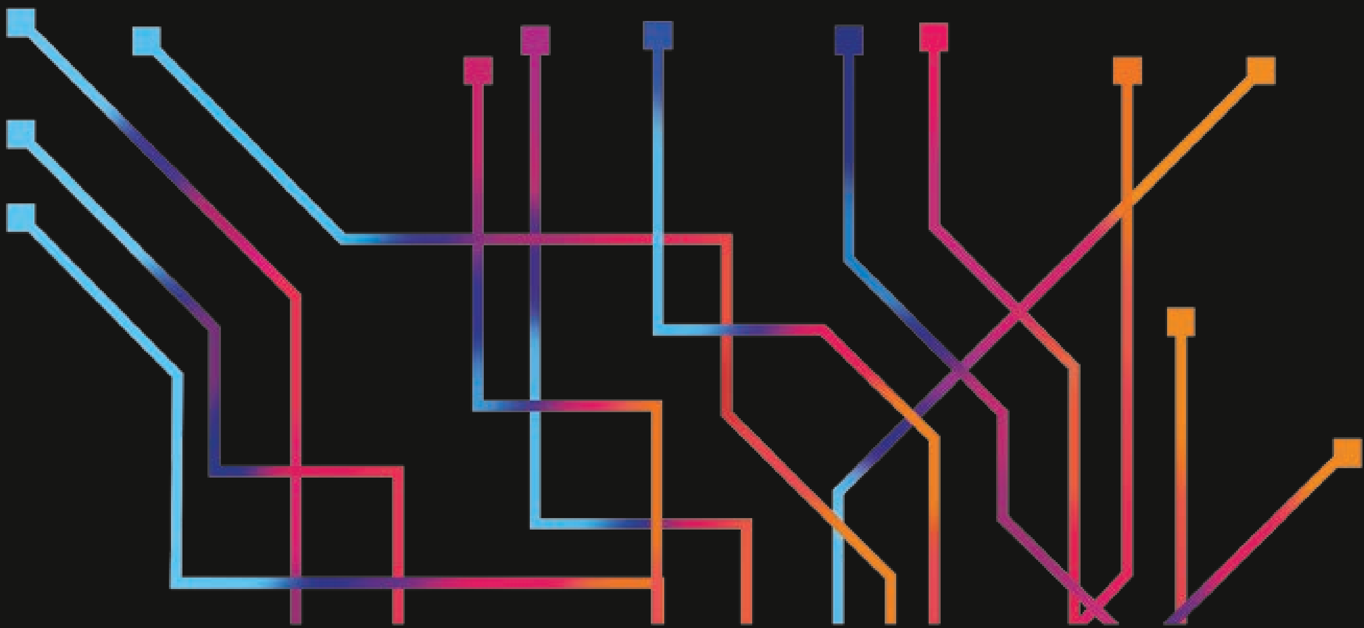


# CONSOLIDATION

ANNUAL REPORT 2020

ASTI HOLDINGS LIMITED

# Contents

# About ASTI

Listed on the mainboard of the Singapore Exchange, ASTI Holdings Limited (“ASTI” or “the Group”) owns one of the largest Semiconductor Manufacturing Service in the world. The Group provides Tape & Reel packaging services and Integrated Circuit Programming Services to renowned Original Equipment Manufacturers, contract manufacturers and component distributors globally.

Globally, ASTI has 2 research and development centres and 8 factories. Our operations are located in Southeast Asia, Greater China, the United States of America and the United Kingdom.

Our extensive geographical network provides distribution services across many countries in Asia. The ASTI Group of companies has the ability to offer a suite of integrated and synergistic solutions to our customers.

ASTI holds a controlling equity interests in Dragon Group International Limited (“Dragon Group” or “DGI”). The shares of DGI are quoted on the Singapore Exchange.

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


## Geographic Reach

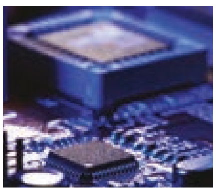
The ASTI Group of companies has extensive global footprints. Currently we have 1 research and development centres, and 8 factories located in Southeast Asia, Greater China, the United States of America and the United Kingdom.

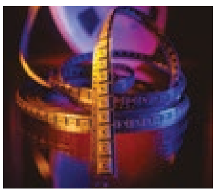
# Letter To Shareholders and Operations Review

*"ASTI continues to work out the kinks in the newly reorganized management, and will continue streamline and improve effectiveness through cost reductions, organization rationalizations and business realignments."*

Dear Shareholders,

2020 is unprecedented - borders were closed, travels were drastically reduced, social interactions were transformed and lifestyles were dislocated. Economies, industries and jobs that lie in the wake of the pandemic were decimated. Governments continue to spend trillions to keep the candles lighted. Geo-political tensions not only did not subside but actually spreading and exacerbating. The on-going semiconductor chips shortage has crippled the automotive and consumer technology industries for months.





The revamped new managements in ASA and DGI continued on very difficult journeys through the chaotic year. ASA is in the process of divesting all their subsidiaries and are now searching for viable businesses to bring value to their shareholders. DGI lost time through the pandemic disruptions and will continue to work on an exit proposal.

ASTI continues to work out the kinks in the newly reorganized management, and will continue streamline and improve effectiveness through cost reductions, organization rationalizations and business realignments. ASTI's semiconductor business group Telford continued to do profitably well despite the pandemic lockdowns and interruptions. On 27 February 2021, ASTI has announced on the proposed acquisitions of 100% interest in Emerald Precision Engineering Sdn Bhd, Yumei Technologies Sdn Bhd, Yumei REIT Sdn Bhd and Pioneer Venture Pte Ltd with the objective to enhance ASTI's profitability while settling off part of the indebtedness by the ASA.

## OPERATIONS REVIEW

## INCOME STATEMENT

### Revenue

The Group reported revenue of $57.0 million for the full financial year ended 31 December 2020 ("FY2020"), down by 13.5% or $8.9 million from $65.9 million recorded in the previous corresponding period ended 31 December 2019 ("FY2019"). This is due to a project end of life.

### Profit before tax

The Group recorded loss before tax of $0.3 million in FY2020 as compared to profit before tax of $21.8 million in FY2019.

Other income dropped by $25.6 million in FY2020 compared to FY2019, mainly due to the absence of a one-off gain arising from the deemed disposal of subsidiary by the DGI Group in FY2019. Included in FY2020 were: (i) a one-off gain of $1.8 million from the disposal of equipment due to project end of life; and (ii) government grants including Jobs Support Scheme pay-out and wage credit received during the year.

Research and development ("R&D") expenses declined by 95.3% or $1.9 million compared to FY2019. The decrease was mainly due to the implementation of cost-cutting measures and the absence of R&D expenses in FY2020 in relation to a subsidiary deconsolidation.

Administrative expense has increased by 66.5% or $6.4 million from $9.6 million in FY2019 to $16.0 million in FY2020. This is mainly due to a $5.8 million bonus written back in FY2019.

Other expenses in FY2020 included $1.0 million on impairment loss on amounts due from related company and $6.9 million on write-back of allowance on amounts due from associates. Included in FY2019 were: (i) $2.1 million on impairment loss on contingent receivables, (ii) $1.1 million on impairment of property, plant and equipment and right-of-use assets and (iii) $3.2 million on allowance on amounts due from associates.

# Letter To Shareholders and Operations Review

The Group recorded a foreign exchange loss of $0.9 million and $1.1 million in FY2020 and FY2019 respectively. This was mainly due to the depreciation of the United States dollar against the Singapore dollar.

Finance cost decreased by $71,000 or 28.9% in FY2020 compared to FY2019 due to a loan repayment made during FY2019.

**Tax expense**

The Group reported tax expense of S$2.1 million in FY2020 and $1.4 million in FY2019.

**Net Profit**

Taking into consideration the above factors, the Group registered a net loss after tax of $2.4 million in FY2020 compared to a net profit after tax $20.4 million in FY2019 mainly due to the deemed disposal of subsidiary in FY2019.

**BALANCE SHEET**

**Non-current assets**

Non-current assets comprised the decrease in investment in associates, the depreciation of PPE and right-of-use assets and translation changes for non-current assets. These were net off against additional property, plant and equipment purchased by the Group.

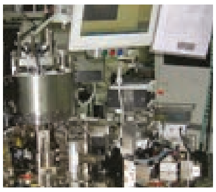
The above resulted in an overall reduction of $7.9 million or 15.2% from $52.1 million in 31 December 2019 to $44.2 million in 31 December 2020.

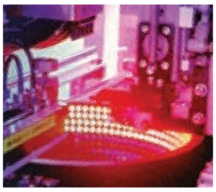
**Current assets**

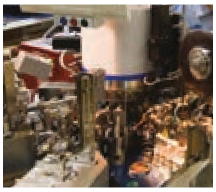
Compared to 31 December 2020, current assets increased by $4.8 million or 9.4% from $50.8 million as at 31 December 2019 to $55.6 million as at 31 December 2020. This was mainly due to the write-back of allowance on amounts due from associates, which was mitigated by the disposal of assets held for sale and lower inventories at one of its subsidiaries.

**Current liabilities**

Current liabilities increased by $0.2 million or 1.0% from $22.9 million at 31 December 2019 to $23.1 million at 31 December 2020 due to additional borrowings.







**Non-current liabilities**

The decline in non-current liabilities from $5.1 million at 31 December 2019 to $4.1 million at 31 December 2020 was mainly due to the repayment of lease liabilities, which was mitigated by the increase in long term payables.

## CASHFLOW STATEMENT

The Group recorded net cash generated from operating activities of $4.7 million for its operational working capital. An amount of $2.1 million was used for the payment of interests and taxes.

Net cash generated from investing activities amounting to $0.7 million was due to the proceeds from disposal of property, plant and equipment after netting off the purchase of property, plant and equipment.

The Group recorded net cash used in financing activities of $0.7 million in FY2020, mainly attributable to repayment of bank borrowings and lease obligations.

## OUTLOOK

The calamitous pandemic fury is sprouting unabated, continuing into apocalyptic proportions in countries like India, while the race to achieve herd immunity via vaccinations before mutations render current vaccines ineffective is playing catch up. The geo-political firestorms are spreading and escalating beyond US-China tensions into Quad-China and EU-China confrontations. The global chip shortage and the ensuring supply chain disruptions could last through 2021, and stretch far beyond automakers idling plants and consumers waiting longer for the latest gaming consoles. 2020 is not an eventful year; it is a year of global transformation of historic proportions. We are facing unprecedented uncertainties and the outcomes are still unknown. The renewed reorganized ASTI management will rationalize and realign the Group's organizations and businesses, reduce costs, improve efficiencies, and improve profitability with the recently announced proposed acquisitions.

## 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 and to our management succession. 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' MICHAEL LOH**
Executive Chairman and Chief Executive Officer

# Board of Directors

**Dato' Michael Loh Soon Gnee, 65**
*Executive Chairman and Chief Executive Officer*

*Bachelor of Science*
*Double Major in Business Economics & Chemical Engineering*
*State University of New York, Buffalo, USA*

Dato' Loh has a distinguished career in the semiconductor and new energy technology industries. He brings with him over 40 years of entrepreneurship, knowledge, and insight in various areas of high technology industries, and cross-border management in China, ASEAN, and USA businesses. Having spent over 20 years in Silicon Valley, USA, Dato' Loh has abundant practical business experience and a vast network of contacts in the world of technology and finance.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
- Advanced Systems Automation Limited
- Dragon Group International Limited

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**Mr Timothy Lim Boon Liat, 56**
*Executive Director and Group Administrative Officer*
*Diploma in Sales and Marketing, CIMUK*

Mr Lim brings with him over 30 years of experience in the regional semiconductor industry. As the Group Administrative Officer, he is responsible for the Admin and HR operations of the Group including that of the SGX-Mainboard-listed Dragon Group International Limited. Prior to this, Mr Lim has held various positions during his career including sales and management.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**
- None

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**Dato' Sri Mohd Sopiyan B Mohd Rashdi, 59**
*Independent Director*
*Remuneration 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**
- ASTI Holdings Limited
- Dragon Group International Limited
- Advanced Systems Automation

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

**Mr Mandie Chong Man Sui, 64**
*Independent Director*

*Bachelor of Science in Engineering, National Taiwan University*

Mr Chong is a veteran with more than 30 years of experience in the semiconductor industry. He is knowledgeable and well acquainted with the Hong Kong and China markets. He is the Director of Nanjing Dragon Treasure Boat Development Co., Ltd.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
- None

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**Professor Dr Kriengsak Chareonwongsak, 66**
*Independent Director*
*Nominating Committee Chairman*

*PhD Economics, Monash University, Australia*
*D.Phil Management, University of Oxford, UK*
*Master of Public Administration, Harvard University, USA*
*Master of Studies, Cambridge University, UK*
*Bachelor of Economics (First Class Honours), Monash University, Australia*

Dr Kriengsak is the Chairman of the Success Group of Companies, a conglomerate of businesses involved in the media and knowledge industry, biotechnology, finance and securities, leisure and travel and many other industries. In addition to his vast business interests, Dr Kriengsak is well recognized in the academia where he holds various positions in globally renowned universities both in Thailand and overseas. He is a Senior Fellow at Harvard University, USA and Professor of Management and Economics at the OYA Graduate School of Business, Universiti Utara Malaysia. Socially active in Thailand, Dr Kriengsak is the Chairman of the Nation-Building Institute (NBI), the institute that aims to gather leaders of the public, private and people sector for the purpose of nation-building, as well as the Chairman of a number of foundations and holds positions on the governing/advisory boards of various Asian and international and educational organisations.

**Current Listed Companies' Directorships**
- ASTI Holdings Limited

**Past 3 Years Listed Companies' Directorships**
- None

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**Dr Daniel Yeoh Ghee Chong, Ph. D., 49**
*Lead Independent Director*
*Audit Committee Chairman*

*PhD (Finance), Australian National University*
*Bachelor of Commerce (Hons), University of Adelaide*
*Bacheor of Economics, University of Adelaide*

Dr Daniel Yeoh possesses a well-balanced academic excellence and extensive exposure in entrepreneurial and investment banking – involved in a wide range of financial products such as initial public offerings, mergers and takeovers, fund raising, and various other corporate advisories, and was responsible in establishing the investment banking business for CIMB Investment Bank in the Northern Region of Malaysia, managing a large group of corporate clients.

Post-investment-banking, he heightens his entrepreneurship career through holding various senior leadership positions in sectors such as FMCG, luxury retail, customer engagement and loyalty services for premium lifestyle, national stock exchange, international school, budget hotels chain and so forth. He has a strong track record as a board member especially in bringing companies from start-up stage to commercialisation stage and pre-IPO stage.

Dr Yeoh is a recipient of two Australian prestigious scholarships, whose PhD thesis was published in 2004 (co-authored with Professor Tim Brailsford) in one of the most acclaimed international finance journals, Journal of Business, entitled "An empirical examination of physical asset expenditure announcements in the Australian context: Growth opportunities and agency contexts".

**Current Listed Companies' Directorships**
- ASTI Holdings Limited
- Dragon Group International

**Past 3 Years Listed Companies' Directorships**
- None

# Key Management

**Anthony Loh**
*Vice President, 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 Advanced Systems Automation 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.

**Sunny Tan**
*Group Business Development Director, Overseas*

Mr Tan joined the Group in 2011 and was appointed as Group Business Development Director on 1 September 2018 for overseas market. Mr Tan was formerly the Chief Executive Officer of ASA Multiplate. He was responsible for the business development, sales, finance and operations of ASA Multiplate. Prior to joining ASA Multiplate, Mr Tan was the business development manager and general manager of two other technology companies.

**Colin Yeo**
*Vice President of DGI*

Prior to joining DGI, Colin has over 30 years' experience as executive management running Asia Sales and Marketing for 2 MNCs engaged in the semiconductor industry, CEO of a diversified group including franchised semiconductor distribution and large machining factories in China and Singapore; managing the lithium ion battery start-up EoCell. Colin has extensive experience in management, operations, sales and marketing, distribution and logistics across a wide spectrum of industries.

**Roslan Bin Affandi**
*Vice President*
*Operations of EoPlex Group & Telford Malaysia*

Mr Roslan joined the Group in 2012 and is responsible for the Engineering and Manufacturing operations in EoPlex. He has recently extended the area of responsibility to cover the operation of Telford Malaysia. Mr Roslan has over 32 years of experience in substrates and lead frame manufacturing industry. Prior to joining the Group, he was the Vice President of a substrate manufacturing company in Singapore. Mr Roslan holds a Diploma in Marine Communications from Singapore Polytechnic.

