directions for the Company and bears responsibility for the workings of the Board ensuring its effectiveness in all aspects of his role.

The Board applies the principle of clear division of responsibilities at the top of the Company. The workings of the Board and the executive responsibility of the Company's business are separated to ensure a balance of power and authority. No one individual Director has unfettered powers of decision-making.

Board Membership

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

Board and Board Committee Appointments

The NC, comprising three (3) members, Dr Kenneth Yu Keung Yum (NC Chairman), Dato' Sri Mohd Sopiyan B Mohd Rashdi and Mr Steven Shen Hing, all of whom, including the NC Chairman, are Non-Executive Independent Directors. Please refer to Principle 2 "**Board Composition and Guidance**" of this Report for details on the respective Directors' memberships on the Board Committees.

The NC is governed by its written terms of reference. The principal functions of the NC are:

- review board succession plans for Directors, in particular, the Executive Chairman and the CEO and the key management personnel;
- development of a process and criteria for evaluation of the performance of the Board, Board Committees and Directors;
- review of training and professional development programs for the Board;
- appointment and re-appointment of Directors;
- evaluate and determine the independence of the Independent Directors; and
- evaluate whether a Director, with multiple board representations, is able to and has been adequately carrying out his duties as a Director of the Company.

Process for Selection and Appointment of New Directors

When required, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate. In the selection and nomination for new Directors, the NC will seek to identify the competencies required to enable the Board to fulfill its responsibilities. The NC will assess the suitability of the candidate based on his/her skills, knowledge and experience as well as to ensure he/she is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. Upon review and recommendation of the NC to the Board, new Directors will be appointed by way of passing a Board resolution. The Company's Constitution provides that a newly appointed Director can only hold office until the next Company's AGM and then be eligible for re-election. Thereafter, he is subject to be re-appointed at least once every three (3) years at the Company's AGM. The NC also ensures that new directors are aware of their duties and obligations.

Retirement and Re-election of Directors

The NC is responsible for re-appointment of the Directors. In recommending to the Board any re-election of the existing Directors, the NC takes into consideration the Directors' contribution and performance (including his contribution and performance as an independent director, if applicable) at Board and Board Committee meetings.The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contributions.

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three (3) years. The Company's Constitution provides that at least one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be subject to re-appointment at the AGM. As part of the process for the selection, appointment and re-appointment of Directors, the NC will consider the composition and progressive renewal of the Board.

The dates of initial appointments and the last re-election of the Directors are set out below:

Directors	Designation	Date of Initial Appointment	Date of Last Re-election/ Re-appointment
Dato' Sri Mohd Sopiyan B Mohd Rashdi	Independent Director	31 August 2007	30 June 2020
Dr Kenneth Yu Keung Yum	Independent Director	1 March 2011	30 July 2019
Mr Steven Shen Hing	Independent Director	5 August 2019	30 June 2020
Mr Seah Chong Hoe	Executive Director & CEO	17 August 2020	Not Applicable

Pursuant to the Company's Constitution and Rule 406(3)(d)(iii) of the Catalist Rules, the NC nominates and recommends Mr Seach Chong Hoe to retire by rotation and to stand for re-election at the Company's forthcoming AGM.

In recommending the re-election of Mr Seah Chong Hoe, the NC has considered his effectiveness and contributions of the Director.The Board has accepted the recommendation of the NC. Each member of the NC and the Board shall abstain from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his performance or re-nomination as Director.

Mr Seah Chong Hoe will, upon re-election as a Director, remain as Executive Director and CEO of the Company.

Dr Kenneth Yu Keung Yum will retire as a Director of the Company at the forthcoming AGM and will not be seeking re-election at the forthcoming AGM. Accordingly, Dr Kenneth Yu Keung Yum will step down from the Board after the conclusion of the AGM.

Confirmation of Independent of Directors

The NC is responsible for determining annually, or as and when circumstances require, whether a Director is independent, with reference to the guidelines set out in the Code and the Catalist Rules. Further details on the NC's assessment in respect of the independence of the independent Directors have been set out under Principle 2 of this Report above. Each NC member does not take part in determining his own renomination or independence. Accordingly, the NC had reviewed the independence of the Independent Directors for FY2020, and there are no relationships between the Directors, the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence. After taking into account the views of the NC, the Board is satisfied that each Independent Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could affect, the Independent Director's judgement.

Directors' Time Commitment and Multiple Board Representations

Although some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has devoted adequate time and attention to the affairs of the Company to fulfil his duties as a Director of the Company.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guideline provides that, as a general rule, each Director should hold no more than ten (10) listed company board representations. The guideline includes the following:

(a) Directors must consult the Chairman of the Board and the NC Chairman prior to accepting any new appointments as directors and other principal commitments; and

(b) In support of their candidature for directorship or re-appointment, Directors are to provide the NC with details of their board appointments and other principal commitments and an indication of the time involved in their respective commitments.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. For FY2020, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and that the Directors have discharged their duties adequately.

There was no appointment of alternate director in FY2020.

Key information regarding the Directors such as academic, professional qualifications, shareholdings in the Company and its related corporations, Board Committees served on (as a member or Chairman), directorships or chairmanships both present and those held over the preceding five (5) years in other listed companies, and other principal commitments is disclosed in the "Board of Directors" and "Directors' Statement" sections of this Annual Report. In addition, pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election is disclosed in the section entitled "Information on Directors nominated for re-election – Appendix 7F of the Catalist Rules" of this Annual Report.

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.

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and each Board Committee and the contribution of each Director to the effectiveness of the Board. The effectiveness of each Board Committee is also reviewed by the Board. While Provision 5.1 the Code recommends that the NC be responsible for assessing the Board as a whole and the board committees and also assessing the individual evaluation of each Directors' contribution, the NC is of the view that it is more appropriate and effective to assess the Board and Board Committees as a whole as each member of the Board contributes in a different way to the success of the Company and Board decisions are made collectively.

A formal Board performance evaluation, led by the NC, is conducted annually by means of a confidential questionnaire designed to assess the effectiveness of the Board as a whole, including the performance of each individual Board Committee. There is also a system of peer assessment of each Director completed by their fellow Directors at least annually. These peer assessments are collated by the NC and are taken into account when the NC assesses the results and makes recommendation to the Board on the effectiveness of the Board, Board Committees and whether the retiring Directors are suitable for re-election/re-appointment. In making these assessments, the NC also takes into account the level of participation and contribution of each Director towards the Board's effectiveness and competencies.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities as well as the conduct of its affairs as a whole for FY2020, and the peer assessment of each Director, is of the view that the performance of the Board as a whole, of each Board Committee separately, and the contribution of each Director to the effectiveness of the Board has been satisfactory. No external facilitator had been engaged by the Board for this purpose.

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 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.

As at the date of this Report, the RC comprises three (3) members, all of whom, including the RC Chairman, are Non-Executive Independent Directors. Please refer to Principle 2 "**Board Composition and Guidance**" of this Report for details on the respective Director's membership on the Board Committees. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The members of the RC carried out their duties in accordance with its terms of reference, which includes the following:

- Review and recommend to the Board for endorsement, a formal and transparent procedure for determining the remuneration packages of the Directors and a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind;
- Recommend to the Board, base salary levels, benefits and incentive programs, and identify components of salary which can best be used to focus management staffs on achieving corporate objectives;
- Approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;
- Review, on an annual basis, the specific compensation packages of the Company's Directors and Group CEO;
- Review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- Review the level and mix of remuneration and benefits policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Group and that of individual employees would be considered by the RC in undertaking such reviews;
- Implement and administer the Company's share options scheme (as applicable);
- Review the Group's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- Review the development of senior staff and assess their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The RC has the authority, if necessary, to seek independent experts' advice on the remuneration of all Directors, while ensuring that the existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The RC did not appoint any remuneration consultants in FY2020.

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.

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate the Executive Director and key management personnel, and to align their interests with those of the Shareholders, linking rewards to corporate and individual performance and promote the long-term success of the Group. No Director is involved in deciding his own remuneration.

In this regard, the RC:

- takes into account the salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of each individual Director;
- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes); and
- reviews the terms, conditions and remuneration of the Executive Director, and ensures that his total remuneration package have a significant portion of performance-related elements.

The Independent Directors have no service contracts with the Company and their terms are specified in the Company's Constitution. Independent Directors are paid a basic fee and an additional fee for serving on any of the Board Committees. The fees paid to the Independent Directors takes into account factors such as effort and time spent, and responsibilities undertaken and their respective contributions to the Board. The fees paid to the Independent Directors are also benchmarked against independent directors' fees paid by other companies in the same industry and with similar scale of operations. The RC is of the view that the Independent Directors are not over-compensated to the extent that their independence may be compromised. Such fees are recommended by the Board for approval by the Shareholders at the Company's AGM.

The Executive Director does not have fixed-term service contract with the Company, and his service contract does not contain onerous removal clauses. Notice periods in service contracts of key management personnel are typically set at three (3) months or less. There are currently no incentive components (such as profit sharing schemes) in the service contracts with the Executive Director and key management personnel.

The remuneration policy for staff, including Executive Director(s) and key management personnel, adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined at the discretion of the Company, taking into consideration the performances of the Group's businesses and respective employees. Performance-related remuneration is also aligned with the interests of shareholders and promotes the long-term success of the Company.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC will review such contractual provisions as and when necessary.

The RC and the Board have collectively endorsed the Company's remuneration policy and are of the view that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Company for the long term.

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.

Remuneration of Directors for FY2020

Directors	Remuneration (S$'000)	Director Fees (%)	Fixed Salary (%)	Bonus & Management Incentive (%)	Share-Based Compensation (%)	Benefits & Allowance (%)	Total (%)
Dato' Michael Loh Soon Gnee^	287	4%	96%	N.A.	N.A.	N.A.	100%
Dato' Khor Gark Kim*	18	100%	N.A.	N.A.	N.A.	N.A.	100%
Dr Kenneth Yu Keung Yum	37	100%	N.A.	N.A.	N.A.	N.A.	100%
Dato' Sri Mohd Sopiyan B Mohd Rashdi	46	100%	N.A.	N.A.	N.A.	N.A.	100%
Mr Steven Shen Hing	34	100%	N.A.	N.A.	N.A.	N.A.	100%
Mr Seah Chong Hoe#	706	N.A.	99%	N.A.	N.A.	1%	100%
Total	1,127						

^ *Dato' Michael Loh Soon Gnee resigned as Group CEO and Executive Chairman with effect from 7 April 2020.*
* *Dato' Khor Gark Kim retired as independent director with effect from 29 June 2020.*
# *Mr Seah Chong Hoe was appointed as director of the Company on 17 August 2020.*

Overall, the total directors' fees for FY2020 compared to FY2019 has increased by S$22,000. The increase in director fees for FY2020 was because

(i) the directors' fees has not been revised since FY2014 and hence are not commensurate to the role and responsibilities of the Directors; and

(ii) additional time and resources have been expended by the Directors in ad-hoc meetings to discuss and deliberate on matters in relation to the corporate actions that have been undertaken by the Company during FY2020;

Remuneration of Key Management Personnel for FY2020

Remuneration Band	Number of Employees
Above S$250,000	0
Below S$250,000	2

As at the date of the Report, other than the Directors and CEO, the group only has one (1) key management personnel as the other key management personnel had left the group upon disposal of Microfits Pte Ltd. The total remuneration paid to all the key management personnel (who are not directors or CEO) amounted to approximately S$216,000. Provision 8.1 sets out that the Company discloses the names, amounts and breakdown of remuneration of each individual director and the CEO, and for at least the top five key management personnel (who are not directors of CEO), in bands no wider than S$250,000. However, the Board is of the opinion that full disclosure of the names of the above key management personnel would not be in the best interests of the Company as such details are confidential and sensitive in nature. Taking into consideration of the competitive industry in which the Group operates, the Company believes that it is not in the best interests of the Company to disclose the names, the remunerations, or the breakdown of the remunerations (in percentage or dollar terms) of the key management personnel (who are not directors or CEO).

There was no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors and the key management personnel. The Company currently does not have any employee share option scheme in place.

There are no employees who are immediate family members of a Director,the CEO or a substantial shareholder, and whose remuneration exceeds S$100,000 in FY2020.

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 is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Such responsibility extends to interim and other price sensitive public reports, as well as reports to regulators. The Management provides Directors with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a monthly basis and as and when required by the Board from time to time.

The Board also reviews legislation and regulatory compliance reports from the Management to ensure that the Group complies with the relevant regulatory requirements, including requirements under the Catalist Rules, with the assistance of the Group's legal counsel.

The Board, with the assistance from the AC, is responsible for determining nature and extent of the significant risk which the Group is willing to take in achieving its strategic objectives by ensuring that the Group has put in place internal controls systems to manage its significant business risks, so as to safeguard Shareholders' interests and the Company's assets. The Company does not have a separate risk committee.

The AC is responsible for overseeing the Group's risk management framework and policies, as well as assessing the level of adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operating, compliance and information technology controls, and risk management policies and systems established by the Management.

In relation to the risk management function, the AC is guided by the following terms of reference which assist the Board to:

- Determine the Group's levels of risk tolerance and risk policies;
- Oversee the Management in the formulation, update and maintenance of an adequate and effective risk management framework in addressing material risks including material financial, operational, compliance and information technology risks;
- Make the necessary recommendation to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems can be made by the Board in the annual report in accordance to the Catalist Rules and the Code;
- Review the Group's risk profile regularly and the adequacy of any proposed action if necessary; and
- Review any material breaches of risk appetite/tolerances/limits and the adequacy of any proposed action if necessary.

The Board has received assurance

- from the CEO and the Vice President, Finance of the Company that the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances; and

- from the other key management personal who are responsible, the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Pursuant to the Notice of Compliance issued by the Singapore Exchange Regulation dated 1 July 2020, during the financial year, the Independent Auditor, Foo Kon Tan Advisory Services Pte Ltd Ltd ("**FKTAS**" or "**Internal Auditor**"), had performed their annual IPTs review for FY2019 and all findings were resolved by Management. The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls on IPTs are adequate and effective.

Based on the internal controls established and maintained by the Group, the above assurance from the Executive Chairman and Group CEO and the Vice President, Finance, the reviews performed by the Management and the AC, as well as the work performed by the internal auditors and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems, is adequate and effective. Nevertheless, the AC and the Board recognise that no internal control system will preclude all potential errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable but not absolute assurance against material misstatement or loss.

Risk Management

An assessment of the significant risks areas relevant to the Group's businesses, operations and compliance requirements have been carried out and are identified as follows:

(a) Reliance on the Semiconductor Industry

Majority of the Group's products and services are employed in the production of semiconductors. A significant portion of the Group's revenues are directly or indirectly related to the capital expenditure of manufacturers in the semiconductor industry. These industries may be subject to significant fluctuations as a consequence of general economic conditions and industry patterns. Capital expenditure for products such as those sold by the Group are directly affected as a result of these fluctuations. The Group operates in a cyclical industry and these fluctuations are likely to have an adverse effect on the Group's business, financial condition and results of operations.

(b) Technological Changes

The market for the Group is characterised by rapidly changing technology. The Group's future success will depend upon its ability to develop and introduce new products on a timely and cost-effective basis to meet customers' requirements and address technological developments. Successful product developments and introduction require the identification of new product requirements and opportunities, the retention and hiring of appropriate research and development personnel, the definition of a product's technical specifications, the successful completion of the development process and the successful marketing of a product.

(c) Foreign Exchange Risk

The Group is exposed to various common financial risks arising in the normal course of business. A significant portion of the Group's revenue is denominated in the United States dollar. Operating expenses and wages are made mainly in local currency. Hence, exchange rate movements in the United States dollar and the Singapore dollar (the Company's reporting currency), amongst others, will expose the Company to foreign exchange risk.

(d) Dependence on Key Personnel

The Group's success is attributable to the concerted contributions from the Directors and key executives as set out on page 6 of the annual report.

These key personnel are expected to be the vital contributors for the Group's success in order to adhere to its moving forward strategy. Whilst competitive remuneration packages are offered to retain and motivate these key personnel, the Group's operations and performance may be disrupted if there is any loss of employment services with them.

Dealings in the Company's Securities

The Company has devised and adopted an internal compliance code (the "**Internal Code**") to provide guidance to its officers with regards to dealings in the Company's securities including reminders that the law on insider trading is applicable at all times.

The Internal Code provides that the Company, its officers and employees of the Group should not deal in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group.

The Company's Internal Code also provides that the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing one (1) month or two (2) weeks before the date of announcement of the Company's full year or quarterly results respectively and ending on the date of announcement of the relevant results. Going forward, with the cessation of quarterly reporting for the Group effective 7 February 2020, the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing one (1) month before the date of announcement of the Company's half-yearly and full year results and ending on the date of announcement of the relevant results.

In addition, the Company's officers and employees should not deal in the Company's securities for short-term considerations.

The Board confirms that for FY2020, the Company has complied with Rule 1204(19) of the Catalist Rules.