**James Soh**
*Vice President, Business Development, International Market*

Mr Soh joined the group in 2019 as Vice President, Business Development for international market. He has over 20 years of experience in the manufacturing and development of acoustics products supporting various multinational companies in the consumer and computing arena. Throughout his professional career, he served as CEO, General Manager and VP of operations across various facilities in Singapore and China. Mr Soh also co-founded two other technology companies in Singapore and China. Mr Soh holds a Diploma in Electronics Engineering from Ngee Ann Polytechnic.

**Larry Lim**
*President, Telford Group*

Mr Lim joined the Group in 1993 and currently manages eight of the Group's subsidiaries in Asia and Europe, which total workforce of more than 2500 provides tape and reel, inspection and programming services for both the semiconductor and contract manufacturing industries. Prior to joining Telford Group, Mr Lim was the Operations Manager of Trio-Tech International Pte Ltd from 1978 to 1992. He holds a Diploma in Electronic Engineering from the Singapore Polytechnic.

**Ong Yu Huat**
*Senior Vice President, Telford Group*

Since beginning his career with Texas Instruments Singapore in 1986, Mr Ong has held various key positions in manufacturing, purchasing, engineering and sales and marketing. Mr Ong joined the Group in 1999. He holds a Bachelor of Science in Physics from the National University of Singapore.

**Gary Smith**
*Managing Director, Reel Service Ltd, Scotland*

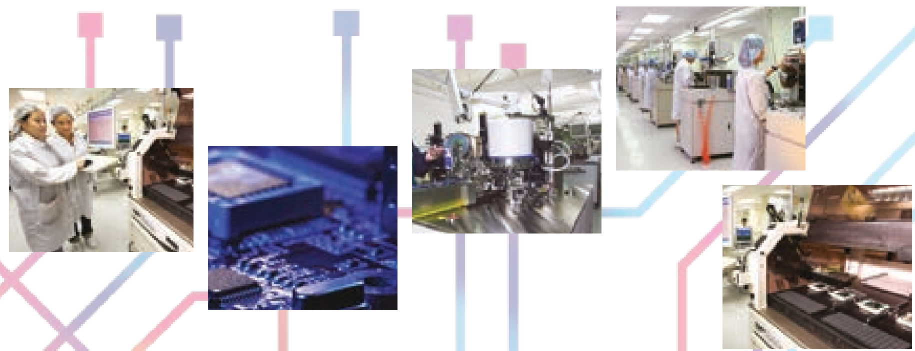
Mr Smith originally joined Reel Service in 1988 as Engineering Manager, then became Director of the Engineering for the Reel Service Group where he helped set up subsidiaries in Germany, Singapore, USA, Philippines and Israel. Prior to joining Reel Service, he spent 5 years working with Hughes Microelectronics (Now Raytheon) where he gained extensive knowledge and experience in Quality, Project and Process Engineering. In 2002 Mr Smith set up his own company in Property Development & Project Management. Prior to starting back with Reel Service in August 2015, Mr Smith was working with charity based Housing Associations dealing with Property Development & Maintenance.

**Seah Chong Hoe**
*Executive Director and Chief Executive Officer, ASA*

Mr Seah brings with him more than 3 decades of knowledge and experience from the electronics engineering and plastic injection molding industries. He has been responsible for the growth and development of the Yumei Group since 1989. In his current role, Mr Seah is responsible for overseeing the operations and business efficiency of the Group.

# Financial Highlights

| RESULT OF OPERATIONS | 2020 | 2019 | 2018 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Group Income Statement** | | | |
| Revenue | 57,046 | 65,935 | 63,400 |
| (Loss)/profit before taxation from continuing operations | (252) | 21,847 | (21,491) |
| Net Profit Attributable to Owners of the Company | 2,098 | 7,200 | 24,336 |
| **Group Balance Sheets** | | | |
| Non-Current Assets | 44,196 | 52,111 | 42,887 |
| Current Assets | 55,586 | 50,788 | 58,047 |
| Total Assets | 99,782 | 102,899 | 100,934 |
| Current Liabilities | 23,124 | 22,887 | 39,812 |
| Non-Current Liabilities | 4,110 | 5,147 | 4,115 |
| Total Liabilities | 27,234 | 28,034 | 43,927 |
| Equity Attributable to Owners of the Company | 75,771 | 73,235 | 69,163 |
| Non-Controlling Interests | (3,223) | 1,630 | (12,156) |
| Total Equity | 72,548 | 74,865 | 57,007 |
| Basic Earnings per share (cents) | 0.32 | 1.10 | 3.72 |
| Net Assets Value per share (cents) | 11.6 | 11.2 | 10.6 |
| Weighted average number of shares in the year | 654,731,486 | 654,731,486 | 654,731,486 |
| Number of shares (excluding treasury shares) as at end of year | 654,731,486 | 654,731,486 | 654,731,486 |
| **Financial Ratios** | | | |
| Return on Average Shareholders' Fund (%) | 3 | 10 | 38 |
| Gearing Ratio (%) | (3) | 4 | 20 |
| Current Ratio (Times) | 2.40 | 2.22 | 1.46 |



# Corporate Information

## BOARD OF DIRECTORS

**Executive:**

Dato' Michael Loh Soon Gnee
*Executive Chairman and Chief Executive Officer*

Mr Timothy Lim Boon Liat
*Executive Director and Group Administrative Officer*

**Non-Executive:**

Dr Daniel Yeoh Ghee Chong
*Lead Independent Director*

Professor Dr Kriengsak Chareonwongsak
*Independent Director*

Dato' Sri Mohd Sopiyan B Mohd Rashdi
*Independent Director*

Mr Mandie Chong Man Sui
*Independent Director*

## AUDIT COMMITTEE

Dr Daniel Yeoh Ghee Chong
*Chairman*

Professor Dr Kriengsak Chareonwongsak
Dato' Sri Mohd Sopiyan B Mohd Rashdi

## NOMINATING COMMITTEE

Professor Dr Kriengsak Chareonwongsak
*Chairman*

Dr Daniel Yeoh Ghee Chong
Dato' Sri Mohd Sopiyan B Mohd Rashdi

## REMUNERATION COMMITTEE

Dato' Sri Mohd Sopiyan B Mohd Rashdi
*Chairman*

Dr Daniel Yeoh Ghee Chong
Professor Dr Kriengsak Chareonwongsak

## COMPANY SECRETARY

Dayne Ho Chung Wei

## EXECUTIVE OFFICERS

Anthony Loh
*Vice President of Finance*

Sunny Tan
*Group Business Development Director, Overseas*

Colin Yeo
*Vice President of DGI*

Roslan Bin Affandi
*Vice President, Operations, EoPlex Group & Telford Malaysia*

Larry Lim
*President, Telford Group*

Ong Yu Huat
*Senior Vice President, Telford Group*

Gary Smith
*Managing Director, Reel Service, Scotland*

Seah Chong Hoe
*Executive Director and Chief Executive Officer, ASA*

## REGISTERED OFFICE

1 Robinson Road #18-00
AIA Tower
Singapore 048542
Tel: (65) 6535 1944
Fax: (65) 6535 8577

## BUSINESS OFFICE

Blk 25, Kallang Avenue, #06-01,
Kallang Basin Industrial Estate,
Singapore 339416
Tel: (65) 6392 6922
Fax: (65) 6392 5522

## 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 BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

# APPENDIX 1

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2020

## CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT

**Year ended 31 December 2020**

ASTI Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are committed to maintaining a high standard of corporate governance and complying with the Singapore Code of Corporate Governance 2018 ("**CCG**" or the "**Code**"), which took effect from 1 January 2019. The Group has materially complied with all principles and provisions set out in the Code. In areas where the Company deviates from the Code, we have provided the rationale, where appropriate. The Board of Directors (the "**Board**") of the Company 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 report describes the corporate governance practices of the Group that were in place throughout the financial year ended 31 December 2020 ("**FY2020**") with specific references to the principles and provisions set out in the Code.

**BOARD MATTERS**

**Principle 1: The Board's Conduct of Affairs**

The Company has an effective board that is able to lead and control the Company. The Board is collectively responsible for the long-term success of the Company and is accountable to the shareholders while the management of the Company (the "**Management**") is accountable to the Board.

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**").

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 amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited, 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 are to:

- set values and standards (including ethical standards) of the Company and ensure that obligations to shareholders are understood;
- provide entrepreneurial leadership, set and approve the strategic and financial objectives of the Group, and to ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls;
- review the performance of Management, approve the nominations to the Board of Directors and the appointments of key 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;
- approve annual budgets, major funding proposals, investment and divestment proposals of the Company;
- appoint the Group Chief Executive Officer and review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee (the "**RC**");
- consider sustainability issues, e.g., environmental and social factors, as part of the strategic formulation; and
- assume responsibility for the corporate governance framework of the Company.

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. The types of material transactions, for example all new investments, that require Board approval under such guidelines are listed below:

- strategies and objectives of the Group;
- announcement of quarterly and full year results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- investment and divestments;
- commitments to terms loans and lines of credits from banks and financial institutions;
- interested person transactions (including, inter alia, conflict of interest issues relating to substantial shareholders of the Company and/or Directors);
- approval of corporate strategies;
- corporate or financial restructuring; and
- authorisation or approval of merger and acquisition 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 Management so as to optimise operational efficiency.

All Directors exercise due diligence and independent judgement, 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 has delegated certain functions to various board committees, namely the Audit Committee (the "**AC**"), NC and RC. Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Regular meetings of the Board and of the other committees are convened, and the number of meetings and attendance by the respective Board members are set out in the table on page 4 of this report. The Company's Constitution allows for telephone, videoconference and other forms of electronic or instantaneous communication by Board members for such meetings if they cannot be personally present.

Whenever a new Director is appointed on the Board, the Company will provide a formal letter to the Director, setting out, amongst other things, his duties, and obligations. The Company will also put all new Directors through an orientation programme to update them with all information necessary or desirable for the Director to understand its businesses and governance practices. Depending on the need, new Directors may be put through house sessions to acquaint them on Directors' duties and compliance with the relevant bodies of law in the performance of their duties. Depending on specific requirements, new Directors who do not have prior experience as a director of a public listed company in Singapore, pursuant to the amended Rule 210(5)(a) of the Listing Manual, which was revised to be consistent with the Code and effective from 1 January 2019, the Company will arrange for training courses organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company, or other training institutions in areas such as management, accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties. On an on-going basis, the Company will provide further information and updates on the Group and its business to the Board members, including any changes in legislation or regulations that may impact the Company's conduct of its business or affect the Directors in discharging their duties to the Company. Additional training will be arranged and funded, as and when necessary, for the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board.

The Board oversees the management of the business affairs and operations of the Group and establishes from time to time, strategies and financial initiatives implemented by Management. In order to fulfil their responsibilities, Board members were provided with complete, adequate and timely information prior to board meetings and on an on-going basis. Such information includes background or explanatory information relating to matters brought before the Board. They are also given detailed management information including specific divisional performance, variance analysis, budgets, forecasts, funding position and business updates of the Company prior to each Board meeting. The Board also duly monitors Management's performance and has separate and independent access to Management.

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. 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 direct access to the senior management, Directors are also provided with the names and contact details of the Management.

The Executive Chairman and Group CEO updates the Board during the quarterly Board meetings on the 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, as well as any change thereof, is a matter for the Board's decision. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board procedures are followed and compliance with applicable rules and regulations including the Companies Act (Cap 50) of Singapore ("**Companies Act**") and the SGX-ST's Listing Manual. The Company Secretary under the direction of the Executive Chairman and Group CEO also ensures good information flows within the Board and its Committees and between senior management and non-executive. The Company Secretary is also invited to attend all Board meetings. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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.

**Principle 2: Board Composition and Guidance**

The Company has an effective Board that is able to lead, steer, and control the Company. The Board presently comprises six (6) Directors, four (4) of whom are Independent Directors and two (2) are Executive Directors. There is, therefore, a strong independent element on the Board whereby more than half of the Board comprises Independent Directors and no individual or group of individuals is able to dominate the Board's decision-making process.

The Board examines the size and composition of the Board and board committees on an annual basis. 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. The Board, in deciding the composition of the Board and board committees, takes into account various considerations, including skills, knowledge, experience, and other aspects of diversity, such as gender and age. 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. It takes great pride in the composition of its Board, who as a group, provide an appropriate balance and diversity of the above factors for the Group, as well as core competencies including that of accounting, finance, business development, management, relevant industry knowledge, strategic planning, and customer-based experience and knowledge. The Board is therefore with an appropriate level of diversity of thought and background and is well placed to lead, providing entrepreneurial and strategic leadership, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and are able to make decisions in the best interests of the Company. Accordingly, the Board is 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 Independent Directors are encouraged to constructively challenge and help to develop business proposals tabled by Management. They also monitor and review the reporting of the performance of Management in meeting the agreed goals and objectives of the Group. To facilitate a more effective check on Management, the Independent Directors meet regularly without the presence of Management and the other Directors led by the independent Chairman and the Chairman of such meetings will provide feedback to the Board as appropriate**.**

Taking into account the nature and scope of the Company's operations, and the requirements of its near-term business plans, the Board is of the view that its current size and composition are appropriate and believes that it provides sufficient diversity without affecting the effectiveness and efficiency of decision-making.

**Principle 3: Executive Chairman and Group Chief Executive Officer** ("**Group CEO**")

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

The Board applies the principle of a 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.

The Executive Chairman assumed additional responsibilities as CEO of the Company in 2013. The Board is of the opinion that given the Chairman's vast experience and past contributions, adopting a single leadership structure will enable a more efficient decision-making process and bring greater value to the Group.

The Executive Chairman and Group 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 Executive Chairman and Group CEO manage the business of the Board and the Board committees and ensure that procedures are introduced from time to time in accordance with the Code. He ensures that Board meetings are held as and when it is necessary and sets the Board meeting agenda in consultation with Management. The Executive Chairman and Group CEO reviews the Board papers before they are presented at Board meetings and ensures that Board members are provided with complete, adequate, and timely information from Management including access to quality legal advice. As a general rule, Board papers are sent to Directors well in advance for Directors to review and be adequately prepared for the meeting. Management staff who have prepared the information, or who can provide additional insight into the matters to be discussed are invited to carry out presentations or attend the Board meeting as appropriate at the relevant time. In order to promote a culture of openness and debate at the Board, both Management and the Independent Directors are encouraged to contribute at Board meetings.

As the Executive Chairman and the Group CEO is the same person and is therefore not independent, the majority of the Board comprises Independent Directors. In addition, the Board has also appointed a Lead Independent Director, in accordance with recommendations under the Code, to provide a channel for shareholders to raise any issues of concern for which communication through the Executive Chairman and Group CEO, or the Vice President, Finance may not be appropriate nor adequate in some circumstances. The Lead Independent Director leads the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. The Lead Independent Director is the principal liaison on Board issues between the Independent Directors and the Executive Chairman and Group CEO.

To facilitate a more efficient check on Management and the Executive Chairman and Group CEO, the Independent Directors have been encouraged to meet without the presence of Management and the Executive Chairman and Group CEO on separate occasions. The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other directors where necessary, and the Lead Independent Director then provides feedback to the Executive Chairman and Group CEO after such meetings.

**Principle 4: Board Membership**

**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.**

The nature of the Directors' appointments on the Board and details of their membership on the Board Committees as at the date of this report are set out below:

**Board and Committee Membership**

| Directors | Board Membership | Committee Membership | | |
|---|---|---|---|---|
| | | Audit | Remuneration | Nominating |
| Dato' Michael Loh Soon Gnee | Executive | N.A. | N.A. | N.A. |
| Timothy Lim Boon Liat | Executive | N.A. | N.A. | N.A. |
| Dr Daniel Yeoh Ghee Chong | Lead Independent | Chairman | Member | Member |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | Independent | Member | Chairman | Member |
| Dr Kriengsak Chareonwongsak | Independent | Member | Member | Chairman |
| Mandie Chong Man Sui | Independent | N.A. | N.A. | N.A. |

The academic and professional qualifications of the Directors are set out in the Directors' profile on pages 6 and 7 of the annual report. The shareholding, directorships and principal commitments of each Director is set out in the Directors' Statement under the Section "Directors of the Company" on page 1 in the Directors' Statement in Appendix 2 of this annual report. In addition, pursuant to Rule 720(6) of the Listing Manual, the additional information as set out in Appendix 7.4.1 of the Listing Manual 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 7.4.1 of the Listing Manual**" to be read in conjunction with the information in in the section entitled "Board of Directors" of the Annual Report.

**Attendance at Board and Committee Meetings**

The Board meets at least 4 times each year and as and when warranted by particular circumstances, as deemed appropriate by the Board. The Company's Constitution provides for teleconference and videoconference meetings. As a general rule, materials for Board meetings are sent to the Directors in advance in order for the Directors to be adequately prepared for the meetings.

The frequency of the meetings of the Board and its various Committees and the attendance by the Directors are set out as follows below:

| | Board Meeting | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| Number of Meetings | 6 | 4 | 4 | 2 |
| **Directors** | | | | |
| Dato' Michael Loh Soon Gnee | 6 | 3* | 3* | 1* |
| Mandie Chong Man Sui | 6 | 4* | 3* | 2* |
| Timothy Lim Boon Liat | 6 | 4* | 3* | 2* |
| Dr Kriengsak Chareonwongsak | 6 | 4 | 4 | 2 |
| Dr Daniel Yeoh Ghee Chong | 6 | 4 | 4 | 2 |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | 6 | 4 | 4 | 2 |

* By Invitation

## Board Appointments

The NC makes recommendations to the Board on all Board appointments and re-appointments. The members of the NC made up of Dr Kriengsak Chareonwongsak (“**NC Chairman**”), Dato’ Sri Mohd Sopiyan B Mohd Rashdi and Dr Daniel Yeoh Ghee Chong, are Independent Directors. The Lead Independent Director is a member of the NC.

The key terms of reference of the NC include the following:

- review board succession plans for Directors, in particular, the appointment and/ or replacement of the Executive Chairman, the Group CEO and the key management personnel;
- development of a process and criteria for evaluation of the performance of the Board, its 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 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. The NC assesses the suitability of the candidate based on his skills, knowledge, and experience and ensures that he is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. The Company’s Constitution provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the annual general meeting (“**AGM**”) following his appointment. Thereafter, he is subject to re-appointment at least once every three years.

## Retirement and Re-election of Directors

The NC is responsible for the re-appointment of Directors. In its deliberations on the re-election of existing directors, the NC takes into consideration the Director’s contribution and performance (including his or her contribution and performance as an independent director, if applicable).

The assessment parameters include attendance record, preparedness, the intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of intervention and special contribution.

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals of at least once every three 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 Company’s 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 as at the date of this report are set out below:

| Directors | Designation | Date of Initial Appointment | Date of Last Re-election |
|---|---|---|---|
| Dato’ Michael Loh Soon Gnee | Executive Chairman and Group CEO | 23 October 2003 | 15 August 2019 |
| Timothy Lim Boon Liat | Executive Director | 16 January 2004 | 29 June 2020 |
| Dr Daniel Yeoh Ghee Chong | Lead Independent Director | 1 May 2018 | 15 August 2019 |
| Dato’ Sri Mohd Sopiyan B Mohd Rashdi | Independent Director | 1 May 2018 | 15 August 2019 |
| Dr Kriengsak Chareonwongsak | Independent Director | 12 August 2011 | 15 August 2019 |
| Mandie Chong Man Sui | Independent Director | 16 January 2004 | 29 June 2020 |

Pursuant to the Company's Constitution and Rule 406(3)(d)(iii) of the SGX-ST Listing Rules, the NC nominates and recommends the following Directors to retire by rotation and to stand for re-election at the Company's forthcoming AGM:

| | |
|---|---|
| Dato' Michael Loh Soon Gnee | Executive Chairman and Group CEO |
| Dr Kriengsak Chareonwongsak | Independent Director |
| Mandie Chong Man Sui | Independent Director |

In recommending the re-election of Dato' Michael Loh Soon Gnee, Dr Kriengsak Chareonwongsak and Mandie Chong Man Sui, the NC has considered the effectiveness amd contributions of each 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.

Further, Dr Kriengsak Chareonwongsak and Mandie Chong Man Sui will be subjected to a re-election via the two-tier shareholders' vote at the upcoming AGM. Where Dr Kriengsak Chareonwongsak and Mandie Chong Man Sui continued appointment as independent directors is passed by majority of shareholders via the 2-tier vote, their appointments will be valid until the earlier of: (i) the retirement or resignation of the director; or (ii) the conclusion of the third AGM from the aforesaid approval.

**Confirmation of Independence of Directors**

The NC is also responsible for determining the independence of Directors annually and as and when the circumstances require, bearing in mind the provisions set forth in the Code and any other salient factor which would render a director to be deemed not independent. Each NC member does not take part in determining his own renomination or independence. A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 5% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent. To determine directors' independence, every Independent Director has provided a declaration of their 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 Listing Manual to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Under Rules 210(5)(d)(i) and 210(5)(d)(ii) of the Listing Manual which took effect on 1 January 2019, a Director will not be considered as independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporation for the past three financial years, and whose remuneration is 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 for the current or any of the past three financial years.

In its annual review for FY2020, the NC and the Board, having considered the provisions set out in the Code, have confirmed the independence of the following Directors:

| | |
|---|---|
| Dr Daniel Yeoh Ghee Chong | Lead Independent |
| Dr Kriengsak Chareonwongsak | Independent |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | Independent |
| Mandie Chong Man Sui | Independent |

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. 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 SGX-ST Listing 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 directors 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, Dr Kriengsak Chareonwongsak and Mandie Chong Man Sui will be subjected to a re-election via the two-tier shareholders' vote at the upcoming **AGM**.

Saved as disclosed in this Report, none of the Directors has served on the Board for more than nine (9) years since their first appointments.

**Directors' Time Commitment and Multiple Directorships**

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director is able to and has been adequately carrying out 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 internal guideline provides that, as a general rule, each Director should hold no more than ten listed company board representations. The guideline includes the following:

- directors must consult the Chairman of the Board and the NC Chairman prior to accepting any new appointments as a director and other principal commitments; and
- in support of their candidature for directorship or re-appointment, directors are to provide the NC with details of the board appointment and other principal commitments and an indication of the time involved.

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 her 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 the Board is of the view that the Directors have discharged their duties adequately.

There are currently no alternate directors on the Board.

**Principle 5: Board Performance**

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

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted objective performance criteria and process for evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board. This assessment process is carried out by NC annually.

All the Directors have made an assessment of the effectiveness of the Board as a whole. There is also a system of peer assessment of each Director by their fellow Directors at least once annually where each Director completes a peer evaluation form which is designed to seek their views on the various aspects of the performance of the Board performance so as to assess the contribution of each individual Director to the Board, the overall effectiveness of the Board and each of its board committees. These peer assessments are collated by the company secretary and consolidated responses were presented to the NC for review and are taken into account when the NC assesses and makes recommendations to the Board as to whether the retiring Directors are suitable for re-election/re-appointment in consultation with the Executive Chairman and Group CEO.

For the year under review, the NC and the NC Chairman took note of, *inter alia,* each individual Director's attendance at meetings of the Board, Board committees and at general meetings; the level of participation in discussions at meetings; the individual Director's functional expertise and his/her commitment of time to the Company and contribution of each Director towards the Board's effectiveness and competencies and took such factors into consideration when assessing the performance of the individual Directors. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, and the peer assessment of each Director, and 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.

## REMUNERATION MATTERS

**Principle 6: Procedures for Developing Remuneration Policies**

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

**Remuneration Committee**

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.

The RC comprises three members, Dato' Sri Mohd Sopiyan B Mohd Rashdi ("**RC Chairman**"), Dr Daniel Yeoh Ghee Chong and Dr Kriengsak Chareonwongsak who are all Independent Directors. There is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No Director is involved in deciding his own remuneration.

The RC's principal responsibilities are to:

- recommend to the Board base salary levels, benefits and incentive programs, and also to identify components of salary which can best be used to focus management staff 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, the Group CEO and the key management personnel; and
- review and submit to the Board proposals for the setting-up of share option schemes or long term incentive schemes.

The members of the RC carry out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a general framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, the grant of shares and share options and benefits in kind;
- 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 Company and that of individual employees would be considered by the RC in undertaking such reviews;
- implement and administer the Company's share option plan, if any;
- review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; 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 from time to time and where necessary seek advice from an external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for directors and key management personnel. The RC will ensure that the consultant does not have any connection with the Group or any of its Directors which could affect their independence and objectivity. No remuneration consultants were engaged by the Company during FY2020.

There are appropriate and meaningful measures in place for the purpose of assessing the performances of Executive Directors and senior management staff.

**Principle 7: Level and Mix of Remuneration**

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

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate Executive Directors and key management personnel's needed to run the Company successfully in the long-term, and to align their interests with those of shareholders, by linking rewards to corporate and individual performance and therefore promoting the long-term success of the Group. A significant and appropriate proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performances.

In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the group's relative performance and the performance of individual Directors;
- 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);
- reviews the terms, conditions and remuneration of the Executive Directors, and ensures that his total remuneration package has a significant portion of performance-related elements.

Save for Mr Mandie Chong Man Sui (whose service contract and director remuneration has been disclosed below), the Independent Directors have no service contracts with the Company and their terms are specified in the Company's Constitution. Non-executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The fee payment takes into account factors such as effort and time spent, and responsibilities undertaken and their contributions to the Board. The fees paid to the Company's Independent Directors are also benchmarked against Independent Directors' fees paid by companies in the same industry and with similar scale of operation. The RC is of the view that the Company's Independent Directors are not over-compensated to the extent that their independence may be compromised. Such fees are subject to the approval of the shareholders as a lump sum at the AGM.

The Executive Directors do not have fixed-term service contracts with the Company, and their service contracts do not contain onerous removal clauses. Notice periods in service contracts are typically set at a period of six months or less. There are incentive components in the remuneration package for the Group's Executive Chairman and Group CEO which are linked to his performance which is assessed based on the Group's financial performance. This remuneration package has been designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance in order to promote the long-term sustainability of the Group. The performance-related remuneration is aligned with the interested of Shareholders and other stakeholders. There are currently no incentive components in the service contracts with other Executive Director and key management personnel.

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 Directors and key management executives except in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in a financial loss to the Company.

The RC has established a suitable remuneration framework to incentivise, compensate and reward the key management and executives. The remuneration framework ensures that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. The remuneration policy for staff 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 Company's and individual's performance. It is also aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. The Company has no employee share incentive scheme or other long term incentives.

A share option scheme, which would be administered by the RC, may when appropriate, form another element in the variable component of the pay packages of all employees. Subject to such adjustment as may be made pursuant to the employee share option scheme, the total number of shares in respect of which the Company may grant options would at no time exceed fifteen per cent. (15%) of the total issued share capital of the Company for the time being. The number of share options, which may be granted to each employee, would be dependent on the grade of the employee, subject to the approval of the RC.

The RC and the Board have collectively endorsed the Company's remuneration policy.

**Principle 8: Disclosure on Remuneration**

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

**Remuneration of Directors for the Year Ended 31 December 2020**

| Directors | Remuneration (S$'000) | Fees* (%) | Fixed Salary (%) | Bonus & Management Incentive (%) | Share-Based Compensation (%) | Benefits & Allowance (%) | Total (%) |
|---|---|---|---|---|---|---|---|
| Dato' Michael Loh Soon Gnee | 1,294 | 1% | 97% | 0% | N.A. | 2% | 100% |
| Timothy Lim Boon Liat | 433 | 9% | 67% | 15% | N.A. | 9% | 100% |
| Dr Kriengsak Chareonwongsak | 55 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Mandie Chong Man Sui | 98 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Dr Daniel Yeoh Ghee Chong | 101 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |
| Dato' Sri Mohd Sopiyan B Mohd Rashdi | 95 | 100% | N.A. | N.A. | N.A. | N.A. | 100% |

* The directors' fees refer to the proposed fees for FY2020 which are subject to shareholders' approval in the forthcoming AGM.

Mr Mandie Chong Man Sui, an Independent Director of the Company, also has a service contract with the Company for the services he provided to the Company in FY2020. His remuneration under the service contract is S$50,000.

Top 5 executives within each band of remuneration are as follows:

| Remuneration Band | 2020 |
|---|---|
| Above S$500,000 | 1 |
| Between S$250,000 to S$499,999 | 4 |
| Below S$250,000 | 0 |

There are no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors, CEO or top five key management personnel.

The total remuneration paid to the top five key management personnel (who are not directors or CEO) was approximately S$1,987,000. 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, taking into consideration 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, remunerations, or the breakdown of the remunerations (in percentage or dollar terms) of the top five key management personnel (who are not directors or CEO) as recommended pursuant to Provision 8.1(b) of the Code as such details are confidential and sensitive in nature.

Mr James Soh Pock Kheng, a Key Management Personnel, an employee and a substantial shareholder of the Company, with a shareholding of 13.27%, in the Company, is an employee of the Group whose remuneration exceeded S$100,000. His remuneration is between the range of S$500,000 to S$599,999.

Shareholders' approval was previously obtained for the implementation of the employee share option scheme in 2001 and the employee share option scheme has expired on 22 May 2011. There are no outstanding share options granted under the expired employee share option scheme.

Directors' fees are also approved by shareholders at every AGM of the Company. The remuneration of the Executive Directors are reviewed by the RC and recommended to the Board for endorsement.

## ACCOUNTABILITY AND AUDIT
## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9: Risk Management and Internal Controls**

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

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, and reports to regulators. Management provides members of the Board with monthly management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects.

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

The Board, with the assistance from the AC, is responsible for determining the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives by ensuring that the Group has put in place adequate and effective risk management and internal controls systems to manage its significant business risks, to safeguard shareholders' investments and the Company's assets.

A crucial function served by the AC is overseeing the Group's risk management framework and policies, as well as the regulation of risks undertaken or faced by the Group. The AC may examine whichever aspects it deems appropriate of the Group's financial affairs, audits and its exposure to risks of a regulatory or legal nature.

The AC keeps under review the efficacy of the Group's system of accounting and internal financial controls. Also kept under constant review is the Group's system of ensuring compliance with legal, operational and regulatory matters, including risk management, amongst others.

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

- determine the Group's levels of risk tolerance and risk policies;
- oversee Management in the formulation, updating and maintenance of an adequate and effective risk management and internal control systems in addressing material risks including material financial, operational, compliance and information technology risks;
- make the necessary recommendations 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 SGX-ST's Listing Manual 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 Executive Chairman and Group 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 the year ended 31 December 2020 give a true and fair view of the Group's operations and finances; and
- from the Executive Chairman and 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.

*Internal controls*

The AC considered and reviewed with management and the internal auditors 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 management's response thereto.

The AC has reviewed the adequacy, effectiveness and independence of the internal audit function and is satisfied that KPMG Services Pte. Ltd. (the "**Internal Auditor**") has adequate resources to carry out the internal audit function.

Each member of the AC abstains from voting on any resolution and making any recommendations and/or participating in any deliberations in respect of matters in which he is interested.

The Company's external auditors, E&Y, held discussions with management and proposed improvements to certain internal controls which they noted in the course of their statutory audit. The Board is satisfied that the Company's internal controls are at present adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors, and the review performed by Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's framework of internal controls, including financial, operational, compliance and information technology controls, and risk management systems, is adequate and effective to provide reasonable assurance of the integrity and effectiveness of the Group in safeguarding its assets and shareholders' value. Nevertheless, the AC and the Board recognise that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

**Risk Management and Interested Person Transactions**

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

***Reliance on the Semiconductor Industry***

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

***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 development and introduction include 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.

***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, expose the Group to foreign currency risk. The Group mitigate its foreign exchange exposure risk by utilising its facilities from banks.

**Principle 10: Audit Committee**

The AC comprises three members, Dr Daniel Yeoh Ghee Chong ("**AC Chairman**"), Dr Kriengsak Chareonwongsak and Dato' Sri Mohd Sopiyan B Mohd Rashdi, all of whom are Independent Directors.

The members of the AC have experience in managerial positions across the accounting, banking, audit and finance industries (see Directors' profile on pages 6 and 7 of the annual report). 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.

During the year, the AC obtained updates from the Company's auditors on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group's financial statements.

No former partner or director of E&Y is or has acted as a member of the company's AC.

The AC has the explicit power to conduct or authorise investigations into any matters within its terms of reference, has full access to and co-operation by Management. It has full discretion and the prerogative to invite any Director or executive officer 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 which include the following:

- reviews with the external auditors, their scope and results of the external audit work, the audit plan, audit reports and any matters which the external auditors wish to discuss;
- reviews with the internal auditors at least annually, checks on the adequacy and effectiveness of the overall internal control systems, including financial, operational, compliance and information technology controls and risk management;
- reviews the assurance from the Executive Chairman and Group CEO and the Vice President, Finance on the financial records and financial statements;
- making recommendations to the Board on the proposals to the shareholders on the appointment and removal of External Auditors;
- reviews the internal audit function to ensure that it is adequately resourced and has appropriate standing within the Group;
- 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 or annually relating to the Group's financial performance including announcements to shareholders and the SGX-ST prior to the submission to the Board;
- 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;
- reviews the assistance given by the Company's officers to the external and internal auditors;
- reviews and monitors interested person transactions, if any, arising and to ensure that the SGX-ST Listing Manual internal control procedures approved by shareholders are adhered to in relation to such transaction;
- reports actions and minutes of the AC meetings to the Board of Directors with such recommendations as the AC considers appropriate;
- 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;
- conducts an annual review of the independence and objectivity of the Company's external auditors, including the volume of non-audit services supplied by the external auditors, to satisfy itself that the nature and extent of such services have not prejudiced the independence and objectivity of the external auditors before confirming their re-nomination; 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 upon.