Interested Person Transactions ("IPTs")

The aggregate value of interested person transactions entered into during FY2020 as required for disclosure pursuant to Rule 1204(17) of the Catalist Rules is as follows:

Name of interested Person	Aggregate value of all IPTs entered into for FY2020 (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all IPTs conducted in FY2020 under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
ASTI Holdings Limited ("ASTI") and its subsidiaries	- Interest payable on loan extended by ASTI (value of transactions amounting to S$193,000)[(1) (2)] - Corporate Support Services fee amounting to $400,000 - Rental Income amounting to $118,000	Nil
Dato' Loh Soon Gnee (Executive Chairman and Group CEO)	Nil[(3)]	Nil
Yumei Plastic Pte Ltd (A wholly-owned company of Seah Chong Hoe)	Nil[(4)]	Nil

Note:

(1) Relates to interest payable on the loan extended by ASTI Group. As at 31 December 2020, ASTI Group had provided an aggregate of S$6.6 million loan (the "Loan") to the Group. The Loan which bears effective interest rates ranging from 2.25% to 3.75% is unsecured.

(2) Include interest of S$5,000 payable by ASA Multiplate (M) Sdn. Bhd accounted under discontinued operations.

(3) Relates to interest payable to Dato' Loh Soon Gnee on loans extended by Dato' Loh Soon Gnee to the Company for FY2020, amounted to $40,000, which was below S$100,000.

(4) Relates to office facility and storage services expenses for FY2020 amounted to $96,000 payable to Yumei Plastic Pte Ltd, which was below S$100,000.

The Group had obtained a general mandate from Shareholders for interested person transactions at an extraordinary general meeting of the Company held on 19 February 2021.

Compliance with Laws and Regulations

The Company has established a system for monitoring compliance with laws and regulations and the results of the Management's investigation and follow-up of any fraudulent acts or non-compliance with such laws and regulations.

Principle 10: Audit Committee

As at the date of this Report, the AC comprises three (3) members, all of whom, including the AC Chairman, are Non-Executive Independent Directors. Please refer to Principle 2 "**Board Composition and Guidance**" of this Report for details on the respective Directors' membership on the Board Committees.

The members of the AC have adequate accounting, finance, business and managerial experiences. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC's functions. No member of the AC is a former partner or director of the Company's existing auditing firm.

In FY2020, the AC had obtained updates from the Group's external auditors, Ernst & Young LLP (the "**External Auditors**"), on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group's financial statements.

The AC has explicit powers and authority to conduct investigations into any matters within its terms of reference, has full access to and co-operation by the Management. It has full discretion to invite any Director or key management personnel to attend its meetings. All resources that would enable the AC to discharge its duties objectively, effectively and expeditiously are made available to the AC.

The AC performs the following functions in accordance with the terms of reference:

- reviews with the External Auditors, their scope and results of the external audit work, the audit plan, evaluation of the accounting controls, audit reports and any matters which the External Auditors wish to discuss;

- reviews the adequacy of the internal control procedures and evaluates the effectiveness of the overall internal control and risk management systems, including financial, operational, compliance and information technology controls;

- reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Group and that of any formal announcement made quarterly, half-yearly or annually relating to the Group's financial performance, including announcements to the Shareholders and the SGX-ST prior to the submission to the Board;

- reviews the assurance from the Executive Chairman and Group CEO and the Vice President, Finance on the financial records and financial statements;

- reviews any significant findings of internal investigations;

- makes recommendations to the Board on the appointment of External Auditors, the audit fee, terms of engagement and any questions of their resignation or dismissal;

- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditor/ head of internal audit function, when appointed;

- to review, monitor, assess and evaluate the role, adequacy and effectiveness, independence, scope and results of the external audit and the internal audit function in the overall context of the Company's risk management system;

- reviews the assistance given by the Management to the External Auditors;

- reviews and monitors interested person transactions, if any, and ensures that the Catalist Rules and the Company's internal control procedures set out in the Shareholders' mandate for interested person transactions, if any, are adhered to in relation to such transaction;

- reports actions and reviews taken, as well as provide minutes of the AC meetings to the Board with such recommendations as the AC considers appropriate;

- conducts an annual review of the independence and objectivity of the External Auditors, including the volume of non-audit services provided by the External Auditors, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors before recommending to the Board the re-appointment of the External Auditors;

- making recommendations to the Board on the proposals to the shareholders on the appointment and removal of External Auditors;

- where its significant subsidiaries and associated company have to appoint a different external auditor, the AC ensures that the external auditors are sufficiently independent and objective so that their appointment would not compromise the standard and effectiveness of the audit of the Group; and

- reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC held five (5) meetings in FY2020. The AC also met with the external and/or internal auditors in FY2020 twice, without the presence of the Management to review the Management's level of cooperation and other matters that warrants the AC's attention.

The principal activities of the AC during FY2020 are summarised below:

Financial reporting

The AC met on a quarterly basis and reviewed the quarterly and full year results announcements, material announcements and all related disclosures to the Shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and the audit committee report presented by the External Auditors.

The AC reviewed the full year financial statements and also discussed with the Management, the Vice President, Finance and the External Auditors, the significant issues and adjustments resulting from the audit, and any significant deficiencies in the internal controls over financial reporting matters that came to the External Auditors' attention during their audit together with their recommendations.

Key audit matters	How AC reviewed these matters and what decisions were made
Disposal group held for sale	The AC assessed the appropriateness of accounting treatments for the proposed disposal of certain subsidiaries and management's measurement of the disposal group held for sale at the lower of cost and fair value less cost of disposal. The AC also reviewed the basis used by management in the accounting treatments as well as the External Auditors' findings and audit report presented at the year-end meeting. Subsequent to the reviews, the AC concurred with the Management's assessment and was satisfied with the accounting treatments that was applied.

External audit processes

The AC manages the relationship with the External Auditors, on behalf of the Board. During FY2020, the AC carried out its annual assessment of the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the External Auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the AC recommended to the Board that Ernst & Young LLP be re-appointed as the External Auditors. The Board accepted this recommendation and has proposed a resolution to the Shareholders for the re-appointment of Ernst & Young LLP at the forthcoming AGM. Dragon Microfits Sdn. Bhd. (Malaysia) is audited by KCK Associates, Penang, Malaysia. The Board and the AC are satisfied that the appointment of these two (2) firms would not compromise the standard and effectiveness of the audit of the Company carried out by Ernst & Young LLP.

Pursuant to the requirement in the Catalist Rules, an audit partner may only be in charge of a maximum of five (5) consecutive annual audits and may then return after two (2) years. In FY2020, the current Ernst & Young LLP's audit partner for the Group took over from the previous audit partner for the audit of the financial statements for FY2016. In appointing the external auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 716 of the Catalist Rules.

Internal controls

During FY2020, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with the Management, the internal auditors and the External Auditors.

The AC considered and reviewed with the Management and the internal auditors on the following:

- annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group; and

- significant internal audit observations and the Management's response thereto.

The AC has reviewed the adequacy of the internal audit function and is satisfied that the internal auditors have adequate resources to carry out the internal audit function.

The non-audit fees and audit fees paid to the External Auditors for FY2020 are disclosed in the Note 7 to the financial statements. The AC has undertaken a review of all services provided by the External Auditors and is satisfied with the level of independence and objectivity of the External Auditors.

Whistle blowing policy

The Company has in place a whistle blowing policy that provides well-defined and accessible channels through which any employee may raise any concerns he/she may have about improper conduct or malpractices within the Group. The whistle blowing policy can be found onthe company's intranet, and, together with the procedures for raising such conerrns, are clealy communicated to employees. Any concerns may be raised, either anonymously or otherwise, directly to the AC Chairman, and the identity of the person raising the concern is strictly protected to the extent practicable in law. The AC Chairman has direct oversight in the administration of the policy with the assistance of Group Legal Counsel. The AC has reviewed and is satisfied with the adequacy of the whistle blowing policy. For FY2020, no whistle blowing reports were received.

Internal Audit

In FY2020, the internal audit function was outsourced to FKTAS. FKTAS is an associate company under Foo Kon Tan LLP, Chartered Accountants of Singapore, an accountancy practice which was founded in 1968 and is currently a principal member of HLB International, a world-wide network of independent accounting firms and business advisers. FKTAS has experience in providing internal audit and enterprise risk management services to several companies that are listed on the Singapore Exchange. The team, comprising of an Engagement Manager, Senior Associate and Associates, is led by the Engagement Partner who has 20 years of relevant experience.

The primary reporting line of the internal auditors is to the AC, which approves the engagement, termination, evaluation and fees of the Internal Auditor. The Internal Auditor has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. The Internal Auditor assists the AC in monitoring and assessing the effectiveness of the Group's material internal controls. The Internal Auditor also assists the Management in identifying operational and business risks as well as provides recommendations to address those risks.

The AC ensures that the internal audit function is effective and adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on an annual basis the effectiveness of the internal audit function by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Group, relevant qualifications and training, relationship with the Internal Auditor, and its independence of the areas reviewed. The AC is of the view that Internal Auditor is adequately resourced and has appropriate standing within the Group.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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 Shareholders are informed of the Shareholders' meetings through timely and formal notices via SGXNET and published in the newspapers. All relevant reports and/or circulars are sent in advance to all Shareholders so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions, and to communicate their views on issues which affect the Company, at general meetings. Every Shareholder is entitled to appoint two (2) proxies to attend the general meeting and vote in his stead.

Corporations which provide custodial or nominee services are not constrained by the two-proxy rule. These corporations can appoint more than two (2) proxies. Shareholders, who hold shares through these corporations, may attend its general meetings as proxies upon the presentation of proxy forms and/or official letters issued by the said corporations.

Pursuant to the amendments to the Companies Act (Cap. 50), a new multiple-proxies regime ("**Regime**") was introduced on 3 January 2016. This Regime allows specified intermediaries, such as banks and capital markets service licence holders which provide custodial services, to appoint more than two (2) proxies. This will enable indirect investors (including investors who purchased shares under the CPF Investment Scheme ("**CPFIS**") and the Supplementary Retirement Scheme ("**SRS**") to attend and vote at Shareholders' meetings. CPFIS investors and SRS investors are required to contact their CPF Approved Nominees if they wish to cast their votes on resolutions at the Shareholders' meetings of the Company but are not able to attend these meetings in person.

The External Auditors are present at AGMs to assist the Board and the Management to address any questions from the Shareholders concerning the conduct of the audit and the Company's conduct of its businesses. All Directors attend general meetings of Shareholders.

At general meetings, each substantially separate issue is dealt with in separate resolutions to avoid bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. The Company has not amended its Constitution to provide for absentia voting methods. Notwithstanding that Provision 11.4 sets out that the Company's Constitution should allow for absentia in voting. However, voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of Shareholders' identities through the web are not compromised.

Whenever possible and appropriate, the Company fulfils requests from securities analysts, stockbrokers, dealers, fund managers and journalists for telephone and face-to-face interviews and meetings with the Management.

Provision 11.6 states that companies should have a dividend policy and communicates it to shareholders. However, the Company currently does not have a formal policy on payment of dividends. Nonetheless, the Company is of the view that its current practices would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board not to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(23) of the Catalist Rules.

The Company may declare dividends by way of an ordinary resolution of the Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of the Shareholders. The Directors may also declare an interim dividend without the approval of the Shareholders. No dividend was declared in respect of FY2020 as the Group had incurred losses in the year.

The Company will record the minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Board and Management. Such minutes will be made available to shareholders upon their written request. The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5 of the Code. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its practices are consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. However, in view of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, companies are permitted to hold general meetings via virtual means and this includes publishing the minutes of AGM within one month of the AGM on the corporate website and the SGX website.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

The Company engages in regular, effective and fair communication with the Shareholders. The Company ensures that all Shareholders are treated equitably and the rights of all Shareholders are protected. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company has an investor relations policy that requires the Company to hold dialogues with investors, securities analysts, fund managers and the press as and when necessary. The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders to serve the best interests of the Company.

On a regular and timely basis, the Company disseminates material information simultaneously through news and press releases via SGXNET and electronic mail to securities analysts, the Shareholders and the media. Shareholders can access information on the Company at the Company's website at www.asa.com.sg, to ensure that all Shareholders and the public gain fair and sufficient access to information, changes, updates and the archives of the Company or its businesses which would be likely to materially affect the price or value of the Company's shares.

The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. Information is always communicated to the Shareholders on a timely and fair basis. Where inadvertent disclosure has been made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Company invites the media, securities analysts, fund managers or the Shareholders to its general meetings, or briefings that follow major announcements and events, such as earnings releases and trade exhibitions.

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 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's engagement with all stakeholders is set out in detail in its Sustainability Report, which will be released by the Company via SGXNet no later than 5 months from its financial year ended 31 December 2020. The Company ensures that all material information relating to the Company and its financial performance is disclosed in a timely manner via SGXNet.

The Company also maintains a current corporate website, at www.asa.com.sg, on which financial and other information to be communicated to members of the public are made available.

MATERIAL CONTRACTS

Except as disclosed in this annual report, there are no material contracts (including loans) involving the interests of the Directors or controlling shareholders which are either still subsisting as at the end of the financial year reported on or if not then subsisting, entered into since the end of the previous financial year.

CATALIST SPONSOR

There was no non-sponsor fees paid to the Sponsor for FY2020.

Information on Directors nominated for re-election – Appendix 7F of the Catalist Rules

Dato' Sri Mohd Sopiyan B Mohd Rashdi and Mr Seah Chong Hoe are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 31 May 2021.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Dato' Sri Mohd Sopiyan B Mohd and Mr Seah Chong Hoe in accordance with Appendix 7F of the Catalist Rules is set out below and to be read in conjunction with their respective profiles under the section entitled "Board of Directors" of this Annual Report:

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR SEAH CHONG HOE
Date of Initial Appointment	31 August 2007	17 August 2020
Date of last reappointment (if applicable)	29 June 2020	Not Applicable
Age	59	61
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Mohd Sopiyan B Mohd Rashdi as the Non-Executive and Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Mohd Sopiyan's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Seah Chong Hoe as the Executive Director and Chief Executive Officer was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Seah Chong Hoe's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Chairman Audit Committee Chairman Nominating Committee Member Remuneration Committee Member	Executive Director and Chief Executive Officer
Professional Qualifications	Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391) • Degree in Accountancy, University iTM , Malaysia	None.

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR SEAH CHONG HOE
Working experience and occupation(s) during the past 10 years	2018 – Current ASTI Holdings Limited Director and Remuneration Committee Chairman 2015 - Current • Financial Adviser – PT Renewable Energi Indonesia Tbk • Director – PT Pan Pages • Director & CFO – PT Bintang Makmur Prima • CEO – PT Expose Mandala Putra • Corporate Finance Advisor – LCK Group • Corporate Finance Advisor – PT Cendrawasih Global 2015 – 2020 CEO – PT Envy Technologies Indonesia, International 2011 – Current Dragon Group International Limited Independent Director & Audit Committee Chairman 2009 – Current PT Dragon Terra Ventura Shareholder, President Director & CEO	Past 10 Years Current – Executive Director and Chief Executive Officer – Advanced Systems Automation Limited Current - Director • Yumei Holdings Pte Ltd • Yumei Plastic Pte Ltd • Yumei Technologies Sdn Bhd • Yumei Reit Sdn Bhd • Pioneer Venture Pte Ltd • JGS Holdings Pte Ltd. 14 Nov 2018 to 17 Aug 2020 - Advanced Systems Automation Limited - Chief Operating Officer
Shareholding interest in the listed issuer and its subsidiaries	None	6,500,000,000
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	Directorships: PT ENVY Technologies Indonesia Tbk PT Bintang Makmur Prima MHS Land Sdn. Bhd. Winsun Technology Bhd Wintoni Bhd Other Principal Commitments: None	Directorships: Jati Yumei Sdn Bhd Yumei Mould Pte Ltd Airsanz (SEA) Pte Ltd
Present	Directorships: Advanced Systems Automation Limited ASTI Holdings Limited PT Panpages Indonesia Dragon Group International Limited PT Dragon Terra Ventura PT Orient Technology Indonesia Gagah Kejurutenaan Sdn Bhd Long Term Portfolio Sdn Bhd Other Principal Commitments: None	Directorships: Advanced Systems Automation Limited Yumei Holdings Pte Ltd Yumei Plastic Pte Ltd Yumei Technologies Sdn Bhd Yumei Reit Sdn Bhd Pioneer Venture Pte Ltd JGS Holdings Pte Ltd.
(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

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR SEAH CHONG HOE
(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 judgement 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, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

NAME OF DIRECTORS	DATO' SRI MOHD SOPIYAN B MOHD RASHDI	MR SEAH CHONG HOE
(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
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	This relates to re-appointment of Director. Not applicable	This relates to re-appointment of Director. Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

APPENDIX 2

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2020

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Advanced Systems Automation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Group and Company will be able to pay its debts as and when they fall due as the Group and Company have obtained undertakings from three key shareholders that they will not recall the amounts due to themselves for the next 12 months from the date the financial statements are authorised for issuance.

Directors

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

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Dr Kenneth Yu Keung Yum
Steven Shen Hing
Seah Chong Hoe

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, 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

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below: -

Name of director	At the date of appointment	At the end of financial year	At 21 January 2021
Ordinary shares of the Company			
Seah Chong Hoe			
- direct interest	6,500,000,000	6,500,000,000	6,500,000,000

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

DIRECTORS' STATEMENT (CONT'D)

Options

During the financial year, there were:-

(a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(b) no other shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

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

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT (CONT'D)

Auditor

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

On behalf of the Board of Directors:

Seah Chong Hoe
Director

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Director

12 May 2021

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Independent Auditor's Report to the Members of Advanced Systems Automation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Advanced Systems Automation Ltd (the "Company") and its subsidiaries (collectively, the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Disposal group held for sale

As disclosed in Note 9c to the financial statements, the Company entered into a share and purchase agreement with the related party in February 2021 in connection with the proposed disposal of certain subsidiaries. Accordingly, the assets and liabilities of these sale companies have been classified as assets held for sale as at 31 December 2020.