The AC held four (4) meetings during the year at the Company's principal place of business, attendance of which is detailed on page 4 of this report. The Executive Chairman and Group CEO, Vice President, Finance, Group Administrative Officer (Mr Timothy Lim Boon Liat), legal counsels, internal auditors and external auditors were invited to these meetings. Other members of senior management were also invited to attend as appropriate to present reports.

The AC met with the Company's external auditors, Ernst & Young LLP ("**E&Y**") two (2) times in FY2020. Parts of the meetings were conducted without the presence of Management. Reports of the findings and recommendations by external auditors were done independently and presented to the AC.

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 audit committee report presented by the external auditors.

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

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC.

| **Key audit matters** | **How AC reviewed these matters and what decisions were made** |
| --- | --- |
| Legal matters relating to an ex-employee and ex-consultant of the Group | The AC reviewed the legal matters relating to an ex-employee of the group as presented by management. The AC also reviewed the key facts and circumstances surrounding this claim presented by the management. Subsequent to the reviews, the AC concurred with the Management's view that the Group does not have any obligation for this claim and no provision was needed in the financial statement. |
| Impairment assessment of the Group's and the Company's interest in EoCell | The AC reviewed the impairment assessment of the Group's interest in EoCell Ltd. The AC also reviewed the methodology, basis of valuation techniques and key assumptions used in the valuation by the external valuer and management in the impairment assessment, as well as the External Auditor's findings and audit report presented.<br><br>The AC has reviewed consistency of management's approach with the requirements in SFRS(I) 9 Financial Instruments. The AC has also assessed management's estimate of the ECL allowance, and have considered the Group's historical credit loss experience and forward-looking macroeconomic information that may affect the recoverability of amounts due from associate.<br><br>Subsequent to the reviews, the AC concurred with the management's assessment and was satisfied with the carrying amount of the Group's interest in EoCell and the impairment provided. |
| Allowances for stock obsolescence | The AC considered and evaluated the appropriateness of the Group's policies on the allowance for stock obsolescence. The AC has reviewed the Group's allowance for stock obsolescence presented by Management, as well as the External Auditor's findings and audit report presented at the year-end meeting. Based on the reviews performed, the AC was satisfied with the Management's assessment on the adequacy of the allowances provided. |

*External audit processes*

The AC manages the relationship with the Group's external auditors, E&Y, 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 auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the AC recommended to the Board that E&Y be re-appointed as the external auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of E&Y.

The AC has reviewed the independence of E&Y taking into account the volume of non-audit services supplied by them and is satisfied that the provision of such services does not affect their objective position as an independent external auditor. The fees related to the audit and non-audit services provided by E&Y for FY2020 are S$291,000 and S$46,000 respectively. These fees are also disclosed in the notes to the financial statements.

Pursuant to the requirement in the SGX-ST Listing Manual, 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. The current audit partner from E&Y for the Company took over from the previous audit partner from the financial year ended 31 December 2016. In appointing auditors for the Company, subsidiaries and significantly associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

*Whistle-blowing policy*

The Company has implemented a whistle-blowing policy since September 2007 that provides well-defined and accessible channels through which any employee may safely raise any concerns they may have about improper conduct or malpractices within the Group. Any concerns may be raised, either anonymously or otherwise, directly to the Lead Independent Director and the identity of the person raising the concern is strictly protected to the extent practicable in law. The Lead Independent Director has direct oversight in the administering of the policy with the assistance of the Group Administrative Officer. The AC has reviewed and is satisfied with the adequacy of the whistle-blowing policy.

There were no formal complaints received by the Company under the whistle-blowing policy implemented by the Company up to the date of this annual report.

*Internal audit*

The internal audit function was outsourced to KPMG Services Pte. Ltd. (the "Internal Auditor") in FY2020. The Internal Auditor is one of the largest accounting firms in Singapore that has been established in Singapore since 1941. The engagement team is led by the engagement partner who has significant years of experience in governance, risk management, internal audit and accounting and is a Chartered Accountant of the Institute of Singapore Chartered Accountants ("ISCA") and Certified Internal Auditor of the Institute of Internal Auditors ("IIA"). The engagement team consists of Directors, Managers and team members who possess relevant experience as well as designations such as Chartered Accountant and Certified Internal Auditor etc.

The Internal Auditor is independent of the activities it audits. The methodology adopted by the Internal Auditor conforms to the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC approves the engagement, termination, evaluation and fees of the Internal Auditors. The Internal Auditor, who reports directly on audit matters to the Chairman of the AC, 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 adequacy and effectiveness of the Group's material internal controls. The Internal Auditor also facilitates the process for Management to identify the key risks and mitigating actions.

The Internal Auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC ensures that the internal audit function is adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on an annual basis the adequacy and effectiveness of the Internal Auditor by examining the scope of the Internal Auditor's work, quality of its reports, reporting structure within the Group, qualifications and training, relationship with the external auditor, and its independence of the areas reviewed. The AC is satisfied that the Internal Auditor is independent, has adequate resources to perform its function effectively and that the Internal Auditor is staffed by suitably qualified and experienced professionals with the relevant qualifications and experience.

**SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

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

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

**Principle 13: Engagement with Stakeholders**

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

The Company is mindful of the obligation to provide regular, effective and fair communication with shareholders and ensures that all the Company's 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 conduct dialogue sessions 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.

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.

Financial reports and other price sensitive information, all news releases and analyst presentations are disseminated to shareholders through SGXNet and posted on the Company's website. The Annual Report is disseminated to all shareholders and is available on the Company's website. The Company maintains a current corporate website, at www.astigp.com, on which financial and other information to be communicated to members of the public are made available.

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, shareholders, and the media. The Company also posts these press releases on its public website, www.astigp.com, 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 website also provides a channel for shareholders to raise any concerns or issues, if any.

As part of the Company's investor relations policy, the Company maintains an investor relations section on the Company's website dedicated to ensuring that pertinent information is conveyed to shareholders. Current and past annual reports, quarterly financial results and other information considered to be of interest to shareholders and the investment community are readily available on the section.

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

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

Shareholders are informed of shareholders' meetings through timely and formal notices published in the newspapers and via SGXNET. All relevant reports and/or circulars 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, where shareholders are also given the opportunity to vote. However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax, which is recommended by Provision 11.4 of the Code. Instead, where a shareholder is unable to attend the general meeting, they will be given an opportunity to vote via proxies. Every shareholder is entitled to appoint not more than two proxies to attend the general meeting and vote in his stead, provided the member name is certified by the Depository (Nominee Company) to the Company as appearing on the Depository Register not later than 72 hours before the general meeting as a Depositor on whose behalf the Depository holds shares in the Company. The Companies Act allows certain members who are relevant intermediaries such as corporations holding licences in providing nominee and custodial services and the central provident fund ("**CPF**") Board which purchases shares on behalf of CPF investors, to appoint multiple proxies to attend and participate in general meetings.

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.

At general meetings, each substantially distinct issue is proposed as a separate issue is dealt with in separate resolutions. The Company avoids bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. . All resolutions are put to the vote by poll voting, which allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes for each resolution. Shareholders are informed of the results of the voting at the general meetings, including the number of votes cast for and against each resolution and the respective percentages at the end of the general meeting. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET after each general meeting. The company secretary prepares minutes of shareholders' meetings, which incorporate comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon request.

All directors, including the Chairpersons of the Audit, Remuneration and Nominating Committees, are in attendance at the Company's AGM to address shareholders' questions relating to the work of these Committees. The Company's external auditors, E&Y, are also present at the AGM and are available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

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 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 as recommended by Provision 11.6 of the Code. 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(24) of the Listing Manual. 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.

Minutes of general meetings that include relevant and substantial comments from Shareholders relating to the agenda of the meetings and responses from the Board and Management are available upon request, rather than publicly disclosed as recommended 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.

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. As such, the Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth. The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly are able to impact the Group's business and operations. 6 stakeholders groups have been identified through an assessment of their significance to the business operations. They are namely, suppliers, customers, employees, community, investors and regulators.

The Company maintains a current corporate website to communicate and engage with stakeholders, as mentioned above.

## OTHER CORPORATE GOVERNANCE MATTERS

### 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 adoption of this Internal Code has been notified to all Directors, officers and employees of the Group.
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 in relation to those securities as this is an offence.

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 two weeks before the date of announcement of the Company's quarterly and half-year financial results and the period commencing one month before the date of announcement of the Company's full-year financial results, 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 Internal Code complies with, and the Board confirms that for FY2020, the Company has complied with, Rule 1207(19) of the SGX-ST Listing Manual.

**Material Contracts**

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman and Group CEO, directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

**Interested Person Transactions**

The risks associated with interested person transactions relates not only to compliance issues but also the prevention of transactions being carried out on terms that are less than favourable and not at arm's length.

Except as provided below, there are no interested person transactions between an interested person and the Company, its subsidiaries or associated companies for FY2020:

| Name of Interested Person | Aggregate value of all interested person transactions for FY2020 under review (excluding transactions less than S$100,000) |
|---|---|
| Dragon Group International Limited and its subsidiaries | - Management fee charged (value of transactions amounting to S$150,000)<br>- Interest expense (value of transactions amounting to S$329,000) |
| Advanced Systems Automation Limited and its subsidiaries | - Interest payable on loan extended by ASTI (value of transactions amounting to S$193,000)<br>- Corporate Support Services fee amounting to S$400,000<br>- Rental Income amounting to S$118,000 |

The AC will continue to review and monitor any interested person transactions that may arise and ensures that the Company seeks appropriate approvals, makes appropriate announcements or disclosures on these transactions in accordance with Chapter 9 of the SGX-ST Listing Manual.

**Information on Directors nominated for re-election – Appendix 7.4.1 of the Listing Manual**

| NAME OF DIRECTORS | DATO' MICHAEL LOH SOON GNEE | DR KRIENGSAK CHAREONWONGSAK | MANDIE CHONG MAN SUI |
|---|---|---|---|
| Date of Initial Appointment | 23 October 2003 | 12 August 2011 | 16 January 2004 |
| Date of last reappointment (if applicable) | 15 August 2019 | 15 August 2019 | 29 June 2020 |
| Age | 65 | 66 | 64 |
| Country of principal residence | Malaysia | Thailand | Hong Kong |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Dato' Michael Loh Soon Gnee as the Executive Chairman was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dato' Michael Loh's qualifications, expertise, past experiences and overall contribution since he was appointed as Executive Chairman of the Company. | The re-election of Dr Kriengsak Chareonwongsak as the Non-Executive and Independent director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dr Kriengsak's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr Mandie Chong Man Sui as the Non-Executive and Independent director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Mandie Chong'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 | Executive | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | • Executive Chairman<br>• Chief Executive Officer | • Non-Executive and Independent director | • Non-Executive and Independent director |
| Professional Qualifications | • Bachelor of Science<br>• Double Major in Business Economics & Chemical Engineering<br>State University of New York, Buffalo, USA | • PhD Economics, Monash University, Australia<br>• D.Phil Management, University of Oxford, UK<br>• Master of Public Administration, Harvard University, USA<br>• Master of Studies, Cambridge University, UK<br>• Bachelor of Economics (First Class Honours), Monash University, Australia | • Bachelor of Science in Engineering, National Taiwan University |
| Working experience and occupation(s) during the past 10 years | Current<br>• Executive Chairman & CEO<br>23 Oct 2003 – 7 April 2020<br>• Executive Chairman & CEO of Dragon Group International Limited<br>19 July 2006 – 7 April 2020<br>• Executive Chairman & CEO of Advanced Systems Automation Limited | 2018 – present<br>Chairman - Interprime Media Co. Ltd-<br>Director<br>• NBI Holding Co., Ltd<br>• NBII Co., Ltd<br>• Othman Yeop Graduate Businesss Universiti Utara Malaysia<br>2017 – present<br>Director - IPS Consultancy Co., Ltd<br>2016 – present<br>Director - Krungthai-ASA Life Insurance Public Co., Limited | 2001-2016<br>Marketing Director<br>Dragon Technology Distribution HK Lt |

<table>
<tr><th>NAME OF DIRECTORS</th><th>DATO’ MICHAEL LOH SOON GNEE</th><th>DR KRIENGSAK CHAREONWONGSAK</th><th>MANDIE CHONG MAN SUI</th></tr>
<tr><td>Working experience and occupation(s) during the past 10 years (Cont’d)</td><td></td><td><u>Chairman</u><br>• Can Do World CO., Ltd<br>• Can Do Holding Co., Ltd<br>• Zanitiser Co., Ltd<br>• Nation-Building Institute<br><br><u>2011 – Present</u><br>Director – ASTI Holdings Limited<br><br><u>2013 – 2018</u><br>CP ALL (Public Company Limited) – Assistant Executive Chairman<br><br><u>1985 – Current</u><br>Institute of Future Studies for Development, Thailand</td><td></td></tr>
<tr><td>Shareholding interest in the listed issuer and its subsidiaries</td><td>130,209,600 shares</td><td>None</td><td>None</td></tr>
<tr><td>Any relationship (including immediate family relation-ships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Conflict of interest (including any competing business)</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer</td><td>Yes</td><td>Yes</td><td>Yes</td></tr>
<tr><td colspan="4">Other Principal Commitments including Directorships</td></tr>
<tr><td>Past (for the last 5 years)</td><td>• Dragon Group International Limited<br>• Advanced Systems Automation Limited<br>• Prosem Technology Sdn. Bhd.<br>• Flexcomm Limited<br>• ASTI (USA) Inc.<br>• Semiconductor Technologies & Instruments Pte Ltd<br>• Technollis Sdn Bhd Malaysia<br>• Axesstel Inc.<br>• FlexComm Corporation<br>• Dragon Hill Technology Limited<br>• FlexPro (H.K.) Limited</td><td>• Thai Future Energy Holding Company Limited</td><td>• Acetech Solutions Limited<br>• Eocell Limited<br>• Smart Baylink Limited<br>• Excelfood Holdings Inc.<br>• Flex-In Electronics Macao Commercial Offshore Ltd<br>• Telford Shanghai<br>• Flexcomm Ltd<br>• FE Global Shanghai Limited<br>• Dragon Trading (Shanghai) Co., Ltd<br>• Flexcomm Technology (Shenzhen) Ltd<br>• Microfits (Beijing) Technology Co., Ltd<br>• Flex-In Electronics Limited<br>• Dragon Technology Distribution (HK) Ltd<br>• FE Global Hong Kong Limited<br>• FE Global (North Asia) Limited</td></tr>
<tr><td>Present</td><td>• Eocell Ltd<br>• Eocell, Inc.<br>• Telford Industries Pte Ltd<br>• Eoplex Limited<br>• Eoplex Inc.<br>• Peratech Limited<br>• Dragon Venture Limited</td><td>• Interprime Media Co., Ltd<br>• NBI Holding Co.,Ltd.<br>• NBII Co.,Ltd Thailand<br>• IPS Consultancy Co., Ltd.<br>• Can Do World Co., Ltd<br>• Can Do Holding Co., Ltd<br>• Can Do Group Co., Ltd</td><td>• ASTI Holdings Limited<br>• ASTI HK Limited<br>• Dragon Rises Limited<br>• Telford Holding HK Limited<br>• Nanjing Dragon Tourism and Management Co., Ltd<br>• EoPlex Limited</td></tr>
</table>

| NAME OF DIRECTORS | DATO' MICHAEL LOH SOON GNEE | DR KRIENGSAK CHAREONWONGSAK | MANDIE CHONG MAN SUI |
|---|---|---|---|
| Present (Cont'd) | • Nanjing Dragon Treasure Boat Development Co., Ltd<br>• Jiangsu Longjiang Ship Building Co., Ltd.<br>• DTB Limited<br>• Procross Technology Sdn. Bhd.<br>• ASTI Holdings Limited<br>• O2IC Co., Ltd., Korea<br>• Dragon Technology Asia Pacific Group Corp.<br>• Dragon Asia Pacific Group Corporation<br>• Sumiro Ltd | • Zanitiser Co., Ltd<br>• Krungthai-AXA Life Insurance Public Co., Limited<br>• ASTI Holdings Limited | • Dragon Venture Limited<br>• Dragon Equipment and Materials Technology Ltd<br>• Jiangsu Longjiang Ship Building Co., Ltd<br>• Nanjing Dragon Treasure Boat Development Co., Ltd |
| **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.** | | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | 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 | 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 | No |

# CORPORATE GOVERNANCE REPORT

| NAME OF DIRECTORS | DATO' MICHAEL LOH SOON GNEE | DR KRIENGSAK CHAREONWONGSAK | MANDIE CHONG MAN SUI |
|---|---|---|---|
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | 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 | 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 | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-<br>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br>(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<br>(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<br>(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 | No |

# CORPORATE GOVERNANCE REPORT

| NAME OF DIRECTORS | DATO' MICHAEL LOH SOON GNEE | DR KRIENGSAK CHAREONWONGSAK | MANDIE CHONG MAN SUI |
|---|---|---|---|
| (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 | No |
| Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)<br>If yes, please provide details of prior experience.<br><br>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-election of director.<br><br><br>Not Applicable | This relates to re-election of director.<br><br><br>Not Applicable | This relates to re-election of director.<br><br><br>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. | Not applicable. |

# APPENDIX 2

ASTI HOLDINGS 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 ASTI Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet 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 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 for the year ended on that date; and

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

## DIRECTORS

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

Dato' Michael Loh Soon Gnee
Timothy Lim Boon Liat
Mandie Chong Man Sui
Dr Kriengsak Chareonwongsak
Dato' Sri Mohd. Sopiyan B. Mohd. Rashdi
Dr Daniel Yeoh Ghee Chong

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares 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, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

| Name of Directors | At the beginning of financial year | At the end of financial year | At 21 January 2021 |
|---|---|---|---|
| **Ordinary shares of the Company** | | | |
| Dato' Michael Loh Soon Gnee | | | |
| - direct interest | 130,209,600 | 130,209,600 | 130,209,600 |
| Timothy Lim Boon Liat | | | |
| - held in name of spouse | 99,000 | 99,000 | 99,000 |

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 date of appointment if later, 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 reappointment as auditor.