We have determined this area to be a key audit matter due to the significant judgements involved in the assessment of the planned disposal under SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. These include, amongst others, the date of classification and measurement as assets held for sale, the identification of the Sale Companies as a single disposal group and the presentation of its results as discontinued operations.

Our audit procedures included, amongst others, evaluating management's assessment on whether the proposed disposal meets the criteria for classification and presentation under SFRS (I) 5. We also evaluated the appropriateness of management's basis for aggregating the Sale Companies as a single disposal group through the inspection of minutes of meeting of the Board of Directors and the share purchase agreement. In addition, we reviewed management's measurement of the disposal group held for sale at the lower of cost and fair value less cost of disposal by checking to the underlying share purchase agreement. Further, we checked the presentation of the discontinued operations and disposal group held for sale, and the adequacy of the disclosures in Note 9 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Po Hsiong Jonathan.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

12 May 2021

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group	
		2020	2019
	Note	**S$'000**	S$'000
			(restated)
<u>**Continuing operations**</u>			
Revenue	4	**–**	–
Other income		**69**	–
Other expenses			
Selling and marketing costs		**–**	(17)
Research and development costs		**–**	(20)
General and administrative costs		**(2,263)**	(3,439)
Finance costs, net	5	**(229)**	(236)
Other expenses	6	**(139)**	(13)
Loss before tax from continuing operations	7	**(2,562)**	(3,725)
Income tax credit/(expense)	8	**1**	(1)
Loss from continuing operations, net of tax		**(2,561)**	(3,726)
<u>**Discontinued operations**</u>			
Loss from discontinued operations, net of tax	9	**(1,354)**	(911)
Loss for the year		**(3,915)**	(4,637)
Attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax	10	**(2,561)**	(3,726)
- Loss from discontinued operations, net of tax		**(2,242)**	(820)
		(4,803)	(4,546)
Non-controlling interests			
- Profit/(loss) from discontinued operations, net of tax		**888**	(91)
Loss for the year		**(3,915)**	(4,637)
Loss per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	10	**(0.01)**	(0.02)
Loss per share (cents per share)			
Basic and diluted	10	**(0.02)**	(0.02)

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 2020

		Group	
		2020	2019
	Note	**S$'000**	S$'000
Loss for the year		**(3,915)**	(4,637)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**103**	1
Total comprehensive income for the year		**(3,812)**	(4,636)
Attributable to:			
Owners of the Company		**(4,702)**	(4,545)
Non-controlling interests		**890**	(91)
Total comprehensive income for the year		**(3,812)**	(4,636)
Attributable to:			
Owners of the Company			
- Total comprehensive income from continuing operations, net of tax		**(2,460)**	(3,725)
- Total comprehensive income from discontinued operations, net of tax		**(2,242)**	(820)
Total comprehensive income for the year attributable to owners of the Company		**(4,702)**	(4,545)

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

BALANCE SHEETS
AS AT 31 DECEMBER 2020

		Group		Company	
		2020	2019	**2020**	2019
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Non-current assets					
Property, plant and equipment	11	–	5,948	–	–
Intangible assets	12	**64**	2,884	**64**	64
Right-of-use assets	20	–	1,239	–	–
Investments in subsidiaries	13	–	–	–	13,422
		64	10,071	**64**	13,486
Current assets					
Inventories	14	–	1,052	–	–
Trade and other receivables	15	**95**	4,195	**95**	145
Prepayments and advances	16	**26**	245	**26**	20
Cash at bank and on hand	17	**259**	2,305	**258**	100
Tax recoverable		**2**	59	–	–
		382	7,856	**379**	265
Assets of disposal group classified as held for sale	9	**19,188**	2,793	**13,522**	–
		19,570	10,649	**13,901**	265
Current liabilities					
Other liabilities	18	**1,528**	2,847	**1,528**	1,682
Trade and other payables	19	**11,885**	11,987	**11,916**	11,021
Contract liabilities	4	–	106	–	–
Income tax payable		–	128	–	–
Lease liabilities	20	–	468	–	–
Bank overdraft	17	–	603	–	–
Loans and borrowings	21	–	202	–	–
		13,413	16,341	**13,444**	12,703
Liabilities directly associated with disposal group classified as assets held for sale	9	**8,123**	2,736	–	–
		21,536	19,077	**13,444**	12,703
Net current (liabilities)/assets		**(1,966)**	(8,428)	**457**	(12,438)
Non-current liabilities					
Lease liabilities	20	–	224	–	–
Loans and borrowings	21	–	293	–	–
Deferred tax liabilities	8	–	444	–	–
		–	961	–	–
Net (liabilities)/assets		**(1,902)**	682	**521**	1,048
Equity attributable to owners of the Company					
Share capital	22	**148,841**	148,841	**148,841**	148,841
Foreign currency translation reserve	23	**59**	(42)	**–**	–
Merger reserves	23	**(2,136)**	(2,136)	**–**	–
Premium paid on acquisition of non- controlling interests		–	(1,228)	**–**	–
Accumulated losses		**(148,666)**	(143,863)	**(148,320)**	(147,793)
		(1,902)	1,572	**521**	1,048
Non-controlling interests		–	(890)	**–**	–
Total equity		**(1,902)**	682	**521**	1,048

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 2020

	Attributable to owners of the Company								
2020 Group	Share capital S$'000	Accumulated losses S$'000	Premium paid on acquisition of non-controlling interests S$'000	Merger reserve S$'000	Foreign currency translation reserve S$'000	Total reserves S$'000	Equity attributable to owners of the Company, Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Opening balance at 1 January 2020	148,841	(143,863)	(1,228)	(2,136)	(42)	(3,406)	1,572	(890)	682
Loss for the year	–	(4,803)	–	–	–	–	(4,803)	888	(3,915)
Other comprehensive income									
Foreign currency translation	–	–	–	–	101	101	101	2	103
Other comprehensive income for the year, net of tax	–	–	–	–	101	101	101	2	103
Total comprehensive income for the year	–	(4,803)	–	–	101	101	(4,702)	890	(3,812)
Contributions by and distributions to equity owners									
Disposal of subsidiary	–	–	1,228	–	–	1,228	1,228	–	1,228
Total contributions by and distributions to equity owners	–	–	1,228	–	–	1,228	1,228	–	1,228
Closing balance at 31 December 2020	148,841	(148,666)	–	(2,136)	59	(2,077)	(1,902)	–	(1,902)

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 2020

	Attributable to owners of the Company								
2019 Group	**Share capital S$'000**	**Accumulated losses S$'000**	**Premium paid on acquisition of non-controlling interests S$'000**	**Merger reserve S$'000**	**Foreign currency translation reserve S$'000**	**Total reserves S$'000**	**Equity attributable to owners of the Company, Total S$'000**	**Non-controlling interests S$'000**	**Total equity S$'000**
Opening balance at 1 January 2019	148,841	(139,317)	(1,228)	(2,136)	(43)	(3,407)	6,117	(799)	5,318
Loss for the year	–	(4,546)	–	–	–	–	(4,546)	(91)	(4,637)
Other comprehensive income									
Foreign currency translation	–	–	–	–	1	1	1	–	1
Other comprehensive income for the year, net of tax	–	–	–	–	1	1	1	–	1
Total comprehensive income for the year	–	(4,546)	–	–	1	1	(4,545)	(91)	(4,636)
Closing balance at 31 December 2019	148,841	(143,863)	(1,228)	(2,136)	(42)	(3,406)	1,572	(890)	682

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 2020

	Attributable to owners of the Company		
Company	**Share capital S$'000**	**Accumulated losses S$'000**	**Total equity S$'000**
At 1 January 2020	**148,841**	**(147,793)**	**1,048**
Loss for the year	**–**	**(527)**	**(527)**
Total comprehensive loss for the year	**–**	**(527)**	**(527)**
Closing balance at 31 December 2020	**148,841**	**(148,320)**	**521**
At 1 January 2019	148,841	(144,580)	4,261
Loss for the year	–	(3,213)	(3,213)
Total comprehensive loss for the year	–	(3,213)	(3,213)
Closing balance at 31 December 2019	148,841	(147,793)	1,048

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020	2019
		S$'000	S$'000
			(restated)
Operating activities			
Loss before taxation from continuing operations		**(2,562)**	(3,725)
Loss before taxation from discontinued operations		**(1,190)**	(760)
Loss before tax, total		**(3,752)**	(4,485)
Adjustments for:			
Depreciation of property, plant and equipment from discontinued operations	11	**757**	708
Depreciation of right-of-use assets from discontinued operations	20	**491**	740
Gain on disposal of property, plant and equipment from discontinued operations		**(150)**	(92)
Impairment loss on property, plant and equipment	11	–	5
Impairment loss on right-of-use assets	20	–	144
Amortisation of intangible assets	12	**230**	253
Impairment on trade receivables from discontinued operations		**211**	–
Inventories written-down net from discontinued operations		**332**	338
Provisions from discontinued operations		**64**	77
Interest income from discontinued operations		**(8)**	(30)
Interest expense from continuing operations	5	**228**	234
Interest expense from discontinued operations		**112**	190
Fair value adjustment of contingent consideration	6	**105**	–
Loss on disposal of a subsidiary	13	**702**	–
Effect of unrealised exchange gain		**(104)**	(35)
Operating cash flows before changes in working capital		**(782)**	(1,953)
Changes in working capital			
Increase in trade and other receivables and contract assets		**(681)**	(565)
Decrease in inventories		**436**	1,496
Decrease in trade and other payables, contract liabilities and other liabilities		**1,754**	665
Cash flows generated from/(used in) operations		**727**	(357)
Interest paid		**(107)**	(177)
Interest received		**8**	30
Income tax paid		**(309)**	(319)
Net cash flows generated from/(used in) operating activities		**319**	(823)

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020	2019
		S$'000	S$'000
			(restated)
Investing activities			
Purchase of property, plant and equipment	11	**(1,476)**	(807)
Proceeds from disposal of property, plant and equipment		**150**	120
Purchase of right-of-use assets		–	(9)
Net cash inflow on disposal of a subsidiary	13	**85**	–
Net cash flows used in investing activities		**(1,241)**	(696)
Financing activities			
Payment of principal portion of lease liabilities	20	**(397)**	(892)
Repayments of bank borrowings	21	**(223)**	(378)
Proceeds from bank borrowings		**1,973**	–
Amount due to a shareholder		–	800
Net cash flows generated from/(used in) financing activities		**1,353**	(470)
Net increase/(decrease) in cash and cash equivalents		**431**	(1,989)
Cash and cash equivalents at 1 January		**1,858**	3,836
Effects of exchange rate changes on cash and cash equivalents		**13**	11
Cash and cash equivalents at 31 December		**2,302**	1,858
Cash at bank and on hand	17	**259**	2,305
Bank overdraft	17	–	(603)
		259	1,702
Cash at bank and on hand included in disposal group classified as held for sale	9	**2,043**	156
Cash and cash equivalents at 31 December		**2,302**	1,858

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

Advanced Systems Automation Limited (the "Company") was incorporated and domiciled in Singapore on 10 April 1986. The Company was admitted to the Official List of Stock Exchange of Singapore Dealing and Automated Quotation System on 22 July 1996 and was transited to a listing on Catalist with effect from on 4 January 2010.

The registered office of the Company and principal place of the business is located at Block 25 Kallang Avenue #06-01 Kallang Basin Industrial Estate Singapore 339416.

The principal activity of the Company is investment holding. There have been no significant changes in the nature of the activity during the financial year.

The principal activities of the subsidiaries are disclosed in Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet 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 S$) and all values in the tables are rounded to the nearest thousand (S$'000), except when otherwise indicated.

Going concern assumption

The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has negatively impacted the Group's operations and its financial performance for the financial year.

As at 31 December 2020, the Group had net current liabilities of S$1,966,000 (2019: S$8,428,000) and the Group had incurred net losses of S$3,915,000 (2019: S$4,637,000) for the year then ended. These factors may cast significant doubt about the Group's ability to continue as going concerns.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Directors believe that the Group can continue as a going concern based on the following factors: -

(a) The Group will be able to generate positive cashflows from operations as the Group had completed the disposal of two loss making subsidiaries, Multiplate Sdn Bhd ("Multiplate") and Microfits Pte Ltd ("MPL") on 31 December 2020 and 20 January 2021 respectively;

(b) The Group has unutilised credit facilities of S$1.4 million as at 31 December 2020;

(c) Three key shareholders have agreed not to recall the amounts due to themselves for the next twelve months from the date that the financial statements are authorised for issue; and

(d) Two key shareholders have agreed to provide financial support of up to S$2,500,000 each, if required.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.1 Basis of preparation (cont'd)

Discontinued operations

During the year, the Group had announced their plan to dispose of Multiplate and MPL and on 27 February 2021, the Group announced their plan to dispose of Emerald Precision Engineering Sdn. Bhd. ("Emerald"), Yumei Technologies Sdn. Bhd. ("Yumei Tech"), Yumei REIT Sdn. Bhd. ("Yumei REIT") and Pioneer Venture Pte. Ltd. ("Pioneer"). See Note 9 for more details.

As at 31 December 2020, the assets and liabilities of MPL, Emerald, Yumei Tech, Yumei REIT and Pioneer have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as assets held for sale" respectively. For the year then ended, the results of Multiplate, MPL, Emerald, Yumei Tech, Yumei REIT and Pioneer have been presented separately in the consolidated income statement as "Loss from discontinued operations, net of tax".

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

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)16 COVID-19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
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) 9 Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to SFRS(I) 16 Lease Incentives	1 January 2022
Amendments to SFRS(I) 1-41 Taxation in Fair Value Measurements	1 January 2022
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to SFRS(I) 4 Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2022
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*	To be determined

The Group's management expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.3 Basis of consolidation, business combinations and goodwill

(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.

(b) Business combinations and goodwill

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

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

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

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

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 annually 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.4 Foreign currency

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

(a) ***Transactions and balances***

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) ***Consolidated financial statements***

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

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Freehold land has infinite useful life and therefore is not depreciated.

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

Freehold buildings	-	50 years
Leasehold land and buildings	-	50 to 70 years or shorter of remaining leases terms and economic life
Machinery	-	5 to 10 years
Tools and equipment	-	3 to 10 years
Air conditioners	-	5 to 10 years
Computers	-	3 to 10 years
Other assets	-	3 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.6 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.7 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.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss 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.

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

(a) ***Club membership***

Club membership is assessed to have an indefinite life and is stated at cost less impairment loss. Allowance is made for any impairment loss on the basis outlined in paragraph Note 2.6.

(b) ***Customer relationships***

Customer relationships were acquired in business combinations and are carried at cost less accumulated amortisation and any accumulated impairment losses. The customer relationships has a finite useful life and are amortised over the period of 7 years based on expected pattern of consumption of future economic benefits embodied in the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.8 Intangible assets (cont'd)

(c) ***Order backlog***

Order backlog was acquired in business combinations and are carried at cost less accumulated amortisation and any accumulated impairment losses. The order backlog has a finite useful life and are fully amortised during the year based on expected pattern of consumption of future economic benefits embodied in the asset.

2.9 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.

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 assets representing the right to use the underlying assets.

(a) ***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:

Machinery	-	10 years
Motor vehicles	-	5 years
Leasehold land and buildings	-	over lease term of 1 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 2.6.

(b) ***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. 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 if 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).

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that is 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.9 Leases (cont'd)

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 revenue in the statement of profit or loss 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 revenue in the period in which they are earned.

2.10 Financial instruments

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

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

Subsequent measurement

<u>Investments in debt instruments</u>

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

<u>Amortised cost</u>

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

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.10 Financial instruments (cont'd)

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials – purchase cost on first-in, first-out or weighted average basis according to the nature of the subsidiaries' operations;

- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

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

2.13 Cash and cash equivalents

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

2.14 Provisions

General

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

Provisions are reviewed at each end of 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provision for reinstatement cost

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

2.15 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.16 Discontinued Operations and assets held for sale

The Group classifies disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. 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.

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

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

(a) Represents a separate major line of business or geographical area of operations

(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical are of operations or

(c) Is a subsidiary acquired exclusively with a view to resale.

2.17 Revenue

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

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

(a) ***Sale of equipment and fabrication assembly of parts***

The Group provides designing and manufacturing automatic moulding machines for the semiconductor industry and precision engineering and fabrication assembly of parts for semi-conductor, consumer products and business equipment industries, which are reportable under Equipment Contract Manufacturing Services ("ECMS") segment (Note 32).

Revenue is recognised when the goods are delivered to the customer. Certain revenue recognition is based on criteria for customer acceptance. The goods are often sold with a right of return based on the aggregate sales over a period of time.

The Group does not offer customers the option to separately purchase extended warranty that provides the customer with a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specifications.

(b) ***Interest income***

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.18 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.19 Employee benefits

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

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Malaysia companies in the Group make contributions to the Central Provident Fund scheme in Singapore, or Employees Provident Fund in Malaysia respectively. These are defined contribution pension schemes. Contributions to these schemes are recognised as an expense in the period in which the related service is performed.

(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 wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) ***Termination benefits***

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. A liability and expense for a termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.20 Taxes

(a) ***Current income tax***

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.20 Taxes (cont'd)

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

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 subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

(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.

2.21 Share capital and share issue expenses

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.22 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.

Contingent liabilities 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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, 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

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

(a) *Assets held for sale*

During the financial year ended 31 December 2020, the management of the Company does not intend to continue the operations of Microfits Pte. Ltd and the Sale Companies, comprising Emerald Precision Engineering Sdn Bhd, Yumei Technologies Sdn. Bhd., Yumei REIT Sdn. Bhd. and Pioneer Venture Pte. Ltd. and has planned for its disposal. Consequently, these subsidiaries have been classified as discontinued operations and disposal group held for sale. The management considered the subsidiaries to meet the criteria to be classified as held for sale at that date for the following reasons:

- The subsidiaries are available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.

In addition, the management of the Company has identified the Sale Companies as one cash-generating unit ("CGU") for the impairment assessment of goodwill and customer relationship in line with SFRS (I) 1-36 Impairment of assets. The CGU has been presented as a disposal group held for sale. As the assets of the CGU will be primarily recovered through sale, management has assessed the recoverable amount through the fair value less cost to sell method as disclosed in Note 3.2b to the financial statements.

For more details on the discontinued operation, refer to Note 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Inventories written down***

The Group assesses at the end of each reporting period whether there is any objective evidence that its stocks is impaired. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the net realisable value of the asset. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In prior year, the carrying amount of the Group's inventories and inventories written down were disclosed in Note 14. In current year, inventories have been included under "Assets of disposal group classified as held for sale".

(b) ***Impairment of goodwill and customer relationships***

As disclosed in Note 12 to the financial statements, the recoverable amount of the cash generating unit which goodwill and customer relationships have been allocated to are determined based on fair value less cost to sell method, which management had referenced to the proposed consideration included in the share and purchase agreement.

In the prior year, the recoverable amount of the cash generating unit was derived based on value in use calculations that were computed based on discounted cashflow model. The recoverable amount was 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. The key assumptions applied in the determination of the value in use including a sensitivity analysis, were disclosed and further explained in Note 12 to the financial statements.

The carrying amount of the Group's goodwill and customer relationships as at 31 December 2020 are S$nil (2019: S$1,462,000) and S$nil (2019: S$1,358,000) as they were classified under "Assets of disposal group classified as held for sale".

4. REVENUE

The Group does not have revenue from continuing operations as the Group's major operating subsidiaries have been classified as discontinued operations (Note 9).

5. FINANCE COSTS, NET

	Group	
	2020	2019
	S$'000	S$'000
		(restated)
Finance costs in respect of :-		
- bank charges	**(1)**	(2)
- amounts due to related parties	**(188)**	(213)
- amount due to a director	**(40)**	(21)
	(229)	(236)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

6. OTHER EXPENSES, NET

	Group	
	2020	2019
	S$'000	S$'000
		(restated)
Net foreign exchange loss	**(34)**	(13)
Fair value adjustment of contingent consideration	**(105)**	–
	(139)	(13)

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at loss before tax from continuing operations:-

	Group	
	2020	2019
	S$'000	S$'000
		(restated)
Audit fees:		
- Other auditors	**(63)**	(71)
Non-audit fees:		
- Other auditors	**(1)**	–
Consultancy fees	**(318)**	(279)
Employee benefits expense (Note 26)	**(138)**	(1,133)

The audit fees for the auditor of the Company for continuing and discontinued operations are S$140,000 (2019: S$159,000) and S$137,000 (2019: S$153,000) respectively.

8. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:-

	Group	
	2020	2019
	S$'000	S$'000
		(restated)
Current income tax – continuing operations:-		
Current income tax	–	(1)
Over provision in respect of prior years	**1**	–
	1	(1)
Current income tax – discontinuing operations:-		
Current income tax	**(313)**	(282)
Over/(under) provision in respect of prior years	**133**	(8)
	(180)	(290)
Deferred income tax – discontinuing operations:-		
Origination and reversal of temporary difference	**(24)**	47
Over provision in respect of prior years	**41**	92
	(163)	(151)
Income tax attributable to continuing operations	**1**	(1)
Income tax attributable to discontinued operations	**(163)**	(151)
Income tax expense recognised in profit and loss	**(162)**	(152)

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FOR THE YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020	2019
	S$'000	S$'000
Loss before tax from continuing operations	**(2,562)**	(3,725)
Loss before tax from discontinued operations	**(1,190)**	(760)
Accounting loss before tax	**(3,752)**	(4,485)
Tax calculated at a tax rate of 17% (2019: 17%)	**638**	762
Adjustments:		
Expenses not deductible for tax purposes	**(583)**	(706)
Income not subject to tax	**97**	–
Differential tax rate of overseas subsidiaries	**(67)**	(37)
Utilisation of previously unrecognised tax losses	**(80)**	–
Deferred tax assets not recognised	**(267)**	(220)
Tax exemption	**5**	37
Tax losses not available for future utilisation	**(80)**	(72)
Over provision in respect of prior years	**175**	84
Income tax expense	**(162)**	(152)

The corporate income tax rate applicable to Singapore companies of the Group is 17% (2019: 17%). The corporate income tax rate applicable to the Malaysia entities is 24% (2019: 24%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX EXPENSE (CONT'D)

Deferred taxation

	Balance Sheet		Income statement	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
- Acquisition of subsidiaries	**–**	231	**–**	100
- Differences in depreciation	**–**	283	**–**	36
- Inventories written down	**–**	(16)	**–**	–
- Provision of staff related costs	**–**	(67)	**–**	–
- Others	**–**	13	**–**	3
Deferred tax expense/(benefit)			**–**	139
Net deferred tax liabilities	**–**	444		

At the end of the current and previous financial years, certain subsidiaries of the Group (primarily in Malaysia) had undistributed earnings of S$nil (2019: S$6,676,000). The Group has not recorded withholding taxes on these undistributed earnings as the tax jurisdictions in which the earnings arose do not charge withholding taxes on the repatriation of these earnings.

As at 31 December 2020, the Group has no unutilised tax losses and unabsorbed capital allowances (2019: S$37,023,000) available for set-off against future assessable income subject to agreement with the tax authorities on the relevant tax regulations. The deferred tax asset arising from these unutilised tax losses has not been recognised in the financial statements in accordance with the accounting policy in Note 2.20(b) to the financial statements.

At the end of the reporting period, there are no deferred tax liabilities on net investment in subsidiaries.

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS ASSETS HELD FOR SALE

(a) On 29 February 2020, the Company announced that it had entered into a letter of intent to explore, with a potential buyer, on the proposed disposal of the entire issued and paid-up share capital of Microfits Pte. Ltd. ("**MPL**"). Thereafter, on 31 October 2020 the Company entered into a sale and purchase agreement in relation to the proposed disposal. The disposal was completed on 20 January 2021.

(b) On 11 August 2020, the Company entered into a sale and purchase agreement in relation to the Company's disposal of its entire interest in ASA Multiplate (M) Sdn. Bhd. ("ASAM"), representing 90% of the issued and paid-up share capital of ASAM. The disposal was completed on 31 December 2020. Based on the sale and purchase agreement, the Company has indemnified the new buyer for any losses that may arise from the lawsuit (Note 34).

(c) On 26 February 2021, the Company entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of each of Emerald Precision Engineering Sdn. Bhd. ("Emerald"), Yumei Technologies Sdn. Bhd. ("Yumei Tech"), Yumei REIT Sdn. Bhd. ("Yumei REIT") and Pioneer Venture Pte. Ltd. ("Pioneer") (the "Proposed Disposal" or "Sale Companies").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS ASSETS HELD FOR SALE (CONT'D)

Balance sheet disclosures

The major classes of assets and liabilities of MPL and Sale companies classified as held for sale as at 31 December 2020 are as follows:

	2020 S$'000	2019 S$'000
Intangible assets	**2,590**	–
Property, plant and equipment	**7,008**	–
Right-of-use assets	**895**	445
Inventories	**1,060**	830
Trade and other receivables	**4,575**	1,322
Prepayments and advances	**220**	40
Cash at bank and on hand	**2,840**	156
Total assets	**19,188**	2,793
Provisions	**61**	126
Trade and other payables	**2,420**	1,650
Bank overdraft	**797**	–
Lease liabilities	**491**	452
Other liabilities	**4,354**	508
Total liabilities	**8,123**	2,736

Note: The major classes of assets and liabilities classified as held for sale as at 31 December 2019 comprise MPL only.

Income statement disclosures

The results of MPL, ASAM and Sale Companies for the years ended 31 December are presented as follows:

	Group	
	2020 S$'000	2019 S$'000 (restated)
Revenue	**17,093**	18,685
Cost of sales	**(12,871)**	(13,447)
Gross profit	**4,222**	5,238
Other income	**777**	133
Selling and marketing costs	**(1,218)**	(1,530)
Research and development costs	**(453)**	(708)
General and administrative costs	**(3,142)**	(3,466)
Other expenses, net	**(1,242)**	(244)
Finance costs, net	**(135)**	(183)
Loss before taxation from discontinued operation	**(1,191)**	(760)
Income tax expense	**(163)**	(151)
Loss from discontinued operation, net of tax	**(1,354)**	(911)

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FOR THE YEAR ENDED 31 DECEMBER 2020

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS ASSETS HELD FOR SALE (CONT'D)

Cash flow statement disclosures

The cash flows attributable to MPL and Sale Companies are as follows:

	Group	
	2020	2019
	S$'000	S$'000
		(restated)
Operating	**258**	1,056
Investing	**(1,325)**	(1,211)
Financing	**1,358**	(1,687)
Net cash outflows	**291**	(1,842)

Loss per share disclosures

	Group	
	2020	2019
		(restated)
Loss per share from discontinued operations attributable to owners of the Company (cents per share)		
Basic	**(0.010)**	(0.004)
Diluted	**(0.010)**	(0.004)

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

10. LOSS PER SHARE

Continuing operations

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

Diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares for diluted earnings per share computation respectively.

The following tables reflect the income and share data used in the computation of basic and diluted loss per share for the year ended 31 December.

	Group	
	2020	2019
	S$'000	S$'000
Loss after income tax and attributable to owners of the Company for basic and diluted loss per share	**(2,561)**	(3,726)
Weighted average number of ordinary shares in issue applicable to basic and diluted loss per share	**22,324,126,058**	22,324,126,058

The weighted average number of ordinary shares for prior year included the issuance of new ordinary shares in relation to the sale shares that was completed on 4 December 2018.

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11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land* and buildings S$'000	Leasehold land and buildings S$'000	Machinery S$'000	Tools and equipment S$'000	Air conditioners S$'000	Computers S$'000	Other assets S$'000	Total S$'000
Cost								
At 1 January 2019	1,236	2,465	14,579	401	139	2,088	780	21,688
Currency realignment	(1)	(2)	(16)	–	–	2	(2)	(19)
Additions	–	37	748	–	5	5	12	807
Reclassification	–	–	72	–	–	32	–	104
Attributable to discontinued operations (Note 9)	–	–	(4)	(401)	(26)	(1,892)	(148)	(2,471)
Disposals	–	–	(445)	–	–	(1)	(11)	(457)
Written-off	–	–	–	–	(2)	(12)	–	(14)
At 31 December 2019 and 1 January 2020	**1,235**	**2,500**	**14,934**	**–**	**116**	**222**	**631**	**19,638**
Currency realignment	**(1)**	**(1)**	**(13)**	**–**	**–**	**–**	**–**	**(15)**
Additions	**–**	**666**	**758**	**–**	**–**	**50**	**2**	**1,476**
Reclassification	**–**	**–**	**359**	**–**	**–**	**–**	**42**	**401**
Attributable to discontinued operations (Note 9)	**(1,234)**	**(3,165)**	**(15,814)**	**–**	**(116)**	**(272)**	**(675)**	**(21,276)**
Disposals	**–**	**–**	**(224)**	**–**	**–**	**–**	**–**	**(224)**
At 31 December 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated depreciation and impairment loss								
At 1 January 2019	214	3	12,382	401	134	2,058	711	15,903
Currency realignment	–	1	(15)	–	1	1	–	(12)
Charge for the year	17	44	579	–	3	40	25	708
Impairment loss	–	–	3	–	–	2	–	5
Attributable to discontinued operations (Note 9)	–	–	(4)	(401)	(26)	(1,892)	(148)	(2,471)
Disposals	–	–	(425)	–	–	(1)	(3)	(429)
Written-off	–	–	–	–	(2)	(12)	–	(14)
At 31 December 2019 and 1 January 2020	**231**	**48**	**12,520**	**–**	**110**	**196**	**585**	**13,690**
Currency realignment	**–**	**–**	**(10)**	**–**	**–**	**–**	**(2)**	**(12)**
Charge for the year	**17**	**44**	**644**	**–**	**2**	**20**	**30**	**757**
Reclassification	**–**	**–**	**51**	**–**	**–**	**–**	**6**	**57**
Attributable to discontinued operations (Note 9)	**(248)**	**(92)**	**(12,981)**	**–**	**(112)**	**(216)**	**(619)**	**(14,268)**
Disposals	**–**	**–**	**(224)**	**–**	**–**	**–**	**–**	**(224)**
At 31 December 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net book value								
At 31 December 2019	1,004	2,452	2,414	–	6	26	46	5,948
At 31 December 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

* Includes freehold land at cost of S$391,000 (2019: S$391,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Other assets comprise renovation, furniture and fittings, motor vehicles and office equipment.

a) During the financial year, the cash outflow on acquisition of property, plant and equipment amounted to S$1,476,000 (2019: S$807,000).

Assets pledged as security

The leasehold land and buildings with carrying value of S$nil (2019: S$2,452,000) are mortgaged to secure bank facilities. The buildings are collaterised for bank borrowings as at end of reporting period Note 21.

Impairment of assets

For the financial year ended 31 December 2019, the Group carried out a review of the recoverable amount of its property, plant and equipment as a subsidiary of the Group within the ECMS segment had been persistently making losses. S$5,000 representing the write-down of these property, plant and equipment in full was recognised in the "general and administrative costs" line item of the consolidated income statements.

Company	**Computers S$'000**
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2
Accumulated depreciation and impairment loss	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2
Net carrying amount	
At 31 December 2019 and 31 December 2020	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. INTANGIBLE ASSETS

Group	Goodwill S$'000	Club memberships S$'000	Customer relationships S$'000	Order Backlog S$'000	Total S$'000
Cost					
At 1 January 2019, 31 December 2019, 1 January 2020	**3,167**	**197**	**2,066**	**4**	**5,434**
Attributable to discontinued operations (Note 9)	**(3,167)**	**–**	**(2,066)**	**(4)**	**(5,237)**
	–	**197**	**–**	**–**	**197**
Accumulated amortisation and impairment loss					
At 1 January 2019	1,705	133	459	–	2,297
Charge for the year	–	–	249	4	253
At 31 December 2019 and 1 January 2020	**1,705**	**133**	**708**	**4**	**2,550**
Charge for the year	**–**	**–**	**230**	**–**	**230**
Attributable to discontinued operations (Note 9)	**(1,705)**	**–**	**(938)**	**(4)**	**(2,647)**
At 31 December 2020	–	**133**	–	–	**133**
Net carrying amount					
At 31 December 2019	1,462	64	1,358	–	2,884
At 31 December 2020	**–**	**64**	**–**	**–**	**64**

Club memberships

Company	Club memberships S$'000
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	**197**
Accumulated impairment loss	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	**133**
Net carrying amount	
At 31 December 2019 and 31 December 2020	**64**

Customer relationships

Customer relationships have remaining amortisation period of 5 years (2019: 6 years). The amortisation of customer relationships is included in the "selling and marketing costs" line item in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

12. INTANGIBLE ASSETS (CONT'D)

Goodwill

Goodwill of S$1,705,000 acquired through business combinations that were allocated to the ECMS CGU had been fully impaired in prior years.

The acquisition of Yumei Group (Note 13) was completed during the financial year ended 31 December 2018. The initial purchase price allocation to identifiable net assets acquired was assessed and finalised during the financial year ended 31 December 2019. The changes in the fair values of the net assets acquired were retrospectively recognised in financial year ended 31 December 2018 and the effect of the adjustments was disclosed in Note 13. The goodwill of S$1,462,000 is allocated entirely to the ECMS segment, which comprised the CGU of the subsidiaries acquired.

Impairment testing of goodwill and customer relationships

For the financial year ended 31 December 2019, the recoverable amounts of Yumei Group CGU had been determined based on the value-in-use calculations using a cash flow projection from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows.

In current year, the goodwill and customer relationships that had been allocated to the Yumei Group CGU was allocated to a "Disposal Group" CGU comprising Yumei Group and Emerald Precision Engineering Sdn Bhd. The recoverable amount of the "Disposal Group" CGU was determined based on its fair value less cost of disposal, which management has referenced to the proposed consideration included in the share and purchase agreement with the related party.