On behalf of the Board:

Dato' Michael Loh Soon Gnee
Director

Timothy Lim Boon Liat
Director

14 May 2021

# INDEPENDENT AUDITOR'S REPORT

AS AT 31 DECEMBER 2020

**Report on the Audit of the Financial Statements to the members of ASTI Holdings Limited**

## Opinion

We have audited the financial statements of ASTI Holdings Limited (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 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 and the balance sheet 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 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 each matter below, our description of how our audit addressed the matter is provided in that context.

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

*Legal matters relating to an ex-employee and an ex-consultant of the Group*

As stated in Note 43, an ex-employee filed a complaint with California Labor Commissioner's Office and Superior Court of California in relation to employment and shareholder disputes and claims for commission, bonus and late payment penalty. In addition, an ex-consultant filed a complaint with Superior Court of California claiming for payment in lieu of services rendered to the Group. Based on the legal advice received, management is of the view that the claims are unmeritorious and are unlikely to be successful.

The claims were significant to our audit due to the size of the claims and required management to apply significant judgment and estimates in assessing whether it is probable that an outflow of resources embodying economic benefits will be required to settle the respective claims.

As part of our audit, we discussed with management and the Group's in-house legal counsel to obtain an understanding of the status and their assessments of the likely outcome and potential exposures of the claims. We reviewed legal correspondences between the Group and its external legal counsel to confirm the facts, circumstances and understand the merits of the claims. We also reviewed the adequacy of the disclosures made in Note 43 Legal contingencies to the financial statements in relation to the claims.

# INDEPENDENT AUDITOR'S REPORT

AS AT 31 DECEMBER 2020

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

*Impairment assessment of the Group's interests in EoCell Limited*

As at 31 December 2020, the Group's interests in associate, EoCell Limited ("EoCell"), comprise the investments in as well as the amounts due from EoCell. The carrying values of the Group's investment in EoCell amounted to S$20,526,000, and amounts due from EoCell amounted to S$3,070,000. These amounts represent 24% of the total assets of the Group. During the current financial year, management assessed that there were indicators of impairment and accordingly, assessed the recoverable amounts of their interests in EoCell. Management estimated the recoverable amount of its investment in EoCell based on fair value less cost of disposal, and engaged an external valuer to perform the valuation. The impairment assessment was significant to our audit due to the magnitude of the amounts and required management to apply significant judgments and estimates due to the fast-changing nature of the industry in which EoCell operates.

As part of our audit, we obtained an understanding of management's impairment assessment process including their considerations of the potential impact COVID-19 pandemic has on the EoCell's operations. We evaluated the objectivity, independence and expertise of the external valuer. We reviewed the external valuer's valuation report, and discussed with management and the external valuer to understand the basis of valuation technique and key assumptions used in the valuation. We involved our internal valuation specialist in assessing the appropriateness of the valuation technique used and the reasonableness of key assumptions used, such as comparable funding transactions and price of recent investment. In relation to amounts due from EoCell, we tested the adequacy of expected credit loss ("ECL") allowance as at year end, including assessing whether management's approach is consistent with the requirements in SFRS(I) 9 *Financial Instruments*. In assessing management's estimate of the ECL allowance, we considered the Group's historical credit loss experience and forward-looking macroeconomic information that may affect the recoverability of amounts due from associate. We also assessed the adequacy of the disclosures in Note 8 *Investment in associate* and Note 13 *Amounts due from associates* to the financial statements.

*Allowance for stock obsolescence*

As of 31 December 2020, total inventory and the related allowances for stock obsolescence amounted to S$4,161,000 and S$1,371,000 respectively. We focused on this area as the gross inventory and the allowance for stock obsolescence carrying amounts are material to the financial statements, and the determination of stock obsolescence involves a significant level of management judgement.

As part of our audit procedures, we attended and observed management's inventory counts at all material inventory locations. We tested, on a sample basis, the carrying value of the inventory by performing testing on the accuracy of the standard costing, ageing of inventories, and analysis of obsolete inventories. We evaluated, amongst others, the analyses and assessments made by management with respect to obsolete inventories, and the expected demand and selling price. We also assessed the adequacy of the disclosures related to inventories in Note 10.

**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.

# INDEPENDENT AUDITOR'S REPORT

AS AT 31 DECEMBER 2020

**Responsibilities of Management and Directors for the Financial Statements (cont'd)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT
AS AT 31 DECEMBER 2020

**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 Simon Yeo Seng Chong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

14 May 2021

# BALANCE SHEETS

AS AT 31 DECEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| **Non-current assets** | | | | | |
| Intangible assets | 4 | **63** | 64 | **–** | – |
| Property, plant and equipment | 5 | **20,180** | 19,894 | **213** | 282 |
| Investment properties | 6 | **–** | – | **–** | – |
| Right-of-use assets | 22 | **1,412** | 2,969 | **–** | – |
| Subsidiaries | 7 | **–** | – | **7,910** | 7,910 |
| Associates | 8 | **22,478** | 29,126 | **5,801** | 5,801 |
| Other receivables | 15 | **5** | 4 | **–** | – |
| Deferred tax assets | 24 | **58** | 54 | **–** | – |
| | | **44,196** | 52,111 | **13,924** | 13,993 |
| **Current assets** | | | | | |
| Inventories | 10 | **2,790** | 3,242 | **–** | – |
| Prepayments and advances | 11 | **759** | 690 | **50** | 36 |
| Amounts due from subsidiaries | 12 | **–** | – | **10,466** | 7,413 |
| Amounts due from associates | 13 | **7,845** | 158 | **7,913** | – |
| Amounts due from related company | 13 | **3,070** | 4,098 | **–** | – |
| Trade receivables | 14 | **10,663** | 12,303 | **–** | – |
| Other receivables | 15 | **1,542** | 3,835 | **77** | 2,379 |
| Cash and cash equivalents | 16 | **28,917** | 24,343 | **2,902** | 10,165 |
| | | **55,586** | 48,669 | **21,408** | 19,993 |
| Assets held for sale | 9 | **–** | 2,119 | **–** | – |
| | | **55,586** | 50,788 | **21,408** | 19,993 |
| **Current liabilities** | | | | | |
| Provisions | 17 | **101** | 217 | **–** | – |
| Loans and borrowings | 18 | **2,682** | 1,596 | **–** | – |
| Trade payables and accruals | 19 | **11,556** | 15,252 | **1,029** | 2,455 |
| Other payables | 20 | **7,039** | 3,904 | **356** | 234 |
| Amounts due to subsidiaries | 21 | **–** | – | **6,906** | 7,049 |
| Lease liabilities | 22 | **1,061** | 1,582 | **–** | – |
| Income tax payable | | **685** | 336 | **–** | – |
| | | **23,124** | 22,887 | **8,291** | 9,738 |
| **Net current assets** | | **32,462** | 27,901 | **13,117** | 10,255 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 22 | **771** | 1,944 | **–** | – |
| Long term payables | 23 | **2,665** | 2,479 | **–** | – |
| Loans and borrowings | 18 | **491** | 616 | **–** | – |
| Deferred tax liabilities | 24 | **183** | 108 | **–** | – |
| | | **4,110** | 5,147 | **–** | – |
| **Net assets** | | **72,548** | 74,865 | **27,041** | 24,248 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 30 | **132,617** | 132,617 | **132,617** | 132,617 |
| Treasury shares | 31 | **(4,772)** | (4,772) | **(4,772)** | (4,772) |
| Foreign currency translation reserve | 32 | **338** | (100) | **–** | – |
| Capital reserves | 33 | **(8,194)** | (8,194) | **(2,960)** | (2,960) |
| Accumulated losses | | **(44,218)** | (46,316) | **(97,844)** | (100,637) |
| | | **75,771** | 73,235 | **27,041** | 24,248 |
| Non-controlling interests | | **(3,223)** | 1,630 | **–** | – |
| **Total equity** | | **72,548** | 74,865 | **27,041** | 24,248 |

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

# CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group | |
|---|---|---|---|
| | | **2020** | 2019 |
| | **Note** | **S$'000** | S$'000 |
| **Revenue** | 25 | **57,046** | 65,935 |
| Cost of sales | | **(41,764)** | (50,565) |
| **Gross profit** | | **15,282** | 15,370 |
| **Other income** | 26 | **4,155** | 29,758 |
| **Other expense** | | | |
| Marketing and distribution | | **(1,694)** | (1,535) |
| Research and development | | **(94)** | (1,992) |
| Administrative expenses | | **(15,964)** | (9,586) |
| Other income/(expenses), net | | **4,633** | (7,680) |
| Finance costs, net | 28 | **(175)** | (246) |
| Share of results of associates, net of tax | | **(6,395)** | (2,242) |
| **(Loss)/profit before tax from continuing operations** | 27 | **(252)** | 21,847 |
| Income tax expense | 24 | **(2,108)** | (1,403) |
| **(Loss)/profit for the year** | | **(2,360)** | 20,444 |
| **Attributable to:** | | | |
| **Owners of the Company** | | **2,098** | 7,200 |
| **Non-controlling interests** | | **(4,458)** | 13,244 |
| Total | | **(2,360)** | 20,444 |
| **Earnings per share attributable to owners of the Company (cents per share)** | | | |
| Basic and diluted | 29 | **0.32** | 1.10 |
| **Earnings per share (cents per share)** | | | |
| Basic and diluted | 29 | **0.32** | 1.10 |

*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)/profit for the year** | | **(2,360)** | 20,444 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation | | **43** | 309 |
| Other comprehensive income for the year, net of tax | | **43** | 309 |
| **Total comprehensive (loss)/income for the year** | | **(2,317)** | 20,753 |
| **Attributable to:** | | | |
| Owners of the Company | | **2,536** | 7,185 |
| Non-controlling interests | | **(4,853)** | 13,568 |
| **Total comprehensive (loss)/income for the year** | | **(2,317)** | 20,753 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Group | Share capital | Treasury shares | Capital reserves | Foreign currency translation reserve | Accumulated losses | Equity attributable to owners of the Company, Total | Non-controlling interests | Total equity |
| | | ----(Non-distributable)---- | | | (Distributable) | | | |
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **2020** | | | | | | | | |
| At 1 January | **132,617** | **(4,772)** | **(8,194)** | **(100)** | **(46,316)** | **73,235** | **1,630** | **74,865** |
| **Profit/(loss) for the year** | **–** | **–** | **–** | **–** | **2,098** | **2,098** | **(4,458)** | **(2,360)** |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation | **–** | **–** | **–** | **438** | **–** | **438** | **(395)** | **43** |
| Other comprehensive income for the year, net of tax | **–** | **–** | **–** | **438** | **–** | **438** | **(395)** | **43** |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **438** | **2,098** | **2,536** | **(4,853)** | **(2,317)** |
| **At 31 December** | **132,617** | **(4,772)** | **(8,194)** | **338** | **(44,218)** | **75,771** | **(3,223)** | **72,548** |
| **2019** | | | | | | | | |
| At 1 January | 132,617 | (4,772) | (8,345) | (95) | (50,242) | 69,163 | (12,156) | 57,007 |
| **Profit for the year** | – | – | – | – | 7,200 | 7,200 | 13,244 | 20,444 |
| Other comprehensive income | | | | | | | | |
| Foreign currency translation | – | – | – | (15) | – | (15) | 324 | 309 |
| Other comprehensive income for the year, net of tax | – | – | – | (15) | – | (15) | 324 | 309 |
| **Total comprehensive income for the year** | – | – | – | (15) | 7,200 | 7,185 | 13,568 | 20,753 |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends on ordinary shares | – | – | – | – | (3,274) | (3,274) | – | (3,274) |
| Deemed disposal of subsidiary (Note 7(d)) | – | – | 151 | 10 | – | 161 | 218 | 379 |
| **Total contributions by and distributions to owners** | – | – | 151 | 10 | (3,274) | (3,113) | 218 | (2,895) |
| **At 31 December** | 132,617 | (4,772) | (8,194) | (100) | (46,316) | 73,235 | 1,630 | 74,865 |

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group | |
|---|---|---|---|
| | Note | **2020 S$'000** | 2019 S$'000 |
| **Operating activities** | | | |
| (Loss)/profit before taxation | | **(252)** | 21,847 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 5 | **5,521** | 6,725 |
| Depreciation of right-of-use assets | 22 | **1,416** | 1,631 |
| Depreciation of investment properties | 6 | **–** | 11 |
| Gain on disposal of property, plant and equipment | | **(1,778)** | (16) |
| Property, plant and equipment written off | | **7** | 84 |
| Impairment loss on property, plant and equipment | 5 | **270** | 529 |
| Impairment loss on right-of-use assets | 22 | **–** | 590 |
| Impairment loss on contingent receivables | 15 | **–** | 2,121 |
| Allowance on other receivables | 15 | **31** | 35 |
| Allowance on trade receivables | 14 | **2** | 1 |
| Allowance on amounts due from related company | 13 | **1,011** | – |
| (Write-back of)/allowance on amounts due from associates | 13 | **(6,901)** | 3,172 |
| (Write-back of)/allowance on stock obsolescence, net | 10 | **(78)** | 258 |
| Restructuring | 17 | **(56)** | 135 |
| Gain on deemed disposal of subsidiaries | 7(d) | **–** | (28,405) |
| Share of results of associates | | **6,395** | 2,242 |
| Interest income | 28 | **(268)** | (278) |
| Interest expense | 28 | **397** | 460 |
| Written-off advance from customer | 26 | **(419)** | (214) |
| Effects of exchange loss | | **377** | 562 |
| **Operating cash flows before changes in working capital** | | **5,675** | 11,490 |
| Changes in working capital | | | |
| (Increase)/decrease in: | | | |
| Receivables | | **4,048** | (227) |
| Inventories | | **636** | (510) |
| Amounts due from associates | | **(576)** | (689) |
| Decrease in: | | | |
| Payables | | **(3,035)** | (13,646) |
| **Cash flows generated from/(used in) operations** | | **6,748** | (3,582) |
| Interest paid | | **(312)** | (376) |
| Interest received | | **75** | 53 |
| Income tax paid | | **(1,782)** | (1,920) |
| **Net cash flows generated from/(used in) operating activities** | | **4,729** | (5,825) |

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group | |
|---|---|---|---|
| | **Note** | **2020 S$'000** | 2019 S$'000 |
| **Investing activities** | | | |
| Proceeds from disposal of property, plant and equipment | | **1,876** | 22 |
| Proceeds from disposal of assets held for sale | | **2,281** | – |
| Purchase of property, plant and equipment (Note (i)) | (i) | **(3,483)** | (4,462) |
| Prepayment of right-of-use assets | | **(3)** | (25) |
| Expenditure on research and development project | 4 | **–** | (615) |
| Repayment of loan from associates | | **–** | 4,065 |
| Cash and cash equivalents in subsidiaries disposed of | 7(d) | **–** | (256) |
| Cash consideration received from disposal of subsidiaries | 7(c) | **–** | 13,500 |
| **Net cash flows generated from investing activities** | | **671** | 12,229 |
| **Financing activities** | | | |
| Payment of principal portion of lease liabilities | 22(b) | **(1,619)** | (1,505) |
| Proceeds from bank borrowings | 18 | **1,709** | 616 |
| Repayments of bank borrowings | 18 | **(763)** | (1,256) |
| Dividends paid on ordinary shares by the Company | 41 | **–** | (3,274) |
| **Net cash flows used in financing activities** | | **(673)** | (5,419) |
| **Net increase in cash and cash equivalents** | | **4,727** | 985 |
| Cash and cash equivalents at 1 January | | **24,343** | 23,261 |
| Effects of exchange rate changes on cash and cash equivalents | | **(153)** | 97 |
| **Cash and cash equivalents at 31 December** | | **28,917** | 24,343 |

**(i) Purchase of property, plant and equipment**

Property, plant and equipment were acquired by means of:

| **Group** | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| Cash payments | **3,483** | 4,462 |
| Other payables (Note 20) | **2,897** | 853 |
| | **6,380** | 5,315 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 1. CORPORATION INFORMATION

ASTI Holdings Limited (the "Company") was incorporated in the Republic of Singapore on 27 March 1999 as a public company limited by shares. The Company is domiciled in the Republic of Singapore and was admitted to the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-SESDAQ") on 8 July 1999. Effective 28 April 2005, the listing and quotation of the Company's shares was transferred to the official list of the SGX Mainboard.