	2019
Pre-tax discount rate	**12.1%**
Terminal growth rates	**0.5%**

Key assumptions used in the value in use calculations

The calculation of value in use for the CGU is most sensitive to the following assumptions:

a) Budgeted gross margins- Gross margin is based on past performance and management's expectation of market developments

b) Budgeted sales growth and terminal growth rate- The forecasted growth rate is based on industry growth forecasts and not exceeding the average long-term growth rate of the business segment which the CGU operates in.

c) Pre-tax discount rate- The discounted rates were pre-tax and reflected specific risks relating to the business segments which the CGU operates in.

Sensitivity to changes in assumptions

Management believes that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	S$'000	S$'000
Unquoted shares, at cost	**22,113**	15,613
Issuance of shares for acquisition of subsidiaries	–	6,500
Impairment losses	**(2,224)**	(8,691)
Disposals^	**(6,368)**	–
Attributable to discontinued operations*	**(13,521)**	–
	–	13,422

^These relate to the disposal of ASA Multiplate (M) Sdn. Bhd on 31 December 2020 as disclosed in Note 9 to the financial statements.
*These relate to the classification of MPL and the Sale Companies as assets held for sale as disclosed in Note 9 to the financial statements.

The Group has the following significant investment in subsidiaries:-

	Name of company (Principal place of business)	Principal activities	Proportion of ownership interest 2020 %	2019 %
	Held by the Company			
1	Microfits Pte Ltd (Singapore)	Design and manufacture of automatic moulding machines and other back-ended assembly equipment for the semiconductor industry	**100**	100
3	Dragon Microfits Sdn. Bhd. (Malaysia)	Design of precision tools, dies and mould	**100**	100
2	Emerald Precision Engineering Sdn. Bhd. (Malaysia)	Fabrication of tooling, dies and related moulding of spare parts and other related businesses	**100**	100
4	ASA Multiplate (M) Sdn. Bhd. (Malaysia)	Provision of thermal coating, surface finishing of electronics products and specialised electroplating of semiconductor products services	–	90
1	Pioneer Venture Pte Ltd (Singapore)	Contract manufacturing solutions of fabricated metal products	**100**	100
2	Yumei Technologies Sdn. Bhd. (Malaysia)	Manufacturing of die-casting products	**100**	100
2	Yumei REIT Sdn. Bhd. (Malaysia)	Investment holding	**100**	100

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

1 Audited by Ernst & Young LLP, Singapore.
2 Audited by member firms of Ernst & Young Global.
3 Audited by KCK Associates, Penang, Malaysia.
4 Audited by CHI-LLTC, Penang, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

In prior year, the Group had the following subsidiary that had NCI that was material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Loss allocated to NCI during the reporting period S$'000	Accumulated NCI at end of reporting period S$'000
31 December 2019:				
ASA Multiplate (M) Sdn. Bhd.	Malaysia	10%	**(91)**	**(890)**

There were no dividends paid to the above NCI during the years ended 31 December 2020 and 31 December 2019.

On 31 December 2020, the Company completed the disposal of its entire interest in ASA Multiplate (M) Sdn. Bhd. ("ASAM"), representing 90% of the issued and paid-up share capital of ASAM for an aggregate purchase consideration of S$90,000 to a third party, M and R Integrated Solution Sdn Bhd.

Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows.

	ASA Multiplate
	2019 S$'000
Summarised balance sheet	
Current and non-current	
Assets	374
Liabilities	(9,276)
Net current and non-current liabilities	(8,902)
Summarised income statement	
Revenue	838
Loss before income tax	(910)
Loss for the year	(910)
Summarised statement of other comprehensive income	
Loss and total comprehensive income for the year	(910)
Other summarised information	
Net cash flows used in operations	(30)
Acquisition of property, plant and equipment	(5)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Disposal of a subsidiary

The value of assets and liabilities of ASA Multiplate recorded in the consolidated financial statements as at 31 December 2020, and the effects of the disposal were:

	2020 S$'000
Property, plant and equipment	56
Inventories	51
Trade and other receivables	373
Prepayment and advances	12
Cash and cash equivalents	5
	497
Trade and other payables	(941)
Other liabilities	(80)
Carrying value of net liabilities	(524)
Total consideration	90
Cash and cash equivalents of the subsidiary	(5)
Net cash inflow on disposal of subsidiary	85
Loss on disposal:	
Net liabilities derecognised	524
Cash consideration received from disposal of subsidiary	90
Realisation of translation reserve	(1,316)
Loss on disposal	702

14. INVENTORIES

	Group
	2019 S$'000
Balance sheet	
Raw materials	178
Work-in-progress	374
Finished goods (at lower of cost and net realisable value)	492
Trading inventories (at lower of cost and net realisable value)	8
	1,052
Consolidated income statement	
Inventories recognised as an expense in cost of sales	4,322
Inclusive of the following charge/(credit) :-	
- Inventories written-down	19
- Reversal of write-down of inventories	(8)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in the current financial year.

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15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Trade and other receivables (current):				
Trade receivables	–	3,111	–	–
Amounts due from subsidiaries (Non-trade)	–	–	–	110
Amounts due from a related party				
– Non-trade	–	730	–	–
Deposits	–	150	–	–
Other receivables	**95**	204	**95**	35
Total trade and other receivables (current and non-current)	**95**	4,195	**95**	145
Add: Cash and cash equivalents (Note 17)	**259**	2,305	**258**	100
Total financial assets carried at amortised cost	**354**	6,500	**353**	245

Trade receivables

Trade receivables are non-interest bearing and generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Related party balances

- The amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.
- Amount due from a related party is unsecured, interest free and is repayable on demand in cash.

Trade and other receivables denominated in foreign currencies as at 31 December are as follows:-

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
US Dollars	–	1,457	–	–
Malaysian Ringgit	–	1,769	–	–

As at 31 December 2020, the Company has provided an allowance of S$nil (2019: S$15,452,000) for impairment of amounts due from subsidiaries with a nominal amount of S$nil (2019: S$15,562,000).

Expected credit losses

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

Group	2019 S$'000
Movement in allowance accounts	
At 1 January	20
Written off	(21)
Currency realignment	1
At 31 December	–

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16. PREPAYMENTS AND ADVANCES

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Prepayments	**26**	74	**26**	20
Advances	–	171	–	–
	26	245	**26**	20

Advances relate mainly to advance payments made to suppliers of goods and professional services.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Cash at banks and on hand	**259**	2,305	**258**	100
Bank overdraft (Note 21)	–	(603)	–	–
	259	1,702	**258**	100
Cash at bank and on hand included in disposal group classified as held for sale	**2,043**	156	**–**	–
Cash and cash equivalents at 31 December	**2,302**	1,858	**258**	100

Cash and cash equivalents denominated in foreign currencies as at 31 December are as follows:-

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
US Dollars	**2**	468	**2**	2
Malaysian Ringgit	**–**	1,266	**–**	–

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

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18. OTHER LIABILITIES AND PROVISIONS

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Amounts due to shareholders and directors	**1,145**	979	**1,145**	979
Accrued operating expenses	**383**	1,868	**383**	703
	1,528	2,847	**1,528**	1,682

Amounts due to shareholders and directors

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash.

		Group	
	Warranties	**Reinstatement Cost**	**Total**
	S$'000	**S$'000**	**S$'000**
At 1 January 2019	43	60	103
Arose during the financial year	77	–	77
Utilised	(54)	–	(54)
Attributable to discontinued operations	(66)	(60)	(126)
At 31 December 2019, 1 January 2020 and 31 December 2020	–	–	–

Warranties

The Group provides a one-year warranty on certain products under which faulty products are repaired or replaced. The amount of the accrual is based on the sales volume and past experience with the level of repairs and returns.

Reinstatement cost

Provision for reinstatement costs is recognised when the Group enters into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements.

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FOR THE YEAR ENDED 31 DECEMBER 2020

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
Trade and other payables:				
Trade payables	**66**	1,033	**66**	122
Other creditors	**3**	771	**3**	–
Customer deposits	**50**	30	**50**	–
Deferred cash settlement	**2,327**	1,854	**2,327**	2,223
Loan due to a shareholder	**861**	821	**861**	821
Amounts due to subsidiaries (Non-trade)	–	–	**31**	809
Amounts due to related parties (Non-trade)	**8,578**	7,478	**8,578**	7,046
Total trade and other payables	**11,885**	11,987	**11,916**	11,021
Add:				
- Other liabilities (Note 18)	**1,528**	2,847	**1,528**	1,682
- Loans and borrowings (Note 21)	–	1,098	–	–
- Lease liabilities (Note 20)	–	692	–	–
Total financial liabilities carried at amortised cost	**13,413**	16,624	**13,444**	12,703

Trade payables

Trade payables are non-interest bearing. Trade payables are normally settled on 30 – 120 days' terms.

Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash. Included in amounts due to subsidiaries is an amount of S$nil (2019: S$244,000) denominated in USD.

Loan due to a shareholder

Loan due to a shareholder of the Company, are unsecured, bear an interest of 5% per annum, repayable on demand and are to be settled in cash.

Amounts due to related parties

Amounts due to related parties (corporate shareholder of the Company) are interest free, unsecured, repayable on demand and to be settled in cash except for outstanding balance of S$6,632,000 (2019: S$6,632,000) which bears effective interest rates ranging from 2.25% to 3.75% (2019: 3.24% to 3.39%) per annum, is repriced on a quarterly basis.

Deferred cash settlement

This relates to an amount owing to Mr. Seah Chong Hoe (shareholder and Chief Executive Officer of the Company) upon the acquisition of subsidiaries.

			---------------Non-cash changes---------------			
	2019	**Cash flow**	**Interest**	**Foreign exchange movement**	**Management fees and recharges**	**2020**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Amounts due to related parties	7,478	–	188	–	912	8,578

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19. TRADE AND OTHER PAYABLES (CONT'D)

			----------------Non-cash changes---------------			
	2018	**Cash flow**	**Interest**	**Foreign exchange movement**	**Management fees and recharges**	**2019**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Amounts due to related parties	6,906	–	224	–	348	7,478

Trade and other payables denominated in foreign currencies as at 31 December are as follows:-

	Group		**Company**	
	2020	2019	**2020**	2019
	S$'000	S$'000	**S$'000**	S$'000
US Dollars	–	19	–	–
Malaysian Ringgit	366	1,585	–	–

20. LEASES

Group as a lessee

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

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

	Group			
	Machinery	**Motor vehicles**	**Leasehold land and building**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At 1 January 2019	1,101	–	1,135	2,236
-Reclassified to assets held for sale	–	–	(746)	(746)
Additions	–	42	290	332
Depreciation from continuing operations	(128)	(6)	(305)	(439)
Impairment	–	–	(144)	(144)
At 31 December 2019	973	36	230	1,239
At 1 January 2020	**973**	**36**	**230**	**1,239**
-Reclassified to assets held for sale	**(973)**	**(36)**	**(230)**	**(1,239)**
At 31 December 2020	**–**	**–**	**–**	**–**

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FOR THE YEAR ENDED 31 DECEMBER 2020

20. LEASES (CONT'D)

Group as a lessee (Cont'd)

The carrying amounts of lease liabilities and the movements during the financial year, and a reconciliation of liabilities arising from the Group's financing activities are as follows:

	Group	
	2020	**2019**
	S$'000	**S$'000**
At 1 January	**692**	1,715
Additions	**43**	321
Accretion of interest	**25**	69
Currency realignment	**(12)**	–
Cash flows		
Payment of principal portion	**(397)**	(892)
Interest paid from discontinued operations	**(25)**	(69)
Attributable to discontinued operations	**(326)**	(452)
At 31 December	**–**	692
Current	**–**	468
Non-current	**–**	224
	–	692

The following are the amounts recognised in profit or loss:

	Group	
	2020	**2019**
	S$'000	**S$'000**
		(restated)
Depreciation of right-of-use assets from discontinued operations	**491**	740
Impairment loss on right-of-assets from discontinued operations	**–**	144
Interest expense on lease liabilities from discontinued operations	**25**	69
Expense relating to leases of low-value assets and short-term leases	**–**	7
Total amounts recognised in profit or loss	**516**	960

The Group had total cash outflows for leases of S$nil (2019: S$961,000) in 2020.

The Group does not have lease contracts that contain variable lease payments. The following provides information on the Group's lease payments.

	Group	
	2020	**2019**
	S$'000	**S$'000**
2020		
Fixed rent payment	**–**	629

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20. LEASES (CONT'D)

Group as a lessee (Cont'd)

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

Group as lessor

The Group acts as an intermediate lessor under arrangements whereby it subleases out certain premises for monthly lease payments. The Group leases certain premises under lease agreement. These leases have terms of 3 years. Future minimum rentals receivable under non-cancellable operating lease as at 31 December are as follows:

	Group	
	2020	2019
	S$'000	S$'000
Within one year	–	89

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

			------------------Non-cash changes------------------			
	2019	**Cash flow**	**Currency realignment**	**Movement**	**Reclassification to assets held for sale**	**2020**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities	692	(397)	(12)	43	(326)	–

			------------------Non-cash changes------------------			
	2018	**Cash flow**	**SFRS(I) 16 adoption**	**Movement**	**Reclassification to assets held for sale**	**2019**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities	580	(892)	1,135	321	(452)	692

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FOR THE YEAR ENDED 31 DECEMBER 2020

21. LOANS AND BORROWINGS

	Interest rate (Per annum)	Maturity	Group 2020 S$'000	Group 2019 S$'000
Current liabilities:				
Bank overdrafts	BLR + 0.75%	On demand	–	603
Trust receipts	BLR + 1.75%	On demand	–	61
Secured loan	BLR + 1.30%	2020	–	28
Unsecured loan[2]	BTFBR[1] + 1.00%	2020	–	113
			–	805
Non-current liabilities:				
Secured loan	BLR + 1.30%	2027	–	293
Total loan and borrowings			–	1,098

[1] BTFBR is Business Term Financing Board Rate

Bank overdrafts

Bank overdrafts are denominated in MYR, bear interest at 0.75% (2019: 0.75%) above the bank's base lending rate ("BLR") from time to time and are secured over certain properties.

Trust receipts

Trust receipts are drawn for a period of up to 120 days which are renewable upon maturity and bear interest at 7.26% (2019: 8.51%) per annum. The loan is secured by a fixed charge over certain properties.

Secured loan

The term loan is repayable in monthly instalment, bear interest between 4.2% to 5.2% (2019: 5.46%) and mature on 2027. The loan is secured by the following:

(i) by way of fixed charge over the long leasehold land and building of a related company;

(ii) by joint and several guarantee of certain directors of a subsidiary; and

(iii) by corporate guarantee from a subsidiary

Unsecured loan

[2] This term loan includes guarantees by Mr Seah Chong Hoe (shareholder and Chief Executive Officer of the Company). This term loan includes corporate guarantees by Advanced Systems Automation Limited.

The aggregate balance of bank borrowings that are denominated in Malaysia Ringgit is S$1,256,000 (2019: S$985,000).

A reconciliation of liabilities arising from financing activities, excluding bank overdrafts, is as follows:

	2019 S$'000	Cash flow S$'000	Reclassification to assets held for sale S$'000	2020 S$'000
Loans and borrowings	495	1,750	(2,245)	–

	2018 S$'000	Cash flow S$'000	Reclassification to assets held for sale S$'000	2019 S$'000
Loans and borrowings	873	(378)	–	495

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22. SHARE CAPITAL

	Group and Company			
	2020 No of shares '000	**2020 S$'000**	2019 No of shares '000	2019 S$'000
At beginning and end of the year	22,324,126	148,841	22,324,126	148,841

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

23. OTHER RESERVES

(a) Merger reserve

Merger reserve represents the difference between the consideration paid and the net assets of a subsidiary restructured under common control in prior years.

(b) Foreign currency translation reserve

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

24. DIVIDENDS

The directors do not recommend any dividend in respect of the financial year ended 31 December 2020. No dividend has been paid or declared since the end of the previous financial year.

25. COMMITMENTS

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	
	2020 S$'000	2019 S$'000
Property, plant and equipment	**731**	1,252

26. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020 S$'000	2019 S$'000 (restated)
Continuing operations		
Salaries and bonuses	**137**	1,089
Employer's contribution to defined contribution plans	**10**	48
Other benefits	**(9)**	–
	138	1,137

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2020 S$'000	2019 S$'000	**2020 S$'000**	2019 S$'000
Transactions with ASTI Group (corporate shareholder of the Company) :-				
Rental income	–	63	–	–
Corporate support cost	**(400)**	(400)	**(400)**	(400)
Interest expense on loans	**(188)**	(224)	**(188)**	(213)
Interest expense on loan from a director who is also a shareholder of the Company:-				
Interest expense on loans	**(40)**	(21)	**(40)**	(21)
Transactions with a key management personnel who is also a shareholder of the Company:-				
Rental expense paid	**(96)**	(96)	–	–

	Group	
	2020 S$'000	2019 S$'000
Compensation to directors of the Company		
- Directors' fee proposed	**147**	125
- Directors' remuneration	**980**	845
Compensation of key management personnel		
- Salaries	**211**	794
- Employer's contribution to defined contribution plans	**5**	16
Total compensation paid to directors and key management personnel	**1,343**	1,780
Comprise amounts paid/payable to:		
- Directors of the Company	**1,127**	970
- Other key management personnel	**216**	810
	1,343	1,780

28. FINANCIAL SUPPORT

The Company has agreed to provide financial support to certain subsidiaries to meet their liabilities as and when they fall due, up till the date of disposal.