The registered office of the Company is located at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542. The principal place of the Company's business is located at Block 25 Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416.

The principal activities of the Company are those of investment holdings and acting as corporate manager and advisor in connection with the administration and organisation of the businesses of its subsidiaries.

The principal activities of the subsidiaries and associates are disclosed in Note 7 and Note 8.

There have been no significant changes in the nature of these activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *2.1 Basis of preparation*

The consolidated financial statements of the Group and the balance sheet 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.

### *2.2 Changes in accounting policies*

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

- 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)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.3 Standards issued but not yet effective*

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

| ***Description*** | ***Effective for annual periods beginning on or after*** |
|---|---|
| Amendments to FRS16 *Property, Plant and Equipment:* Proceeds before Intended Use | 1 January 2022 |
| Amendments to FRS37 *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to FRSs 2018-2020 | 1 January 2022 |
| Amendments to FRS 1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to FRS 10 and FRS 28 *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* | To be determined |
| Amendments to SFRS(I) 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to SFRS(I) 17 | 1 January 2023 |

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.

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

(i) 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.

(ii) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

(iii) Business combinations and goodwill (cont'd)

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.

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

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

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

### *2.6 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.

**(i) Transactions and balances**

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.6 Foreign currency (Cont'd)*

**(ii) 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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### *2.7 Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment 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 an unlimited 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 properties | - | 20 to 50 years or shorter of remaining leases terms and economic useful lives |
| Furniture and fittings | - | 3 - 10 years |
| Plant and machinery | - | 3 - 10 years |
| Office equipment | - | 3 - 10 years |
| Motor vehicles | - | 4 - 5 years |

Assets under construction-in-progress 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.

### *2.8 Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment property begins when it is available for use and is computed on a straight-line basis over the estimated useful life as follows:

| | | |
|---|---|---|
| Freehold buildings | - | 50 years |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.9 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.

Intangible assets include goodwill, project development expenditure, intellectual property and club memberships.

**(i) Project development expenditure**

Project development expenditure relating to raw materials, salaries and other fixed costs incurred in specific development projects are recognised as intangible assets when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the project development expenditure as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

**(ii) Club membership**

Club membership was acquired separately and is stated at cost less impairment losses. The useful life of club membership is estimated to be indefinite and assessment for impairment is performed annually or more frequently if the events and circumstances indicate the carrying value may be impaired either individually or at the cash-generating unit level.

Intangible assets are amortised on the following basis:

| | | |
|---|---|---|
| Development expenditure | - | 5 years in line with sales from the related project |
| Intellectual property | - | 5 - 10 years over its estimated useful economic lives |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.10 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.

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

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

| | | |
|---|---|---|
| Plant and machinery | - | 3 - 10 years |
| Motor vehicles | - | 4 - 5 years |
| Leasehold properties | - | over lease term of 1 to 3 years |

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.30.

**(ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. 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).

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

The Group applies the short-term lease recognition exemption to its short-term leases of 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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.11 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.

### *2.12 Associates*

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

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

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

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

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

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

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

### *2.13 Financial instruments*

#### (i) Financial assets

**Initial recognition and measurement**

Financial assets are recognised when, and only when the Group 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.13 Financial instruments (Cont'd)*

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

**Subsequent measurement**

Investments in debt instruments

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

(a) Amortised cost

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

(b) Fair value through other comprehensive income (FVOCI)

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

(c) Fair value through profit or loss

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

Investments in equity instruments

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

**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 FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.13 Financial instruments (Cont'd)*

#### (ii) 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.

### *2.14 Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss 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 more than one year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### *2.15 Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and demand deposits.

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

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

### *2.16 Inventories*

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

- Costs of materials are determined on a first-in, first-out or weighted average basis according to the nature of the subsidiaries' operations.

- Costs for work-in-progress and finished products are determined on a specific identification basis and include direct materials, direct labour and attributable overheads.

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

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

### *2.17 Provisions*

**(i) 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 a reliable estimate can be made of the amount of the obligation.

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

**(ii) 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.

### *2.18 Financial guarantee*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### *2.19 Borrowing costs*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.20 Employee benefits*

**(i) 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, Malaysia, Philippines and People's Republic of China ("PRC") companies in the Group make contributions to the Central Provident Fund scheme in Singapore, or Employees Provident Fund in Malaysia, or Social Security System in Philippines, or Social Security Bureau in PRC 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.

**(ii) 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 net total of service costs is recognised in profit or loss.

### *2.21 Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical are of operations.

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

### *2.22 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.

**(i) Sale of goods**

Revenue from the distribution sales of components is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group does not adjust revenue recognised for the expected returns as they have assessed them to be insignificant.

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

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

### *2.22 Revenue (Cont'd)*

**(ii) Provision of services**

Revenue from provision of manufacturing services is recognised upon the completion, delivery and acceptance of the services rendered.

**(iii) Interest income**

Interest income is recognised on a time-apportioned basis using the effective interest method.

**(iv) Dividend income**

Dividend income from investments is recognised when the right to receive the dividend has been established.

**(v) Rental income**

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

### *2.23 Taxes*

**(i) 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 enacted or substantively enacted at the end of reporting period, in the countries where the Group operates and generates taxable income.

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

**(ii) Deferred tax**

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

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

- Where the deferred income 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, 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 income 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.23 Taxes (Cont'd)*

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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.

#### (iii) Sales tax

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

- Where the sales tax incurred in 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.

### *2.24 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.

### *2.25 Treasury shares*

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

### *2.26 Government grants*

Government grants are recognized as a receivables 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 basic over the periods that the related costs, for which it 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### *2.27 Segment reporting*

The Group manages its business based on the Group's nature of business which is independently managed by the respective segment managers responsible for the performance of the respective segments. The segment managers' report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

### *2.28 Amounts due from/to subsidiaries/related parties*

Amounts due from subsidiaries/related parties are recognised and carried at cost less an allowance for any uncollectible amounts. Amounts due to subsidiaries/related parties are recognised and carried at amortised cost.

### *2.29 Contingencies*

A contingent liability is:

(i) 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

(ii) a present obligation that arises from past events but is not recognised because:

   (1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (2) The amount of the obligation cannot be measured with sufficient reliability.

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

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

### *2.30 Impairment of non-financial assets*

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

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

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

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

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

Goodwill is tested for impairment annual as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment loss relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

### *3.1 Judgments made in applying accounting policies*

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

**(i) Consolidation of Dragon Group International Limited ("DGI")**

As at 31 December 2020, the Company has an equity interest of 41% in DGI. Management has considered the size of the Company's shareholding relative to the size and dispersion of shareholdings held by other shareholders and determined that it has the current ability to direct the relevant activities of DGI notwithstanding its shareholdings are less than 50%. The Company remains the dominant shareholder based on historical voting records at DGI's general meetings and the Group Administrative Officer of the Company are also the Acting Chief Executive Officer and Group Administrative Officer of DGI, both of whom are responsible for the vision, strategic direction and operational management of DGI. DGI is hence accounted for as a subsidiary and its results are included in the Group's consolidated income statement.

**(ii) Determination of lease term of contracts with extension options – Group as lessee**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

As at 31 December 2020, potential future (undiscounted) cash outflows of approximately S$579,000 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

### *3.1 Judgments made in applying accounting policies (Cont'd)*

#### (iii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property. The carrying amount of the Group's investment properties at the end of the reporting period is disclosed in Note 6.

### *3.2 Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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.

#### (i) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 14.

The carrying amount of the Group's trade receivables as at 31 December 2020 are disclosed in Note 14.

#### (ii) Impairment of property, plant and equipment and right-of-use assets

The carrying amounts of items of property, plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amounts may not be recoverable. The recoverable amount of an item of property, plant and equipment and right-of-use assets is higher of its fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. In estimating the recoverable amount of assets, various assumptions, including future cash flows to be associated to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

The carrying amount of the Group's property, plant and equipment and right-of-use assets as at 31 December 2020 are disclosed in Note 5 and Note 22 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

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

#### (iii) Allowance for stock obsolescence

The Group assesses at the end of each reporting period whether there is any objective evidence that its stocks are 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.

The carrying amount of the Group's inventories and related allowance for stock obsolescence as at 31 December 2020 are disclosed in Note 10.

## 4. INTANGIBLE ASSETS

| Group | Development expenditure S$'000 | Intellectual property S$'000 | Goodwill S$'000 | Club memberships S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2019 | 6,345 | 928 | 13,133 | 170 | 20,576 |
| Additions | 615 | – | – | – | 615 |
| Disposal of subsidiaries (Note 7(d)) | (6,901) | – | – | – | (6,901) |
| Currency realignment | (59) | (13) | – | (2) | (74) |
| At 31 December 2019 and 1 January 2020 | **–** | **915** | **13,133** | **168** | **14,216** |
| Currency realignment | **–** | **(15)** | **–** | **(2)** | **(17)** |
| At 31 December 2020 | **–** | **900** | **13,133** | **166** | **14,199** |
| **Accumulated amortisation and impairment loss** | | | | | |
| At 1 January 2019 | – | 928 | 13,133 | 105 | 14,166 |
| Currency realignment | – | (13) | – | (1) | (14) |
| At 31 December 2019 and 1 January 2020 | **–** | **915** | **13,133** | **104** | **14,152** |
| Currency realignment | **–** | **(15)** | **–** | **(1)** | **(16)** |
| At 31 December 2020 | **–** | **900** | **13,133** | **103** | **14,136** |
| Net carrying amount | | | | | |
| **At 31 December 2020** | **–** | **–** | **–** | **63** | **63** |
| At 31 December 2019 | – | – | – | 64 | 64 |

***Development expenditure***

Included in the cost of development expenditure was the development of the Group's battery and storage solutions unit in Eocell Limited which has amortisation period of five years. In 2019, no amortisation has been recorded as the asset is not yet available for use. Eocell Limited was deemed disposed in 2019 as disclosed in Note 7(d).

All research and development costs not eligible for capitalisation have been expensed and are recognized in the "Research and development" line in profit and loss as incurred during 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land and buildings* S$'000 | Lease-hold properties S$'000 | Furniture and fittings S$'000 | Plant and machinery S$'000 | Office equipment S$'000 | Motor vehicles S$'000 | Construction-in-progress S$'000 | Total S$'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 January 2019 | 9,116 | 3,099 | 7,169 | 58,363 | 3,494 | 529 | 11,794 | 93,564 |
| Additions | 1,253 | – | 963 | 2,643 | 327 | 129 | – | 5,315 |
| Disposals/written off | – | – | (165) | (4,130) | (67) | (114) | – | (4,476) |
| Transfer to assets held for sale | – | – | – | (3,207) | – | – | – | (3,207) |
| Transfer from investment properties (Note 6) | 611 | – | – | – | – | – | – | 611 |
| Disposal of subsidiaries (Note 7(d)) | – | – | (100) | (1,563) | (3) | – | – | (1,666) |
| Currency realignment | (73) | (98) | (61) | (880) | (24) | (10) | (371) | (1,517) |
| At 31 December 2019 and 1 January 2020 | **10,907** | **3,001** | **7,806** | **51,226** | **3,727** | **534** | **11,423** | **88,624** |
| Additions | **553** | **–** | **400** | **5,002** | **312** | **113** | **–** | **6,380** |
| Disposals/written off | **–** | **–** | **(407)** | **(3,572)** | **(335)** | **(138)** | **–** | **(4,452)** |
| Currency realignment | **(186)** | **149** | **(93)** | **(742)** | **(23)** | **2** | **566** | **(327)** |
| At 31 December 2020 | **11,274** | **3,150** | **7,706** | **51,914** | **3,681** | **511** | **11,989** | **90,225** |
| **Accumulated depreciation and impairment loss** | | | | | | | | |
| At 1 January 2019 | 3,093 | 3,099 | 5,553 | 42,359 | 2,597 | 386 | 11,794 | 68,881 |
| Charge for the year | 511 | – | 621 | 5,209 | 325 | 59 | – | 6,725 |
| Disposals/written off | – | – | (151) | (4,072) | (53) | (110) | – | (4,386) |
| Impairment loss | – | – | – | 529 | – | – | – | 529 |
| Transfer to assets held for sale | – | – | – | (1,088) | – | – | – | (1,088) |
| Transfer from investment properties (Note 6) | 308 | – | – | – | – | – | – | 308 |
| Disposal of subsidiaries (Note 7(d)) | – | – | (51) | (977) | (3) | – | – | (1,031) |
| Currency realignment | (23) | (98) | (43) | (646) | (21) | (6) | (371) | (1,208) |
| At 31 December 2019 and 1 January 2020 | **3,889** | **3,001** | **5,929** | **41,314** | **2,845** | **329** | **11,423** | **68,730** |
| Charge for the year | **630** | **–** | **736** | **3,755** | **335** | **65** | **–** | **5,521** |
| Disposals/written off | **–** | **–** | **(321)** | **(3,586)** | **(334)** | **(113)** | **–** | **(4,354)** |
| Impairment loss | **–** | **–** | **–** | **270** | **–** | **–** | **–** | **270** |
| Currency realignment | **(89)** | **149** | **(83)** | **(648)** | **(16)** | **(1)** | **566** | **(122)** |
| At 31 December 2020 | **4,430** | **3,150** | **6,261** | **41,105** | **2,830** | **280** | **11,989** | **70,045** |
| Net carrying amount | | | | | | | | |
| **At 31 December 2020** | **6,844** | **–** | **1,445** | **10,809** | **851** | **231** | **–** | **20,180** |
| At 31 December 2019 | 7,018 | – | 1,877 | 9,912 | 882 | 205 | – | 19,894 |

* Included freehold land at cost of S$2,434,000 (2019: S$2,480,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment loss recognised

(i) Plant and machinery

In 2019, a subsidiary of the Group within the BEST segment, Reel Service (Philippines), Inc. carried out a review of the recoverable amount of its specialised processing equipment purchased specifically for one of the end customers who changed their operation model from outsourcing to insourcing, resulting in significant drop in sales from the customer. Given this significant uncertainty over the production line for the customer as at 31 December 2019, an impairment loss of S$529,000, representing the write-down of these equipment to the recoverable amount of S$Nil was recognised in "Other expenses, net" line item of consolidated income statement for the financial year ended 31 December 2019. The recoverable amount was based on its value-in-use and pre-tax discount rate was 14.51%.