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

It is, and has been throughout the year under review, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and the Company’s financial instruments will fluctuate because of changes in market interest rates. The Group’s and the Company’s exposure to interest rate risk arises primarily from the amount due to related parties and loans and borrowings. The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts in a cost-efficient manner.

The following table sets out the carrying amount of the Group’s and the Company’s financial instruments that are exposed to interest rate risk:

	Group		Company	
	2020 S$’000	2019 S$’000	**2020 S$’000**	2019 S$’000
Interest bearing				
Amounts due to related parties (Note 19)	**6,632**	6,632	**6,632**	6,291
Amount due to a shareholder (Note 19)	**800**	800	**800**	800
Lease liabilities (Note 20)	**–**	692	**–**	–
Loans and borrowings (Note 21)	**–**	1,098	**–**	–
	7,432	9,222	**7,432**	7,091

Interest on financial instruments and amount due to related parties subject to floating interest rates is repriced as and when there is a change in the prevailing market interest rate. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if interest rates had been 50 (2019: 50) basis points higher/lower with all other variables held constant, the Group and the Company’s net loss before tax relating to continuing operations would have been S$37,000 higher/lower (2019: S$46,000 higher/lower) and S$37,000 higher/lower (2019: S$36,000 higher/lower) respectively.

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Malaysian Ringgit (“MYR”). The foreign currency in which these transactions are denominated is mainly USD. In current year, the Group’s sales are classified as part of the discontinued operations disclosed in Note 9 to the financial statements. In prior year, 66% of the Group’s sales are denominated in foreign currencies whilst almost all of its costs are denominated in the respective functional currencies of the Group entities. The Group’s trade receivable and trade payable balances at the end of the reporting period have similar exposures. If necessary, the Group uses forward currency contracts to mitigate the currency exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (in USD) amount to S$2,000 (2019: S$468,000) and S$2,000 (2019: S$2,000) for the Group and the Company relating to continuing operations respectively.

<u>Sensitivity analysis for foreign currency risk</u>

If the USD exchange rate strengthened/weakened by 5% (2019: 5%) with all other variables held constant, the Group’s net loss relating to continuing operations before tax would have been S$117 lower/higher (2019: S$96,238 lower/higher).

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors and amounts due from subsidiary companies. For other financial assets (including available-for-sale financial assets and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 360 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty
- A breach of contract, such as a default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

The Group categorizes a loan or receivable for potential write-off when a debtor fails to make contractual payments on a specific basis. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

(i) <u>Trade receivables and contract assets</u>

The Group provides for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The expected credit losses below also incorporate forward-looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Credit risk (Cont'd)

(i) Trade receivables and contract assets (Cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables relating to continuing operations using provision matrix, grouped by geographical region:

31 December 2019	Contract assets	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Gross carrying amount	–	1,534	465	582	530	3,111
Loss allowance provision	–	–	–	–	–	–

In the current year, as MPL and the Sale Companies are classified as assets held for sale as disclosed in Note 9 to the financial statements, there are no trade receivables balance at year-end.

Information regarding expected credit loss allowance of trade receivables is disclosed in Note 15.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the geographical profile of its trade debtors on an on-going basis. The credit risk concentration profile of the Group's trade debtors at the date of statement of financial position is as follows:

	Group	
	2019	
	S$'000	% of total
China	18	0.6
South East Asia	3,046	97.9
America	6	0.2
Europe	41	1.3
	3,111	100.0

Exposure to credit risk

At the date of statement of financial position, the Group's and the Company's exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

There is no significant credit risk exposure faced by the Group in 2020 and 2019.

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group monitors its liquidity risk and is currently dependent on its cash flow generated from operations and if necessary, advances from its holding company and shareholders to support its working capital. The Group also ensures availability of bank credit lines to address any short-term funding requirement.

At the end of the reporting period, approximately nil% (2019: 73%) of the Group's loans and borrowings relating to continuing operations will mature in less than one year based on the carrying amount reflected in the financial statements, excluding liabilities directly associated with disposal group classified as assets held for sale.

Analysis of financial instruments by the remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:-

Group	2020				2019			
	Less than 1 year S$'000	**1 to 5 years** S$'000	**Over 5 years** S$'000	**Total** S$'000	**Less than 1 year** S$'000	**1 to 5 years** S$'000	**Over 5 years** S$'000	**Total** S$'000
Financial assets:								
Trade and other receivables	**95**	–	–	**95**	4,195	–	–	4,195
Cash and cash equivalents	**259**	–	–	**259**	2,305	–	–	2,305
Total undiscounted financial assets	**354**	–	–	**354**	6,500	–	–	6,500
Financial liabilities:								
Trade and other payables	**12,119**	–	–	**12,119**	12,274	–	–	12,274
Other liabilities	**1,528**	–	–	**1,528**	2,847	–	–	2,847
Lease liabilities	–	–	–	–	792	395	–	1,187
Loans and borrowings	–	–	–	–	870	109	201	1,180
Total undiscounted financial liabilities	**13,647**	–	–	**13,647**	16,783	504	201	17,488
Total net undiscounted financial liabilities	**(13,293)**	–	–	**(13,293)**	(10,283)	(504)	(201)	(10,988)

Company	2020			2019		
	Less than 1 year S$'000	**1 to 5 years** S$'000	**Total** S$'000	**Less than 1 year** S$'000	**1 to 5 years** S$'000	**Total** S$'000
Financial assets:						
Trade and other receivables	**95**	–	**95**	145	–	145
Cash and cash equivalents	**258**	–	**258**	100	–	100
Total undiscounted financial assets	**353**	–	**353**	245	–	245
Financial liabilities:						
Trade and other payables	**12,151**	–	**12,151**	11,297	–	11,297
Other liabilities	**1,528**	–	**1,528**	1,682	–	1,682
Total undiscounted financial liabilities	**13,679**	–	**13,679**	12,979	–	12,979
Total net undiscounted financial liabilities	**(13,326)**	–	**(13,326)**	(12,734)	–	(12,734)

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Liquidity risk (Cont'd)

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

Group and Company	**Less than 1 year** S$'000	**1 to 5 years** S$'000	**Over 5 years** S$'000	**Total** S$'000
2020				
Financial guarantees	**95**	**705**	**–**	**800**
2019				
Financial guarantees	443	112	181	736

30. FAIR VALUE OF ASSETS AND LIABILITIES

a) Fair value hierarchy

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

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

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

During the years ended 31 December 2020 and 2019, there have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

b) Level 3 fair value measurements

Valuation policies and procedures

The Group's Financial Controller who is assisted by the team (collectively referred to as the "Finance Team"), oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Finance Team reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

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FOR THE YEAR ENDED 31 DECEMBER 2020

31. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, lease creditors, amount due to related companies, amount due to holding company, trade payables and accruals, and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

	Group	
	2020 **S$'000**	2019 S$'000
Loans and borrowings (including bank overdrafts)	–	1,098
Lease liabilities	–	692
Trade and other payables	**11,885**	11,987
Other liabilities	**1,528**	2,847
Less: Cash at bank and on hand	**(259)**	(2,305)
Net Debt	**13,154**	14,319
Equity attributable to owners of the Company	**(1,902)**	1,572
Total Capital	**(1,902)**	1,572
Capital and net debt	**11,252**	15,891
Gearing ratio	**117%**	90%

32. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

I. The Equipment segment is mainly engaged in designing and manufacturing Automatic Moulding machines and other back-ended assembly equipment for the semiconductor industry.

II. The Equipment Contract Manufacturing Services ("ECMS") segment is mainly engaged in precision engineering and fabrication assembly of parts for both semiconductor and non-semiconductor industries.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

32. SEGMENT INFORMATION (CONT'D)

	Equipment		ECMS		Discontinued operation		Adjustment and elimination		Note	Consolidation	
	2020 S$'000	2019 S$'000 (restated)	**2020 S$'000**	2019 S$'000 (restated)	**2020 S$'000**	2019 S$'000 (restated)	**2020 S$'000**	2019 S$'000 (restated)		**2020 S$'000**	2019 S$'000 (restated)
Revenue											
Segmental revenue											
- External sales	–	–	**–**	–	**17,093**	18,685	**(17,093)**	(18,685)	A	**–**	–
- Inter-segment sales	–	–	**–**	–	**80**	11	**(80)**	(11)	B	**–**	–
	–	–	**–**	–	**17,173**	18,696	**(17,173)**	(18,696)		**–**	–
Results:											
EBITA (Note C)	**(2,334)**	(3,491)	–	–	**171**	866	**(171)**	(866)	A	**(2,334)**	(3,491)
Interest income	–	–	–	–	**43**	29	**(43)**	(29)		**–**	–
Interest expense	**(228)**	(234)	–	–	**(158)**	(188)	**158**	188		**(228)**	(234)
Depreciation on property, plant & equipment	–	–	–	–	**(758)**	(708)	**758**	708	A	**–**	–
Depreciation on right-of-use assets	–	–	–	–	**(488)**	(740)	**488**	740	A	**–**	–
Loss before tax	**(2,562)**	(3,725)	–	–	**(1,190)**	(741)	**1,190**	741		**(2,562)**	(3,725)
Income tax expense	**1**	(1)	–	–	**(163)**	(151)	**163**	151		**1**	(1)
Segment results	**(2,561)**	(3,726)	–	–	**(1,353)**	(892)	**1,353**	892	A	**(2,561)**	(3,726)
Additions to non-current assets (Note D)	–	–	–	807	**1,476**	–	–	–		**1,476**	807
Segment assets	**446**	792	–	17,580	**19,188**	2,348	–	–		**19,634**	20,720
Segment liabilities	**13,414**	12,346	**(1)**	5,408	**8,123**	2,284	–	–		**21,536**	20,038

A. The amounts relating to discontinued operation has been excluded to arrive at amounts shown in profit or loss as they are presented separately in the statement of comprehensive income with one line item, "loss from discontinued operation, net of tax".

B Inter-segment revenues are eliminated on consolidation.

C. Elimination of unrealised gains and losses arising from inter-segment transactions.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

32. SEGMENT INFORMATION (CONT'D)

Geographical information

Non-current assets are based on geographical locations of the entities:

	Non-current assets	
	2020	2019
	S$'000	S$'000
Singapore	–	4,312
Malaysia	–	5,759
Total	–	10,071

Non-current assets information presented above consist of intangible assets and property, plant and equipment as presented in the consolidated balance sheet.

33. CONTINGENCIES

Financial guarantees

The Company provided a financial guarantee to a bank for a S$800,000 loan taken up by a subsidiary.

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Legal claims

In January 2020, a Writ of Summons and a Statement of Claim were served by an individual against Multiplate Sdn Bhd ("Multiplate") in respect of damages alleged caused by the non-repayment of an alleged loan of S$340,000. The directors of Multiplate had disclaimed the liability.

On 3 March 2021, the Judicial Commissioner in Malaysia had allowed the application to strike out the plaintiff's suit and plaintiff has the right to appeal against the decision to the Court of Appeal within 30 days. At the date of these financial statements, the directors of the Company are of the view that no material losses will arise in respect of the claim.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 12 May 2021.

APPENDIX 3

IPT GENERAL MANDATE

APPENDIX DATED 15 May 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Appendix is circulated to Shareholders of Advanced Systems Automation Limited (the "**Company**") together with the Company's annual report ("**Annual Report**"). Its purpose is to explain to shareholders of the Company ("**Shareholders**") the rationale and provide information relating to the proposed renewal of the IPT Mandate (as defined herein) to be tabled at the annual general meeting ("**AGM**") to be held on 31 May 2021 at 10.00 a.m.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) observing and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolution to be tabled for approval in advance of the AGM; and (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM. Please refer to the Notice of AGM dated 15 May 2021 for further information, including the steps to be taken by Shareholders to participate at the AGM.

Due to the evolving COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the Company's website at the URL www.asa.com.sg and SGXNet for the latest updates on the status of the AGM, if any.

If you have sold or transferred all your shares in the capital of Advanced Systems Automation Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Appendix to the purchaser or the transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or the transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should forward this Appendix together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").

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

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

ADVANCED SYSTEMS AUTOMATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198600740M)

APPENDIX TO THE ANNUAL REPORT

IN RELATION TO

PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS GENERAL MANDATE

TABLE OF CONTENTS

DEFINITIONS

"AGM"	:	The annual general meeting of the Shareholders
"Appendix"	:	This appendix dated 15 May 2021
"Annual Report 2020"	:	Refers to the annual report for the financial year ended 31 December 2020
"Associates"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: i. his immediate family; ii. the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and iii. any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"ASTI"	:	Means ASTI Holdings Limited
"ASTI Group"	:	Means ASTI and its subsidiaries
"ASTI Corporate Support Services"	:	Has the meaning as ascribed under Section 2.5 of this Appendix
"ASTI Corporate Support Services Payments"	:	Has the meaning as ascribed under Section 2.7(iii) of this Appendix
"ASTI Corporate Support Services Agreement"	:	Refers to the agreement entered into between ASTI and the Company which stipulated that ASTI is entitled to charge the Company the ASTI Corporate Support Services Payments
"Audit Committee"	:	The audit committee of the Company for the time being
"Board" or "Board of Directors"	:	The board of Directors of the Company
"Catalist"	:	The Catalist Board of the SGX-ST
"Catalist Rules"	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Chief Executive Officer"	:	Means the chief executive officer of the Company
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
"Company"	:	Advanced Systems Automation Limited
"Constitution"	:	The constitution of the Company as amended, supplemented or modified from time to time
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares (excluding treasury shares) in the Company, unless otherwise determined by SGX-ST; or (b) in fact exercises control over the Company

"Director"	:	A director of the Company for the time being
"Executive Chairman"	:	The executive chairman of the Board
"Estimated ASTI Costs"	:	Has the meaning as ascribed under Section 2.7(ii) of this Appendix
"EGM"	:	The extraordinary general meeting of the Company
"FY"	:	Financial year ended or ending 31 December
"FY2020"	:	Financial year ended 31 December 2020
"Group"	:	The Company, its subsidiaries and (where applicable) its associated companies
"Independent Director"	:	The independent director of the Company
"Interested Person"	:	A director, chief executive officer or controlling shareholder of the Company, or an associate of any such director, chief executive officer or controlling shareholder
"Interested Person Transactions" or "IPTs"	:	All interested person transactions (within the meaning of Chapter 9 of the Catalist Rules) entered or to be entered between the Group with Interested Persons, including the Mandated Transactions, and "**Interested Person Transaction**" shall be construed accordingly
"IPT General Mandate	:	general mandate to be given by Shareholders pursuant to Chapter 9 of the Catalist Rules to authorise the Entity at Risk to enter into the Mandated Transactions with the Mandated Interested Person
"Latest Practicable Date"	:	14 May 2021 being the latest practicable date prior to the issue of this Appendix
"Mainboard"	:	The Mainboard of the SGX-ST
"Mandated Interested Person"	:	ASTI Group
"Mandated Transactions"	:	Interested Person Transactions conducted under the Proposed Renewal of the IPT General Mandate as set out in Section 2.5 of this Appendix
"Notice of AGM"	:	The notice of the AGM which is set out on pages [.] to [.] of the Annual Report 2020
"NTA"	:	Net tangible asset
"Proposed Disposal"	:	The proposed sale of Company's wholly-owned subsidiaries, Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn. Bhd., Yumei REIT Sdn. Bhd. and Pioneer Venture Pte. Ltd. to ASTI
"Proposed Renewal of the IPT General Mandate"	:	A renewal of the general mandate to be given by Shareholders pursuant to Chapter 9 of the Catalist Rules to authorise the Entity at Risk to enter into the Mandated Transactions with the Mandated Interested Person
"Relevant ASTI Staff"	:	Has the meaning as ascribed under Section 2.7(i) of this Appendix
"Relevant Directors"	:	The Directors who are considered to be independent for the purpose of making the recommendations to Shareholders in respect of the Proposed Renewal of the IPT General Mandate, being Dr. Kenneth Yu Keung Yum and Mr. Steven Shen Hing
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
"SGX RegCo"	:	Refers to Singapore Exchange Regulation
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
"subsidiaries"	:	Has the meaning ascribed to it in the Companies Act
"Substantial Shareholder"	:	A Shareholder whose interests in the Company's issued share capital are equal to or more than 5 per cent. (5%)

In this Circular, the following definitions apply throughout unless otherwise stated:

The term "**Depositor**" and "**Depository Agent**" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the said Act.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Circular is a reference to Singapore time.

ADVANCED SYSTEMS AUTOMATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198600740M)

Directors :

Mr. Seah Chong Hoe (Executive Director and Chief Executive Officer)
Dato' Sri Mohd Sopiyan B Mohd Rashdi (Independent Director and Non-Executive Chairman)
Dr. Kenneth Yu Keung Yum (Independent Director)
Mr. Steven Shen Hing (Independent Director)

Registered Office :

Block 25 Kallang Avenue #06-01
Kallang Basin Industrial Estate
Singapore 339416

15 May 2021

To the Shareholders of Advanced Systems Automation Limited

Dear Sir / Madam,

PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS GENERAL MANDATE

1. INTRODUCTION

We refer to the Notice of AGM of Advanced Systems Automation Limited, convening the AGM of the Company to be held on 31 May 2021 at 10.00 a.m.