(ii) Construction-in-progress

Construction-in-progress relates to the construction of a boat in the People's Republic of China. In 2017, the Group faced unforeseen delays caused by local environmental rules requiring the boat to be repositioned. This resulted in certain disagreements between shareholders of Nanjing DTB. The construction has since been suspended pending a review on the future plans for the project. Given this significant uncertainty over the project as at 31 December 2017, an impairment charge of S$3,635,000 was recognized in the "Other expenses, net" line item of the consolidated income statement for the financial year ended 31 December 2017, representing the write-down of the construction-in-progress to its recoverable amount of S$Nil. The recoverable amount was based on its value-in-use and pre-tax discount rate was 16.5%. As there was no update to the status of the project since 2018, the total cost of construction-in-progress of S$11,988,000 (2019: S$11,423,000) relating to the boat remained fully impaired as of 31 December 2020 and 2019.

| **Company** | **Furniture and fittings** S$'000 | **Office equipment** S$'000 | **Total** S$'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2019 | 44 | 322 | 366 |
| Additions | 7 | 148 | 155 |
| At 31 December 2019 and 1 January 2020 | **51** | **470** | **521** |
| Additions | **170** | **31** | **201** |
| Written off | **–** | **(38)** | **(38)** |
| At 31 December 2020 | **221** | **463** | **684** |
| **Accumulated Depreciation** | | | |
| At 1 January 2019 | 15 | 107 | 122 |
| Charge for the year | 12 | 105 | 117 |
| At 31 December 2019 and 1 January 2020 | **27** | **212** | **239** |
| Charge for the year | **141** | **129** | **270** |
| Written off | **–** | **(38)** | **(38)** |
| At 31 December 2020 | **168** | **303** | **471** |
| Net carrying amount | | | |
| **At 31 December 2020** | **53** | **160** | **213** |
| At 31 December 2019 | 24 | 258 | 282 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 6. INVESTMENT PROPERTIES

| Group | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| **Cost** | | |
| At 1 January | – | 594 |
| Currency realignment | – | 17 |
| Transfer to property, plant and equipment (Note 5) | – | (611) |
| At 31 December | – | – |
| **Accumulated Depreciation** | | |
| At 1 January | – | 291 |
| Charge for the year | – | 11 |
| Currency realignment | – | 6 |
| Transfer to property, plant and equipment (Note 5) | – | (308) |
| At 31 December | – | – |
| Net carrying amount | | |
| **At 31 December** | – | – |

| | | |
|---|---|---|
| The following amounts are recognised in profit or loss: | | |
| Rental income from investment properties: | | |
| - Minimum lease payments | – | 31 |
| Direct operating expenses (including repairs and maintenance) | | |
| - Rental generating properties | – | – * |

* The amount is less than S$1,000.

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

Transfer to property, plant and equipment

In 2019, a subsidiary of the Group within the BEST segment, Reel Services Limited transferred part of its factory building that was previously held as investment properties to owner-occupied property. The building was transferred on the commencement of owner-occupation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. SUBSIDIARIES

| Company | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Quoted shares, at cost | **37,914** | 37,914 |
| Unquoted shares, at cost | **24,456** | 23,797 |
| Less: Dividend income declared from subsidiary's pre-acquisition reserve | **(294)** | (294) |
| | **62,076** | 61,417 |
| Impairment loss on quoted shares | **(37,914)** | (37,914) |
| Impairment loss on unquoted shares | **(16,252)** | (15,593) |
| | **7,910** | 7,910 |
| Allowance for impairment | | |
| At 1 January | **53,507** | 53,507 |
| Current year allowance | **659** | – |
| At 31 December | **54,166** | 53,507 |
| Carrying amount of quoted shares at 31 December | **–** | – |
| Market value of quoted shares at 31 December | **5,703** | 5,703 |

Impairment testing of investment in subsidiaries

During the year ended 31 December 2020, the Company has performed an impairment assessment on certain subsidiaries which had been dormant or loss-making. Based on the assessment, the management made additional impairment charge of S$659,000 (2019: S$Nil) to write down the investment in a subsidiary to its recoverable amount.

(a) The Group has the following significant investments in subsidiaries:

| | Name of subsidiaries (Country of incorporation) | Principal activities | Effective shareholding 2020 % | Effective shareholding 2019 % |
|---|---|---|---|---|
| | **Held by the Company** | | | |
| (1) | Telford Industries Pte Ltd (Singapore) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Telford SVC. Phils., Inc. (Philippines) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Reel Service Limited (United Kingdom) | Investment holding, manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. SUBSIDIARIES (CONT'D)

(a) The Group has the following significant investments in subsidiaries (Cont'd):

| | Name of subsidiaries (Country of incorporation) | Principal activities | Effective shareholding 2020 % | 2019 % |
|---|---|---|---|---|
| | **Held by the Company** | | | |
| (2) | Reel Service (Philippines), Inc. (Philippines) | Manufacturing and distribution of carrier tapes and plastic reels and provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Telford Technologies (Shanghai) Pte Ltd (People's Republic of China) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (2) | Telford Property Management Inc. (Philippines) | Property investment | **100** | 100 |
| (1) | Dragon Group International Limited (Singapore) | Investment holding and acting as corporate manager and advisor to its subsidiaries | **41** | 41 |
| (3) | EoPlex Limited (Hong Kong) | Development of advanced chip packaging and related technologies | **85** | 85 |
| | **Held by EoPlex Limited** | | | |
| (4) | EoPlex Inc (United States of America) | Development of advanced chip packaging and related technologies | **100** | 100 |
| | **Held by Telford Industries Pte Ltd** | | | |
| (3) | Telford Service Sdn. Bhd. (Malaysia) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| (3) | Telford Service (Melaka) Sdn. Bhd. (*formerly known as TQS Manufacturing Sdn. Bhd.*) (Malaysia) | Provision of semiconductor manufacturing services for surface mount technology components | **100** | 100 |
| | **Held by Dragon Group International Limited** | | | |
| (1) | Sooner Technology Pte Ltd (Singapore) | Trading in electronic components, computer peripherals and acting as commission agent | **100** | 100 |
| (3) | Dragon Equipment & Materials Technology Ltd (Hong Kong) | Sale, distribution and acting as commission agent in equipment, materials and electronic components | **100** | 100 |
| (3) | DTB Limited (Hong Kong) | Investment holding | **100** | 100 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. SUBSIDIARIES (CONT'D)

(a) The Group has the following significant investments in subsidiaries (Cont'd):

| | Name of subsidiaries (Country of incorporation) | Principal activities | Effective shareholding 2020 % | 2019 % |
|---|---|---|---|---|
| | **Held by DTB Limited** | | | |
| (3) | Nanjing DTB Development Co., Ltd (People's Republic of China) | Construction of antique wooden sea boat, communication of culture, exhibition and conference etc. | **60** | 60 |
| (3) | Dragon Ventures Limited (Hong Kong) | Investment holding | **100** | 100 |
| | **Held by Dragon Ventures Limited** | | | |
| (4) | Dragon Tourism Management Company Limited (People's Republic of China) | Develop and manage a mixed-used property | **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 a member firm of Ernst & Young Global
(3) Audited by other audit firms
(4) Not required to be audited in country of incorporation

Subsidiaries that are audited by other audit firms: -

| ***Company*** | ***Auditors*** |
|---|---|
| Telford Service Sdn. Bhd. | BDO, Malaysia |
| Telford Service (Melaka) Sdn. Bhd. (*formerly known as TQS Manufacturing Sdn. Bhd.*) | Cheng & Co., Malaysia |
| Dragon Equipment & Materials Technology Ltd | Y. K Leung & Co., Hong Kong |
| DTB Limited | Y. K Leung & Co., Hong Kong |
| Dragon Ventures Limited | Y. K Leung & Co., Hong Kong |
| Nanjing DTB Development Co. Ltd | Jiangsu Verti-Hor Certified Public Accountant Co. Ltd |
| EoPlex Limited | Bright Brilliance CPA Limited, Hong Kong |

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

## 7. SUBSIDIARIES (CONT'D)

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

The Group has the following subsidiaries that have NCI that are material to the Group:

1. Dragon Group International Limited ("DGI") and its subsidiaries ("DGI Group")
2. EoPlex Limited and its subsidiaries ("EoPlex Group")

| Name of subsidiaries | Principal place of business | Proportion of ownership interest held by NCI | Profit/(loss) allocated to NCI during the reporting period S$'000 | Accumulated NCI at end of reporting period S$'000 |
|---|---|---|---|---|
| **31 December 2020:** | | | | |
| DGI Group | Singapore | **59%** | **(4,229)** | **2,569** |
| EoPlex Group | Hong Kong | **15%** | **(217)** | **(5,701)** |
| **31 December 2019:** | | | | |
| DGI Group | Singapore | **59%** | 13,660 | 7,296 |
| EoPlex Group | Hong Kong | **15%** | (305) | (5,594) |

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

**Significant restrictions**

There were no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests except that these subsidiaries are required to seek the approval of the NCI should the Group need to deploy the assets from these subsidiaries to the Company or its other subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interests ("NCI") (Cont'd)

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries are as follows:

(b)(i) Summarised balance sheets

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| **Current** | | | | |
| Assets | **5,744** | 5,871 | **1,712** | 1,792 |
| Liabilities | **(19,880)** | (17,490) | **(38,986)** | (38,598) |
| **Net current liabilities** | **(14,136)** | (11,619) | **(37,274)** | (36,806) |
| **Non-current** | | | | |
| Assets | **20,574** | 26,000 | **190** | 525 |
| Liabilities | **–** | – | **(1,747)** | (1,914) |
| **Net non-current assets/(liabilities)** | **20,574** | 26,000 | **(1,557)** | (1,389) |
| **Net assets/(liabilities)** | **6,438** | 14,381 | **(38,831)** | (38,195) |

(b)(ii) Summarised income statement

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Revenue | **2,842** | 3,212 | **3** | – |
| (Loss)/profit before income tax | **(7,098)** | 23,232 | **(1,398)** | (2,033) |
| Income tax expense | **(79)** | (35) | **–** | – |
| (Loss)/profit for the year | **(7,177)** | 23,197 | **(1,398)** | (2,033) |

(b)(iii) Summarised statement of other comprehensive income

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| (Loss)/profit for the year | **(7,177)** | 23,197 | **(1,398)** | (2,033) |
| Other comprehensive income | **(813)** | 273 | **–** | – |
| Total comprehensive income for the year | **(7,990)** | 23,470 | **(1,398)** | (2,033) |

(b)(iv) Other summarised information

| | DGI Group | | EoPlex Group | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Net cash flows used in operations | **(1,710)** | (3,638) | **(233)** | (477) |
| Acquisition of significant property, plant and equipment | **(2)** | (1) | **–** | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. SUBSIDIARIES (CONT'D)

(c) Disposal of STI Group in 2018

Contingent consideration receivable:

As part of the terms of the sale and purchase agreement ("SPA") with the buyer, a contingent consideration of S$9,000,000 has been agreed. The Company undertakes that the audited profit before tax of the STI Group in 2018 and 2019 is not less than S$17,000,000 (referred to as the "Profit Guarantee").

The Company is required to pay a shortfall if the actual profits are less than the Profit Guarantee. The maximum shortfall will be S$17,000,000 and accordingly, the maximum amount the Company potentially needs to pay back to the buyer for the purposes of the Profit Guarantee is S$17,000,000.

As at the date of disposal and as of the year ended 31 December 2018, the Company has recognized the contingent consideration receivable of S$9,000,000.

In 2019, the Company has received S$4,500,000 out of the third payment of S$9,000,000.

Based on the SPA between the buyer and the Company, the third tranche of consideration will be adjusted by the shortfall of FY2018 & FY2019 aggregate profits if the target profits are not met. The Group has obtained the FY2018 audited results of STI Group issued by its auditor, Pan-China Singapore Pac on 30 April 2019 of which the profit for FY2018 was S$11,827,000.

The Group obtained the FY2019 audited results of STI Group issued by its auditor Pan-China Singapore Pac on 7 February 2020 of which the profit for FY2019 was S$3,052,000.

As a result, the aggregate FY2018 and FY2019 was S$14,879,000 which fell short of the Profit Guarantee of S$17,000,000 by S$2,121,000.

The Group made an assessment to record an impairment of contingent consideration receivables of S$2,121,000 out of the remaining S$4,500,000 as at 31 December 2019 in Note 15.

On 6 March 2020, the Company has entered a side letter to the SPA with the buyer. Pursuant to the Side Letter, the Company and the buyer have agreed that notwithstanding the provisions of the SPA in relation to the Profit Guarantee, both parties shall jointly instruct the Escrow Agent to release an amount equal to the Shortfall to the bank of the buyer, and the remaining amount of the balance Third Payment less the Shortfall to the bank of the Company.

Accordingly, the shortfall has been released to the bank account of the buyer and the remaining amount of the balance Third Payment less the Shortfall to be released to the bank of the Company.

The shortfall of S$2,121,000 has been written-off during the financial year ended 31 December 2020 in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. SUBSIDIARIES (CONT'D)

(d) Loss of control in EoCell Ltd with dilution in equity interest in 2019

On 20 May 2019, DGI's subsidiary EoCell Limited issued 999,999,930 shares representing 40% of enlarged share capital of EoCell Limited to Yinlong Energy Co., Ltd for a consideration of US$20,000,000 and 499,999,895 shares representing 20% of the enlarged share capital to a company representing the key management of EoCell Limited. As a result, DGI's shareholding in EoCell Limited was diluted to 40% from 100% and DGI has lost control over EoCell Limited. As DGI has significant influence over EoCell as an associate, the results of EoCell Limited are equity accounted from the date of loss of control.

| | S$'000 |
|---|---|
| Carrying amounts of assets and liabilities disposed of: | |
| Intangible assets | 6,901 |
| Property, plant and equipment | 635 |
| Prepayments | 49 |
| Cash and cash equivalents | 256 |
| **Total assets** | **7,841** |
| | |
| Trade payables and accruals | 398 |
| Other payables | 1,028 |
| Amounts due to related party | 1,145 |
| Amounts due to immediate holding company | 6,954 |
| **Total liabilities** | **9,525** |
| | |
| Net disposed of | |
| Less: net liability disposed of | 1,684 |
| Less: other reserve | (379) |
| Fair value investment in associate | 27,100 |
| **Gain on deemed disposal of subsidiaries** | **28,405** |
| | |
| Cash and cash equivalents in subsidiaries disposed of | 256 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. ASSOCIATES

The Group's material investment in associate is summarised below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| Advanced Systems Automation Limited ("ASA") | **1,952** | 3,174 | **5,801** | 5,801 |
| EoCell Limited | **20,526** | 25,952 | **–** | – |
| | **22,478** | 29,126 | **5,801** | 5,801 |
| Carrying amount of quoted shares at 31 December | **1,952** | 3,174 | **5,801** | 5,801 |
| Carrying amount of unquoted shares at 31 December | **20,526** | 25,952 | **–** | – |
| Market value of quoted shares at 31 December | **5,801** | 5,801 | **5,801** | 5,801 |

The Group has the following significant investments:

| | Name of investments (Country of incorporation) | Principal activities | Effective shareholding 2020 % | Effective shareholding 2019 % |
|---|---|---|---|---|
| | **Held by the Company** | | | |
| (1) | Advanced Systems Automation Limited (Singapore) | Investment holding | **26** | 26 |
| | **Held by Advanced Systems Automation Limited** | | | |
| (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 |
| (3) | ASA Multiplate (M) Sdn. Bhd. (Malaysia) | Provision of thermal coating, surface finishing of electronics products and specialised electroplating of semiconductor products services | **–** | 90 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. ASSOCIATES (CONT'D)

The Group has the following significant investments (Cont'd):

| | Name of investments (Country of incorporation) | Principal activities | Effective shareholding 2020 % | 2019 % |
|---|---|---|---|---|
| | **Held by Advanced Systems Automation Limited (cont'd)** | | | |
| (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) | Property owner | **100** | 100 |
| | **Held by the Company** | | | |
| (1) | Dragon Group International Limited (Singapore) | Investment holding and acting as corporate manager and advisor to its subsidiaries | **41** | 41 |
| | **Held by Dragon Group International Limited** | | | |
| (3) | EoCell Limited (Hong Kong) | Development of battery and storage solutions | **40** | 40 |
| | **Held by EoCell Limited** | | | |
| (3) | EoCell Inc (United States of America) | Development of battery and storage solutions | **100** | 100 |

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

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by a member firm of Ernst & Young Global
(3) Audited by other audit firms

Associates that are audited by other audit firms: -

| ***Company*** | ***Auditors*** |
|---|---|
| Dragon Microfits Sdn. Bhd. | KCK Associates, Malaysia |
| ASA Multiplate (M) Sdn. Bhd. | CHI-LLTC, Malaysia |
| EoCell Limited | Y.K Leung & Co., Hong Kong |
| EoCell Inc | Armanino LLP |

The summarised financial information based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

1. Advanced Systems Automation Limited ("ASA") and its subsidiaries ("ASA Group")
2. EoCell Limited and its subsidiaries ("EoCell Group")

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. ASSOCIATES (CONT'D)

**Summarised balance sheet**

| | ASA Group | | EoCell Group | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 | **2020** **S$'000** | 2019 S$'000 |
| Current assets | **19,570** | 10,649 | **13,088** | 19,755 |
| Non-current assets | **64** | 10,071 | **1,189** | 7,362 |
| Total assets | **19,634** | 20,720 | **14,277** | 27,117 |
| Current liabilities | **21,536** | 19,077 | **366** | 1,283 |
| Non-current liabilities | **–** | 961 | **4,041** | 3,136 |
| Total liabilities | **21,536** | 20,038 | **4,407** | 4,419 |
| Net (liabilities)/assets | **(1,902)** | 682 | **9,870** | 22,698 |
| Proportion of the Group's ownership | **26%** | 26% | **40%** | 40% |
| Group's share of net (liabilities)/assets | **(495)** | 177 | **3,948** | 9,079 |
| Goodwill on acquisition | **3,014** | 3,014 | **16,560** | 16,873 |
| Other adjustments | **(567)** | (17) | **18** | – |
| Carrying amount of the investment | **1,952** | 3,174 | **20,526** | 25,952 |

**Summarised statement of comprehensive income**

| | ASA Group | | EoCell Group | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 (restated) | **2020** **S$'000** | 2019 S$'000 |
| Revenue | **–** | – | **–** | – |
| Loss after tax for the year | **–** | – | **(12,871)** | (4,315) |
| Loss after tax from continuing operations | **(2,561)** | (3,726) | **–** | – |
| Loss after tax from discontinued operations | **(1,354)** | (911) | **–** | – |
| Other comprehensive income | **103** | 1 | **–** | – |
| Total comprehensive income for the year | **(3,812)** | (4,636) | **(12,871)** | (4,315) |

The total comprehensive income for EoCell Group from date of loss of control to 31 December 2019 amounted to S$2,653,000.