The purpose of this Appendix, circulated together with the Annual Report 2020, is to provide Shareholders with information relating to, and to seek the approval of Shareholders in respect of Resolution No. 8 for the Proposed Renewal of the IPT General Mandate.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Introduction

At an EGM held on 19 February 2021, Shareholders approved the IPT General Mandate. The IPT General Mandate was expressed to be in force until the conclusion of the next AGM of the Company which is scheduled to be held on 31 May 2021. Accordingly, the Directors propose that the IPT General Mandate be renewed at the forthcoming AGM and (unless revoked or varied by the Company in general meeting) to continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next and each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to transactions with the Mandated Interested Persons (as defined herein).

2.2 Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

Under Chapter 9 of the Catalist Rules, where there is a transaction between an interested person and an entity at risk, and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the same financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited NTA, unless the transaction is excluded as described below, the listed company is required under Rule 905 of the Catalist Rules to make an immediate announcement for an interested person transaction of a value equal to, or exceeding:

(a) 3% of the listed company's latest audited consolidated NTA; or

(b) 3% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Catalist Rules) during the same financial year.

The listed company is also required under Rule 906 of the Catalist Rules to make an immediate announcement and seek its shareholder's approval for an interested person transaction of a value equal to, or exceeding:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Listing Manual) during the same financial year.

These requirements do not apply to transactions that are below S$100,000 in value or certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 pursuant to Rules 905(3) and 906(2) of the Catalist Rules.

For the purposes of Chapter 9 of the Catalist Rules:

(a) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or on an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;

(c) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/ his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.

(d) an "**approved exchange**" means a stock exchange that has rules which safeguard the interest of shareholders against IPTs according to similar principles as Chapter 9;

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

(f) a "**transaction**" includes the provision or receipt of financial assistance the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly

Rule 920 of the Catalist Rules permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is also subject to annual renewal.

Based on the latest audited consolidated financial statements of the Group for FY2020, the audited NTA of the Group was negative S$2.0 million. As the Group's audited NTA as at 31 December 2020 is negative, it is not meaningful to adopt the NTA as the basis to compute the materiality thresholds in relation to Rules 905 and 906 of the Catalist Rules. The Company had on 19 February 2021 sought a IPT General Mandate from Shareholders for the Company to enter into the Mandated Transactions with the Mandated Interested Person set out in Sections 2.4 and 2.5 below, provided that such transactions will be carried out on normal commercial terms, and will not be prejudicial to the respectively interest of the Company and its minority Shareholders. As the Company intends to continue transacting with the Mandated Interested Person in respect of the Mandated Transactions, the Company is seeking the Proposed Renewal of the IPT General Mandate to ensure that it remains in compliance with the requirements of Chapter 9 of the Catalist Rules.

2.3 Rationale for and benefit of the IPT General Mandate

It is envisaged that the Group will in its ordinary course of business, continue to transact with the Mandated Interested Person in respect of the Mandated Transactions. These transactions, i.e. ASTI Corporate Support Services are necessary for the Group's day-to day operations and it allows the Group to outsource non-core business activities and to leverage and benefit from the economies of scale already enjoyed by ASTI through the centralization of all ASTI Corporate Support Services for ASTI's other subsidiaries and associates. This not only enables the Group to enjoy operational and financial leverage in its dealings with third parties, to operate smoothly and to comply with the relevant requirements of the Catalist Rules and applicable laws.

The Proposed Renewal of IPT Mandate, if approved by the Shareholders, will give the Group flexibility to enter into transactions with Mandated Interested Persons set out in Section 2.5 of this Appendix in the ordinary course of the Group's business without the need to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Group into such interested person transactions that exceeds the thresholds pursuant to Rule 905 and 906 of the Catalist Rules. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an ad-hoc basis, will improve administrative efficacy considerably, and will allow manpower resources and time to be channelled towards attaining other business objectives available to the Group.

As announced on 11 March 2021, the Company intends to dispose its wholly-owned subsidiaries, Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn. Bhd., Yumei REIT Sdn. Bhd. and Pioneer Venture Pte. Ltd. to ASTI. Upon completion of the Proposed Disposal, the Company will cease to hold any operating business and the Company will become a cash company as defined under Rule 1017 of the Catalist Rules. Notwithstanding the Proposed Disposal, the Company will continue to utilise ASTI Corporate Support Services for the Company to operate smoothly and to comply with the regulatory reporting requirements and financial reporting pursuant to the Catalist Rules and applicable laws. However, the usage of ASTI Corporate Support Services will be minimal and the determination of the ASTI Corporate Support Services Payments will be in accordance to the guidelines and review procedures as set out in Section 2.7 of this Appendix.

2.4 Classes of interested persons under the IPT General Mandate

The IPT General Mandate will apply to the Mandated Transaction (as described in Section 2.5 of this Appendix) which are carried out between any entity in the Group with ASTI and its subsidiaries. ("**Mandated Interested Person**").

ASTI is a public company incorporated in Singapore on 27 March 1999 and is listed on the Mainboard of the SGX-ST. The principal activities of ASTI are investment holdings and acting as corporate manager and advisor in connection with the administration and organization of the businesses of its subsidiary companies. ASTI Group provides tape & reel packaging services and integrated circuit programming services to renowned original equipment manufacturers, contract manufacturers and component distributors globally. ASTI has been a controlling shareholder of the Company since 2006. As at the Latest Practicable Date, ASTI owns 5,800,791,930 Shares, representing approximately 25.98% of the total issued share capital of the Company.

As ASTI is considered to be a controlling shareholder of the Company, all transactions entered into between the Group and ASTI Group will each constitute an Interested Person Transaction.

2.5 Nature and scope of the Mandated Transactions with ASTI

The Mandated Transactions conducted under the Proposed Renewal of the IPT General Mandate are ASTI Corporate Support Services and it mainly comprise of back-room and administrative support, which includes the following: -

(i) book-keeping, accounting and finance services including managing existing and fresh bank financing and credit facilities as well as consultation on external audit and tax matters,

(ii) IT accounting software, emails and data servers, IT support and website maintenance;

(iii) routine legal matters for operational, compliance and administrative functions;

(iv) consultation on and assistance in business development areas including in relation to the acquisition of new product agencies and technologies, seeking out technology and potential joint venture partners and in carrying out feasibility studies in connection with proposed new investments and joint ventures;

(v) corporate planning work for the advancement of the Group;

(vi) provision of human resource, including training and recruitment, administrative and management of information systems support;

(vii) provision of corporate affairs and communication support;

(viii) provision of patent administration and maintenance;

(ix) secretarial and registration and other related services; and

(x) obtaining information and liaising with the relevant authorities on any relevant government grants, or awards which shall include assisting in the applications.

For the avoidance of doubt, there will be no sale or purchase of assets, undertakings or businesses covered under the scope of the IPT General Mandate. All transactions that do not fall within the ambit of the IPT General Mandate (including any renewal thereof) will be subject to the requirements of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

2.6 Expiry and Renewal of the IPT General Mandate

The renewed IPT Mandate will take effect from the passing of the Ordinary Resolution relating to the Proposed Renewal of IPT General Mandate at the AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier. Approval from the Shareholders will be sought for the renewal of the IPT General Mandate at the next AGM and at each subsequent AGM or the date by which the next AGM of the Company is required by law to be held, subject to satisfactory review by the Audit Committee of the Company of its continued relevance and application to the transactions with the Mandated Interested Persons.

2.7 Guidelines and Review Procedures

Having regard to the nature of the IPTs and the criteria in establishing the review procedures which are to ensure that such review procedures are adequate and/or commercially practicable in ensuring that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders, the guiding principle is that all IPTs with Interested Persons shall be conducted in accordance with the Group's usual business practices and pricing policies, consistent with the usual profit margins, prices, fees or rates extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms of the IPTs are (a) not more favourable to the Interested Persons compared to those extended to unrelated third parties, or (b) not less favourable to the Group than the terms offered by unrelated third parties.

The Group will establish the following review procedures for the ASTI Corporate Support Services:

(i) the Group will obtain from ASTI, on a quarterly basis, the details of all the staff in the relevant departments of ASTI (the "**Relevant ASTI Staff**") who had provided services to the Group during the quarter pursuant to the Corporate Support Services Agreement. Such details will include the following:

   a. the name of the Relevant ASTI Staff;

   b. the monthly remuneration (including but not limited to salary, bonus and employer CPF contribution) of the Relevant ASTI Staff;

(ii) the resultant estimated costs incurred by the ASTI Group for the provision of the ASTI Corporate Support Services to the Group (the "**Estimated ASTI Costs**") which shall be determined on a pro-rated basis taking into consideration, *inter alia*, the remuneration and estimated percentage of time spent by the Relevant ASTI Staff assigned to perform the services to the Group for that quarter;

(iii) an Executive Director or Chief Executive Officer of the Company (or an officer of equivalent rank as designated by the Audit Committee), who shall not have any direct or indirect interest in the ASTI Corporate Support Services, will review and endorse the Estimated ASTI Costs at the end of each quarter. In the event that the Group is of the view that the Estimated ASTI Costs for a particular quarter may not be accurate or are estimated to be lower than the ASTI Corporate Support Services Payments of S$150,000 for that particular quarter (on the basis that the ASTI Corporate Support Services Payments are capped at S$600,000 per annum), the Group will inform the ASTI Group and record the ASTI Corporate Support Services Payments based on a mutually-agreed Estimated ASTI Costs for that quarter based on, *inter alia,* the estimated time spent by the Relevant ASTI Staff; and

(iv) the finance department of the Company will, on an annual basis, tabulate the aggregate quarterly Estimated ASTI Costs (collectively, the "**Aggregate Costs**"). In the event that the Aggregate Costs are lower than S$600,000, the Group will seek a refund of the shortfall from the ASTI Group and/or re-negotiate with the ASTI Group on the ASTI Corporate Support Services Payments stipulated in the ASTI Corporate Support Services Agreement, taking into consideration relevant factors including, but not limited to, the on-going requirements of the Group for the Relevant ASTI Staff, the estimated percentage of time spent by the Relevant ASTI Staff, the efficiency, expertise and familiarity of the work processes of the Relevant ASTI Staff, and additional staff costs to be incurred by the Group if it were to hire its own permanent staff and any other related costs. Should the Aggregate Costs fall below S$600,000 per annum, the ASTI Corporate Support Service Payments will be rounded down to the nearest multiple of S$50,000.

In addition to the above, the Company will implement additional guidelines and review procedures as set out in sections 2.8 to 2.10 of this Appendix to ensure that the ASTI Corporate Support Services are undertaken on an arm's length basis and on normal commercial terms.

2.8 Approval and Review Threshold Limit

In addition to and as part of the guidelines and review procedures set out in section 2.7, all future IPTs (of transactions with a value, whether considered individually or upon aggregation in accordance with Rules 905(5) and 906(4) of the Catalist Rules, equal to or exceeding S$100,000) where the value is equal to or exceeds three per cent (3%) of the Group's audited NTA (based on the latest audited consolidated accounts) or the Company's market capitalisation as at the most recently completed financial year end (as the case may be) shall require the prior review and approval of the Board. Furthermore, if the NTA continues to be negative, the Company will consult the SGX-ST on the appropriate benchmark to use to calculate the threshold pursuant to Rule 905(4) and 906(3) of the Catalist Rules.

The approval threshold set out above is adopted by the Company after taking into account, *inter alia*, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limit is arrived at with the view to strike a balance between (a) maximising the operational efficiency for the day-to-day business operations of the Group; and (b) maintaining adequate internal controls and governance in relation to the IPTs with the Interested Persons. The approval threshold acts as an additional safeguard to supplement the review procedures which will be implemented by the Company for IPTs with the Interested Persons.

2.9 Additional review procedures for Interested Person Transactions

2.9.1 Maintenance of list of Interested Persons

The finance department of the Company will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes that the Company is aware of) to enable identification of the Interested Persons. The list of Interested Persons will be reviewed at least on a quarterly basis by the Audit Committee or for such period as determined by them. The list of Interested Persons will be disseminated to the relevant management and finance staff of the Group, along with the relevant instructions and/or memorandum to inform the relevant management and staff of the Group to update the finance department of the Company of any IPTs, for the purposes of entering into the IPTs.

2.9.2 Register of IPTs

The finance department of the Company will monitor the IPTs of the Group on an on-going basis or at least on a quarterly basis and match the counterparty name against the list of Interested Person to identify IPTs. The finance department will then prepare and maintain an interested person transaction register to record all IPTs (including the ASTI Corporate Support Services and any IPTs which are below S$100,000 in value) (the "IPT Register"). The IPT Register will include details on the identity of the Interested Persons, the quantum of the IPTs, the nature and scope of the IPTs, the basis and rationale for entry into the IPTs (including the ASTI Corporate Support Services), other supporting evidence obtained to support the transactions and the approving authority.

2.9.3 Periodic reviews by Audit Committee

The Audit Committee will, at least on a quarterly basis, review the IPT Register to ensure that the IPTs (including the ASTI Corporate Support Services) have been conducted in accordance with the established review procedures. Such review includes the examination of the IPTs (including the ASTI Corporate Support Services), the review procedures (including the review procedures under the IPT General Mandate) and the supporting documents of the IPTs (including the ASTI Corporate Support Services) or such other information deemed necessary by the Audit Committee.

If, during the periodic review by the Audit Committee, the Audit Committee is of the view that the established review procedures are not adequate and/or commercially practicable to ensure that the IPTs (including the ASTI Corporate Support Services) will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will (in consultation with the Directors) modify and/or adopt such new review procedures as may be appropriate and the Company will seek a fresh mandate from its minority Shareholders based on the new review procedures to ensure that future transactions of a similar nature will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. All new IPTs will be reviewed and approved by the Audit Committee prior to entry while a fresh mandate is being sought from the Shareholders. The Audit Committee has the right, when it deems fit, to require the appointment of independent sources or advisers from external or professional sources to provide additional information or review of the internal controls pertaining to the IPTs (including the ASTI Corporate Support Services).

For the purposes of the review process, if a member of the Audit Committee has an interest in the IPTs to be reviewed by the Audit Committee, he shall disclose his interest and will abstain from reviewing and approving that transaction. For example, where two members of the Audit Committee have an interest each in an IPT to be reviewed by the Audit Committee, the review of that IPT will be undertaken by the remaining member(s) of the Audit Committee.

2.10 Annual reviews by internal auditor and the Group

The internal auditor of the Group will, on an annual basis, conduct a review of the IPTs (including the ASTI Corporate Support Services), which will include, amongst others, the adherence with the review procedures for the monitoring of the IPTs (including the ASTI Corporate Support Services and the adequacy of the review procedures under the IPT General Mandate). The Audit Committee shall review the findings in the internal audit report to ensure that, *inter alia*, the IPTs (including ASTI Corporate Support Services) have been conducted in accordance with the review procedures and that the relevant approvals have been obtained.

In addition, the Group will undertake, on an annual basis, a review of the internal procedures to ensure that all relevant management and finance staff of the Group are fully informed of and familiar with the nature and classification of interested person transactions, as well as the compliance and disclosure obligations under the Catalist Rules and relevant laws and regulations.

The Company currently has an IPT policy in place, which contains all the procedures and protocols the management and staff of the Company should follow in relation to IPTs. This IPT policy has been circulated the management and staff of the Company.

2.11 Periodic disclosures

The finance department of the Company will monitor, on an on-going basis or at least on a quarterly basis, the aggregate quantum of the "amount at risk" to the Group pursuant to Chapter 9 of the Catalist Rules which arise from entering into the IPTs (including the ASTI Corporate Support Services) to ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing Catalist Rules, legislation and accounting standards, will be complied with.

Pursuant to Chapter 9 of the Catalist Rules, the Company will disclose the aggregate value of the IPTs (including the ASTI Corporate Support Services) in its financial statements and/or annual reports in accordance with the format as set out in Rule 907 of the Catalist Rules.

2.12 Abstention

For the purposes of the above review process, a Director who is not considered independent in respect of the IPTs (including the ASTI Corporate Support Services) shall abstain from voting on any relevant board resolution and/or abstain from participating in the decision by the Audit Committee and/or the Board (as the case may be) during their review of the review procedures or during their review or approval of any interested person transactions.

2.13 Disclosure to Shareholders of the IPTs

In accordance with Rule 920(1)(a) of the Catalist Rules, the Company will disclose in its annual report the aggregate value of the IPTs conducted pursuant to the IPT General Mandate during the FY under review (as well as in the Company's annual reports for subsequent FYs that the IPT General Mandate continues to be in force). In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT General Mandate for the financial periods which the Company is required to report on (pursuant to Rule 705 of the Catalist Rules) within the time required for the announcement of such report. These disclosures will be in the format set out in Rule 907 of the Catalist Rules, as shown below, which includes the disclosure of all other IPTs carried out during the relevant financial periods and FY under review as well.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Catalist Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Catalist Rule 920 (excluding transactions less than S$100,000)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Interests in Shares

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	**%** [(1)]	**No. of Shares**	**%** [(1)]	**No. of Shares**	**%** [(1)]
Directors						
Dato' Sri Mohd Sopiyan B Mohd Rashdi	-	-	-	-	-	-
Dr. Kenneth Yu Keung Yum	-	-	-	-	-	-
Mr. Steven Shen Hing	-	-	-	-	-	-
Seah Chong Hoe	6,500,000,000	29.12	-	-	6,500,000,000	29.12
Substantial Shareholder (other than Directors)						
Dato' Michael Loh Soon Gnee	4,444,444,444	19.91	-	-	4,444,444,444	19.91
ASTI	5,800,791,930	25.98	-	-	5,800,791,930	25.98

Note:

(1) Based on the share capital at the Latest Practicable Date.

Save as disclosed above and:

(a) the fact that Dato' Loh, who is the former Executive Chairman and former Chief Executive Officer up until 7 April 2020 and Controlling Shareholder , is a controlling shareholder, director and executive chairman of ASTI;

(b) the fact that Dato' Sri Mohd Sopiyan B Mohd Rashdi, who is an Independent Director of, is also an independent director of ASTI; and

(c) the shareholdings of the Directors, Controlling Shareholders and Substantial Shareholders in the Company (if any),

none of the Directors, Controlling Shareholders or Substantial Shareholders , or their respective Associates, has any interest, direct or indirect, in the Proposed Resolution.

4. ABSTENTION FROM VOTING

ASTI, Dato' Loh and their respective Associates will abstain from voting on Resolution No. 8 in respect of their shareholdings in the Company, and will not accept nominations as proxy or otherwise for voting at the AGM in relation to the said resolution for other Shareholders, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the AGM.

5. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:

(i) the methods or procedures for determining the ASTI Corporate Services Payments as described in Section 2.7 of this Appendix have not changed since the last Shareholders' approval were obtained at the EGM held on 19 February 2021; and

(ii) the methods or procedures for determining the ASTI Corporate Services Payments as described in Section 2.7 of this Appendix are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders.

If during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated in Section 2.7 of the Appendix have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the ASA Group are conducted, the Company will proceed to seek Shareholders' approval for a fresh mandate based on new guidelines and review procedures to ensure that such IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6. RECOMMENDATION BY THE RELEVANT DIRECTORS

Having fully considered, *inter alia*, the scope, guidelines and review procedures, the rationale for and benefits of the IPT General Mandate, the Relevant Directors are of the opinion that the Proposed Renewal of the IPT General Mandate is in the best interests of the Company.

Accordingly, the Relevant Directors recommend that the minority Shareholders vote in favour of the ordinary resolution relating to the Proposed Renewal of the IPT General Mandate set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be allowed to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings via live webcast (b) submission of proxy form to vote and/or (c) submitting of questions prior to the AGM. Please refer to the Notice of AGM for these alternative arrangements.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of the IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from, published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Block 25 Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416, during normal business hours from the date of this Appendix up to the date of the AGM:

(a) the Constitution of the Company;

(b) the annual report of the Company for FY2020.

Yours faithfully
For and behalf of the Board of Directors of
ADVANCED SYSTEMS AUTOMATION LIMITED

Dato' Sri Mohd Sopiyan B Mohd Rashdi
Chairman

APPENDIX 4

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2020

STATISTICS OF SHAREHOLDINGS

STATISTICS OF SHAREHOLDINGS

As at 30 April 2021

Number of Equity Securities	:	22,324,126,058
Class of Equity Securities	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

The Company does not have any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	99	705	10.17	44,534	0.00
100	-	1000	1,980	28.57	800,941	0.00
1,001	-	10,000	1,901	27.43	7,885,308	0.04
10,001	-	1,000,000	1,860	26.84	394,705,609	1.75
1,000,001		and above	484	6.99	21,923,689,666	98.21
Total			**6,930**	**100.00**	**22,324,126,058**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/No	Name of Shareholders	No. of Shares	%
1.	ASTI HOLDINGS LIMITED	5,800,791,930	25.98
2.	LOH SOON GNEE	4,444,444,444	19.91
3.	SEAH CHONG HOE	3,500,000,000	15.68
4.	UOB KAY HIAN PRIVATE LIMITED	3,275,567,106	14.67
5.	TAN ENG CHUA EDWIN	379,116,100	1.70
6.	PHILLIP SECURITIES PTE LTD	335,463,589	1.50
7.	OCBC SECURITIES PRIVATE LIMITED	171,153,052	0.77
8.	CITIBANK NOMINEES SINGAPORE PTE LTD	156,565,963	0.70
9.	ONG HEAN KOOI	136,120,067	0.61
10.	DBS NOMINEES PTE LTD	115,537,416	0.52
11.	FOO SECK HUAT	95,000,000	0.43
12.	RAFFLES NOMINEES (PTE.) LIMITED	91,632,784	0.41
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	85,733,620	0.38
14.	TEO YONG PING (ZHANG RONGBIN)	80,000,000	0.36
15.	WONG HAN YEW	79,400,000	0.36
16.	LIM SOK PECK OR NG HAN KEOW	73,000,000	0.33
17.	NG HAN KEOW	73,000,000	0.33
18.	TAN CHIP SIN	69,656,300	0.31
19.	LIM & TAN SECURITIES PTE LTD	64,328,465	0.29
20.	TAN SZE SENG	61,535,433	0.28
	Total	**19,088,046,269**	**85.52**

Based on the information available to the Company as at 30 April 2021, approximately 24.99% of the total number of issued ordinary shares of the Company is held by the public. Therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%	Total Interest	Total %
Seah Chong Hoe[(1)]	6,500,000,000	29.12	-	-	6,500,000,000	29.12
ASTI Holdings Limited	5,800,791,930	25.98	-	-	5,800,791,930	25.98
Dato' Michael Loh Soon Gnee	4,444,444,444	19.91	-	-	4,444,444,444	19.91

Note:

(1) Mr Seah Chong Hoe holds a direct interest of 6,500,000,000 shares, of which 3,000,000,000 shares are held in his nominee account with UOB Kay Hian Private Limited.

APPENDIX 5

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2020

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

ADVANCED SYSTEMS AUTOMATION LIMITED
(Company Registration No. 198600740M)
(Incorporated in the Republic of Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Thirty-Fifth Annual General Meeting of Advanced Systems Automation Limited (the "**Company**") will be held by electronic means on **Monday, 31 May 2021 at 10.00 a.m.** (of which there will be a live webcast) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Seah Chong Hoe who is retiring pursuant to Regulation 88 of the Constitution of the Company.

   [See Explanatory Note (i)] **(Resolution 2)**

3. To note the retirement of Dr Kenneth Yu Keung Yum, a director who is retiring pursuant to Regulation 89 of the Constitution of the Company and will not be seeking for re-election. Upon the retirement of Dr Kenneth Yu Keung Yum, he will be relinquishing his position as an Independent Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee.

4. Pursuant to Rule 406(3)(d)(iii) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") which will take effect from 1 January 2022, Shareholders to approve the continued appointment of Dato' Sri Mohd Sopiyan B Mohd Rashdi as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third Annual General Meeting from the aforesaid approval.

   [See Explanatory Note (ii)] **(Resolution 3)**

5. Contingent upon the passing of Ordinary Resolution 3 and pursuant to Rule 406(3)(d)(iii) of the Catalist Rules of the SGX-ST which takes effect from 1 January 2022, Shareholders, excluding the directors, the chief executive officer and their associates, to approve the continued appointment of Dato' Sri Mohd Sopiyan B Mohd Rashdi as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval.

   [See Explanatory Note (ii)] **(Resolution 4)**

6. To approve the payment of Directors' fees of S$146,876 for the year ended 31 December 2020 (2019: S$124,986). **(Resolution 5)**

7. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. **AUTHORITY TO ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 while this Resolution was in force.

PROVIDED ALWAYS THAT:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant instrument), does not exceed 100 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings, as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant instrument) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings, as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Share that may be issued under sub-paragraph (1) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Share (excluding treasury shares and subsidiary holdings) in the capital of the Company at the date of the passing of this Resolution, after adjusting for:

    (a) new share arising from the conversion or exercise of any convertible securities or Share option or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed, provided the share options were granted in compliance with Part VIII of Chapter 8 of the Catalist Rule; and

    (b) any subsequent bonus issue, consolidation or subdivision of Share;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rule for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of Share to be issued in pursuance of the Instruments, or made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)] **(Resolution 7)**

10. **PROPOSED RENEWAL OF IPT GENERAL MANDATE WITH ASTI GROUP**

(a) That approval be and is hereby given for the purpose of Chapter 9 of the Catalist Rules, for the Company and its subsidiaries and associated companies, or any of them, to enter into the Mandated Transactions (as defined in Appendix 3 to the Annual Report) with ASTI Holdings Limited, its subsidiaries and associated companies ("**ASTI Group**"), provided that such transactions are entered into in accordance with the Review Procedures for ASTI Corporate Support Services as set out in the aforesaid Appendix 3, and that such approval (the "**IPT General Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company; and

(b) That the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT General Mandate and/or this Resolution.

(c) The Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the review procedures and/or modify or implement such review procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules, which may be prescribed by the SGX-ST from time to time.

[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Theng Searn Por
Company Secretary
Singapore, 15 May 2021

EXPLANATORY NOTES

(i) Mr Seah Chong Hoe will, upon re-election as a director of the Company and remain as the Chief Executive Officer and Executive Director of the Company.

(ii) Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules of the SGX-ST which will take effect from 1 January 2022, Dato' Sri Mohd Sopiyan B Mohd Rashdi, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates. The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) by all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates prior to 1 January 2022 as required for his continued appointment as an Independent Director. Ordinary Resolutions 3 and 4, if passed, will enable Dato' Sri Mohd Sopiyan B Mohd Rashdi to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 406(3)(d)(iii) of the Catalist Rules of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018 and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Resolution 3 is conditional upon Resolution 4 being duly approved, else the aforesaid director will be designated as Non-Independent Director with effect from 1 January 2022.

(iii) The Ordinary Resolution 7 in item 9 above, if passed, will empower the Directors of the Company, and will be 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 revoked by the Company in general meeting, whichever is the earlier, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, as follows:

(a) in any pro-rata issue of Shares, up to a number not exceeding, in total, 100 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings); and

(b) in any issue of Shares other than on a pro-rata basis, up to a number not exceeding 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of shares that may be issued, the percentage 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 date this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue*,* consolidation or subdivision of Shares.

(iv) The Ordinary Resolution 8 in item 10 above, if passed, will renew the IPT General Mandate first approved by the shareholders of the Company on 24 October 2018 to facilitate the Company, its subsidiaries and associated companies to enter into the Mandated Transactions with ASTI Group, the details of which are set out in Appendix 3 to the Annual Report. The IPT General Mandate will 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 is required by law to be held or when varied or revoked by the Company at a general meeting.

Measures to Minimize Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")

On 3 April 2020, the Singapore Government announced the implementation of "circuit breaker" measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19. The COVID-19 (Temporary Measures) Act 2020 (the "Temporary Measures Act") was passed by Parliament on 7 April 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 (the "Meetings Orders") was issued by the Minister for Law on 13 April 2020 which provide, among others, legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The Meeting Orders have been extended from 30 September 2020 to 30 June 2021 and amendments to the Temporary Measures Act come into force on 29 September 2020. A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020 and 1 October 2020, by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the period when elevated safe distancing measures are in place.

In light of the above developments, the Company is arranging for a live webcast of the Annual General Meeting proceedings (the "**Live AGM Webcast**") which will take place on **31 May 2021 at 10.00 a.m.** ("**AGM**"). **Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.**

Shareholders will be able to participate in the AGM in following manner set out in the paragraphs below.

Live Webcast:

1. Shareholders may watch the AGM proceedings through the Live AGM Webcast. To do so, shareholders will need to register at https://conveneagm.com/sg/asa (the "**Registration Link**") **by 10.00 a.m. on 28 May 2021** (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated shareholders will receive an email by **5.00 p.m. on 29 May 2021** which will allow them to access the Live AGM Webcast, using the account created during the registration, via the live audio-visual webcast and via the live audio only broadcast of the AGM proceedings on **31 May 2021**.

3. Shareholders must not forward the abovementioned details and/or links to other persons who are not Shareholders of the Company and who are not to attend the AGM. This is also to avoid any technical disruptions or overload to the live audio-visual webcast and the live audio only broadcast of the AGM proceedings.

4. Shareholders who register by the Registration Deadline but do not receive an email response by **5.00 p.m. on 29 May 2021** may contact the Company by email to agm2021@asa.com.sg with the full name of the shareholder and his/her identification number.

Submission of Proxy Forms to Vote:

1. Shareholders will not be able to vote online through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.

2. Shareholders (whether individual or corporate) appointing Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a shareholder of the Company.

4. The instrument appointing a proxy or proxies, duly completed and signed, must be deposited/submitted:

   (a) by mail to **ADVANCED SYSTEMS AUTOMATION LIMITED, 25 Kallang Avenue #06-01, Singapore 339416; or**
   (b) by email to agm2021@asa.com.sg ,

   by no later than 10.00 a.m. on 28 May 2021, being 72 hours before the time fixed for the AGM.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes **at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 20 May 2021)** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

Submission of Questions:

1. **Please note that shareholders will not be able to ask questions at the AGM during the Live AGM Webcast of the Live AGM Audio Feed, and therefore it is important for shareholders to pre-register their participation in order to be able to submit theirs questions in advance of the AGM.**

2. Shareholders may submit questions relating to the items on the agenda of the AGM by:

   (a) digital submission at https://conveneagm.com/sg/asa; or

   (b) email to agm2021@asa.com.sg When submitting the questions, please provide the Company with the following details, for verification purpose:

      (i) Full name (Company name for corporate);
      (ii) Current address;
      (iii) Number of shares held; and
      (iv) The manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS)

   (c) mailed to the Company at **ADVANCED SYSTEMS AUTOMATION LIMITED, 25 Kallang Avenue #06-01, Singapore 339416**

3. The Company will endeavour to address the substantial and relevant questions at or before the AGM. The responses to such questions from shareholders will be posted on the SGXNet and the Company's website 3 business days before the AGM, or if answered during the AGM, to be included in the minutes of the AGM, which will be uploaded within one month after the date of the AGM.

4. All questions must be submitted by **10.00 a.m. on 21 May 2021**.

Miscellaneous:

1. The Circular and its accompanying Proxy Form has also been made available on SGXNet.

2. Please note that all documents relating to the business of the AGM will be published on SGXNET and will be published together with the Notice of AGM.

Request for Annual Report for FY2020:

There will not be any printed copy of Annual Report for FY2020. In this regard, the Annual Report for FY2020 have been made available for download from Company's corporate website at https://www.asa.com.sg/PDF/AR2020_ASA.pdf. The Annual Report for FY2020 have also been made available on SGXNet.

Others

Please note that all documents relating to the business of the AGM will be published on SGXNET and will be published together with the Notice of AGM.

Personal data privacy:

By (a) submitting a form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the Live AGM Webcast or the Live AGM Audio Feed, or (c) submitting any question prior to the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").*

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

The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

APPENDIX 6

ADVANCED SYSTEMS AUTOMATION LIMITED | ANNUAL REPORT 2020

PROXY FORM

ADVANCED SYSTEMS AUTOMATION LIMITED
(Company Registration No. 198600740M)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to the attendance at the AGM via electronic means are set out in the Notice of AGM dated 15 May 2021.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.
4. A relevant intermediary may appoint more than two proxies to attend the Meeting and vote (please see Note 4 for the definition of "relevant intermediary").

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, ______________________ (Name) ______________________ (NRIC/Passport No.)

of ______________________ (Address)

being a member/members of Advanced Systems Automation Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on **Monday, 31 May 2021 at 10.00 a.m.** and at any adjournment thereof.

*I/We direct the Chairman of the Meeting to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate. If you mark "Abstain", you are directing your proxy not to vote.)

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Re-election of Mr Seah Chong Hoe as a Director of the Company			
3	Shareholder's approval on the continued appointment of Dato' Mohd Sopiyan B Mohd Rashdi as an Independent Director			
4	Approval of Dato' Sri Mohd Sopiyan B Mohd Rashdi's continued appointment as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates)			
5	Approval of Directors' fees amounting to S$146,876			
6	Re-appointment of Messrs Ernst & Young LLP as the Auditors of the Company and authority for Directors to fix their remuneration			
7	Authority for Directors to allot and issue shares in the capital of the Company			
8	Proposed Renewal of IPT General Mandate with the ASTI Group			

Note: Voting will be conducted by poll.

Dated this ______ day of ______________ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)/ Common Seal of Corporate Shareholder
**Delete where inapplicable*

Important: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy shall be deemed to relate to all the Shares held by you.

2. **Due to current Covid-19 situation and the Company's effort to minimise physical interactions and Covid-19 transmission risk to minimum, the AGM will be held by way of electronic means and members will NOT be able to attend the AGM in person. A member (whether individual or corporate) will also not be able to vote "live" on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM**.

3. The instrument appointing the Chairman of the Meeting as a proxy must be deposited at **25 Kallang Avenue #06-01, Singapore 339416,** or by email to the Company's Share Registrar at agm2021@asa.com.sg not less than seventy-two (72) hours before the time appointed for the Meeting (i.e. by **10.00 a.m. on 28 May 2021**). **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit the completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

4. The instrument appointing the Chairman of the Meeting as a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

5. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes **at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 20 May 2021)** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore, and who holds shares in that capacity; or

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By attending the 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 dated 15 May 2021.

General:

The Company shall be entitled to reject the instrument appointing a proxy 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 instrument appointing a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

ADVANCED SYSTEMS AUTOMATION LIMITED

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Singapore 339416
Tel : (65) 6309 5500
Fax : (65) 6292 2067
Website : www.asa.com.sg
(Co. Reg. No. 198600740M)