## 9. ASSETS HELD FOR SALE

16 units of plant and machinery of a subsidiary have been reclassified as held for sale. The assets belong to the BEST segment and they were disposed in relation to the closing down of its production line located at Zhongshan, China due to project end of life. The sale was completed in February 2020. The carrying value of the assets was S$2,119,000 as of 31 December 2019, which was lower than the fair value less costs to sell.

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

## 10. INVENTORIES

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Balance sheet: | | |
| Raw materials | **2,938** | 3,067 |
| Work-in-progress | **32** | 72 |
| Goods-in-transit | **36** | 73 |
| Finished goods | **1,155** | 1,479 |
| | **4,161** | 4,691 |
| Allowance for stock obsolescence | **(1,371)** | (1,449) |
| | **2,790** | 3,242 |
| Income statement: | | |
| Inventories recognised as an expense in cost of sales inclusive of the following charge | **15,532** | 21,193 |
| - Allowance for obsolescence and slow-moving inventories | **65** | 302 |
| - Reversal of allowance for obsolescence | **(143)** | (44) |

The reversal of allowance for obsolescence was made when the related inventories were sold above their carrying amount.

## 11. PREPAYMENTS AND ADVANCES

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| Prepayment | **649** | 663 | **50** | 36 |
| Advances | **110** | 27 | **–** | – |
| | **759** | 690 | **50** | 36 |

## 12. AMOUNTS DUE FROM SUBSIDIARIES

| Company | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Non-interest bearing | **1,127** | 1,171 |
| Interest bearing | **9,339** | 6,242 |
| | **10,466** | 7,413 |

Amounts due from subsidiaries are stated after an allowance for expected credit losses of S$69,808,000 (2019: S$66,446,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of amounts due from subsidiaries is as follows:

| Company | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| Movement in allowance accounts: | | |
| At 1 January | **66,446** | 60,011 |
| Charge for the year | **3,362** | 6,435 |
| At 31 December | **69,808** | 66,446 |

Non-interest bearing receivables are unsecured, repayable on demand and to be settled in cash.

Interest bearing receivables are non-trade in nature, unsecured, bear an interest ranging from 1.00% to 3.75% (2019: 1.00% to 3.39%) per annum, repriced on quarterly basis, are repayable on demand and to be settled in cash, except for S$12,085,000 (2019: S$10,295,000) which subsequent to the year end, the Company has agreed with a subsidiary (DGI) not to recall the amount for the next twelve months from the date the financial statements are authorised for issuance.

Amounts due from subsidiaries denominated in US dollars are S$4,459,000 (2019: S$1,091,000).

## 13. AMOUNTS DUE FROM ASSOCIATES AMOUNTS DUE FROM RELATED COMPANY

| Group | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| Associates | | |
| Non-interest bearing | **1,515** | 922 |
| Interest bearing | **7,075** | 6,856 |
| | **8,590** | 7,778 |
| Less: Allowance for impairment | **(745)** | (7,620) |
| | **7,845** | 158 |
| Related company | | |
| Non-interest bearing | **4,041** | 4,098 |
| Less: Allowance for impairment | **(971)** | – |
| | **3,070** | 4,098 |

Non-interest bearing amounts due from associates are unsecured, repayable on demand and to be settled in cash.

Interest bearing amounts due from associates are non-trade in nature, unsecured, bear an interest ranging from 2.25% to 3.75% (2019: 3.39%) per annum, repriced on quarterly basis, are repayable on demand and to be settled in cash. Subsequent to the year end, the Company has agreed not to recall the amounts due from associate (ASA) of S$6,291,000 (2019: S$6,291,000) for the next twelve months from the date the financial statements are authorised for issuance.

The amounts due from related company are non-trade in nature, unsecured and are to be settled in cash. They are non-interest bearing and repayable upon demand.

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

## 13. AMOUNTS DUE FROM ASSOCIATES AMOUNTS DUE FROM RELATED COMPANY (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of amounts due from associates and amounts due from related company are as follows:

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Associates | | |
| Movement in allowance accounts: | | |
| At 1 January | **7,620** | 5,072 |
| Written off | **–** | (598) |
| (Written-back)/charge for the year | **(6,901)** | 3,172 |
| Currency realignment | **26** | (26) |
| At 31 December | **745** | 7,620 |
| Related company | | |
| Movement in allowance accounts: | | |
| At 1 January | **–** | – |
| Charge for the year | **1,011** | – |
| Currency realignment | **(40)** | – |
| At 31 December | **971** | – |

## 14. TRADE RECEIVABLES

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Trade receivables – third parties | **10,663** | 12,303 |

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

Expected credit losses

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

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Movement in allowance accounts | | |
| At 1 January | **88** | 2,737 |
| Allowance on for the year | **2** | 1 |
| Bad debts written off | **–** | (2,639) |
| Currency realignment | **3** | (11) |
| At 31 December | **93** | 88 |

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

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| US Dollars | **1,721** | 78 |
| Philippines peso | **814** | 844 |
| Others | **258** | 217 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| Tax recoverable | **134** | 415 | **–** | – |
| Consideration receivable from disposal of STI Group (Note 7c)[1] | **–** | 4,500 | **–** | 4,500 |
| Deposits | **227** | 585 | **19** | – |
| Other debtors | **901** | 3,199 | **54** | – |
| Sundry debtors | **3,789** | 790 | **4** | – |
| | **5,051** | 9,489 | **77** | 4,500 |
| Allowance for other receivables | **(3,504)** | (5,650) | **–** | (2,121) |
| | **1,547** | 3,839 | **77** | 2,379 |
| Disclosure in balance sheet | | | | |
| Current | **1,542** | 3,835 | **77** | 2,379 |
| Non-current | **5** | 4 | **–** | – |
| | **1,547** | 3,839 | **77** | 2,379 |

Receivables that are impaired

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| Movement in allowance accounts: | | | | |
| At 1 January | **5,650** | 3,355 | **2,121** | – |
| Charge for the year | **31** | 2,156 | **–** | 2,121 |
| Bad debts written off | **(2,121)** | – | **(2,121)** | – |
| Currency realignment | **(56)** | 139 | **–** | – |
| At 31 December | **3,504** | 5,650 | **–** | 2,121 |

Included in 2019 is an impairment of contingent consideration receivables of S$2,121,000 in relation to the disposal of subsidiaries in 2018. This amount was written off during the year.

These impairment losses are recognised in the "Other expenses" line item of the consolidated income statement for the financial year ended 31 December 2019.

During the financial year ended 31 December 2020, these impairment losses have been written-off in Note 7(c).

Other receivables denominated in foreign currencies as at 31 December are as follows:

| Group | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| US Dollars | **–** | 283 |
| Philippines peso | **226** | 267 |
| Thailand baht | **100** | 102 |

[1] Included in 2019 is the consideration receivable from STI Group of which S$4,500,000 is restricted cash. The cash is held in an escrow account and is restricted from use until certain conditions are met.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 16. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 | **2020** **S$'000** | 2019 S$'000 |
| Cash on hand and at bank | **27,229** | 24,062 | **1,902** | 10,165 |
| Short-term deposits | **1,688** | 281 | **1,000** | – |
| | **28,917** | 24,343 | **2,902** | 10,165 |

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

Short-term deposits of the Group with financial institutions are made for varying periods within 1 month (2019: 1 month) from the financial year end. The effective interest rates as at 31 December 2020 for the Group were ranging from 0.004% to 0.07% (2019: 0.06% to 0.07%) per annum.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 | **2020** **S$'000** | 2019 S$'000 |
| US Dollars | **7,094** | 4,278 | **817** | 2,740 |
| Philippines peso | **1,130** | 773 | **–** | – |
| Others | **411** | 149 | **–** | – |

## 17. PROVISIONS

| | Restructuring provision | |
|---|---|---|
| **Group** | **2020** **S$'000** | 2019 S$'000 |
| At 1 January | **217** | 86 |
| Charge for the year | **10** | 135 |
| Utilised | **(69)** | – |
| Written back | **(66)** | – |
| Exchange differences | **9** | (4) |
| At 31 December | **101** | 217 |

Restructuring provision

During 2019, the Group has closed down its factory at Zhongshan, China due to project end of life. Following management's decision of the closure, the Group recognised a provision of S$135,000 for expected retrenchment costs. These costs were fully provided for in the current reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 18. LOANS AND BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| **Current liabilities:** | | | | |
| Unsecured loan | **2,682** | 1,596 | **–** | – |
| **Non-current liabilities:** | | | | |
| Unsecured loan | **491** | 616 | **–** | – |
| | **3,173** | 2,212 | **–** | – |

**Unsecured loan**

(a) Unsecured floating rate bank borrowings of the subsidiaries bear effective interest rates of 6.25% (2019: 6.25%) per annum. These bank borrowings comprise S$1,682,000 (2019: S$2,212,000) which are repayable ranging from 90 days to 180 days.

(b) Short Term unsecured floating rate bank borrowings of the subsidiaries bear effective interest rates of 6.00% (2019: Nil%) per annum. These bank borrowings comprise S$1,491,000 (2019: S$Nil) which are repayable within one year.

There are no loans and borrowings denominated in foreign currency as at 31 December 2020 and 31 December 2019.

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

| | **2019** S$'000 | **Net cash flow** S$'000 | **Foreign exchange movement** S$'000 | **2020** S$'000 |
|---|---|---|---|---|
| Loans and borrowings | 2,212 | 946 | 15 | 3,173 |

| | **2018** S$'000 | **Net cash flow** S$'000 | **Foreign exchange movement** S$'000 | **2019** S$'000 |
|---|---|---|---|---|
| Loans and borrowings | 2,804 | (640) | 48 | 2,212 |

## 19. TRADE PAYABLES AND ACCRUALS

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| **Current:** | | | | |
| Trade payables – third parties | **4,365** | 8,209 | **–** | 588 |
| Accruals | **7,191** | 7,043 | **1,029** | 1,867 |
| | **11,556** | 15,252 | **1,029** | 2,455 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 19. TRADE PAYABLES AND ACCRUALS (CONT'D)

Trade payable and accruals are non-interest bearing.

Trade payables are normally settled on 60-days terms, while accruals and other payables have an average term of six months.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 | **2020** **S$'000** | 2019 S$'000 |
| US Dollars | **2,195** | 4,745 | **8** | 16 |
| Philippines peso | **2,373** | 1,539 | **–** | – |
| Sterling pound | **–** | 272 | **–** | – |
| Thailand baht | **298** | 365 | **–** | – |
| Others | **984** | 759 | **–** | – |

## 20. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 | **2020** **S$'000** | 2019 S$'000 |
| Proposed Directors' fees | **234** | 234 | **234** | 234 |
| Proposed Directors' fees of subsidiaries | **149** | 177 | **–** | – |
| Payable arising from purchase of property, plant and equipment | **2,897** | 853 | **–** | – |
| Advances received from customers (Note (i)) | **108** | 77 | **–** | – |
| Advances for capital injection from non-controlling Interest | **2,569** | 2,448 | **–** | – |
| Sundry creditors | **889** | – | **100** | – |
| Others | **193** | 115 | **22** | – |
| | **7,039** | 3,904 | **356** | 234 |

(i) The advances received from customers relate to the deposits received for sales orders.

Other payables denominated in foreign currencies as at 31 December are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** **S$'000** | 2019 S$'000 | **2020** **S$'000** | 2019 S$'000 |
| US Dollars | **406** | 111 | **–** | – |
| Philippines peso | **155** | 1,048 | **–** | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 21. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, to be settled in cash and are repayable on demand.

Amounts due to subsidiaries that are denominated in US dollars are S$6,906,000 (2019: S$7,049,000).

## 22. LEASES

### Group as a lessee

The Group has lease contracts for various items of plant and machinery, motor vehicles and leasehold properties 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.

(a) Carrying amount of right-of-use assets

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

| | Group | | | |
|---|---|---|---|---|
| | Plant and machinery | Motor vehicles | Leasehold properties | Total |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| At 1 January 2019 | 2,496 | 133 | 1,810 | 4,439 |
| Additions | 158 | – | 618 | 776 |
| Depreciation | (734) | (51) | (846) | (1,631) |
| Impairment loss | (590) | – | – | (590) |
| Foreign exchange differences | (10) | – | (15) | (25) |
| At 31 December 2019 and 1 January 2020 | **1,320** | **82** | **1,567** | **2,969** |
| Additions | **–** | **–** | **42** | **42** |
| Depreciation | **(488)** | **(52)** | **(876)** | **(1,416)** |
| Written off | **(87)** | **–** | **(164)** | **(251)** |
| Lease modification | **–** | **–** | **51** | **51** |
| Foreign exchange differences | **1** | **–** | **16** | **17** |
| At 31 December 2020 | **746** | **30** | **636** | **1,412** |

<u>Impairment loss recognised</u>

Plant and machinery

In 2019, a subsidiary of the Group within the BEST segment, Reel Service (Philippines), Inc., carried out a review of the recoverable amount of its leased processing equipment which was leased specifically for one of the end customers who changed their operation model from outsourcing to insourcing, resulting in significant drop in sales from the customer. An impairment loss of S$590,000, representing the write-down of these right-of-use assets to the recoverable amount of S$Nil was recognised in "Other expense, net" line item of consolidated income statement for the financial year ended 31 December 2019. The recoverable amount was based on its value-in-use and pre-tax discount rate was 14.51%.

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

## 22. LEASES (CONT'D)

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

(b) Lease liabilities

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 | **3,526** | 2,502 |
| Cash flow: | | |
| Payment of principal | **(1,619)** | (1,505) |
| Interest paid | **(195)** | (261) |
| Non-cash changes: | | |
| SFRS(I) 16 adoption | **–** | 1,810 |
| Addition | **42** | 751 |
| Written off | **(171)** | – |
| Lease modification | **55** | – |
| Accretion of interests | **195** | 261 |
| Foreign exchange movement | **(1)** | (32) |
| At 31 December | **1,832** | 3,526 |

Lease liabilities related to leases are split between current and non-current:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'000 |
| Current | **1,061** | 1,582 |
| Non-current | **771** | 1,944 |
| | **1,832** | 3,526 |

(c) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **S$'000** | S$'000 |
| Depreciation of right-of-use assets | **1,416** | 1,631 |
| Impairment loss on right-of-use assets | **–** | 590 |
| Interest expense on lease liabilities | **173** | 261 |
| Expense relating to short-term leases | **199** | 277 |
| Expense relating to leases of low-value assets | **22** | 16 |
| Total amounts recognised in profit or loss | **1,810** | 2,775 |

(d) Total cash outflow

The Group had total cash outflows for leases of S$2,035,000 (2019: S$2,059,000) in 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 22. LEASES (CONT'D)

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

(e) Extension options

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.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

| | Group | | |
|---|---|---|---|
| | **Within five years S$'000** | **More than five years S$'000** | **Total S$'000** |
| **2020** | | | |
| Extension options expected not to be exercised | **579** | **–** | **579** |
| 2019 | | | |
| Extension options expected not to be exercised | 1,664 | – | 1,664 |

## 23. LONG TERM PAYABLES

Long term payables are non-trade in nature, bear an interest of 8% (2019: 8%) per annum, to be settled in cash and are not expected to be repaid within the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. INCOME TAX EXPENSE

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Income tax payable in respect of results for the year: | | |
| Current income tax | | |
| (i) Singapore | **(14)** | 167 |
| (ii) Others | **(2,041)** | (1,630) |
| Deferred income tax | **27** | 91 |
| | **(2,028)** | (1,372) |
| Over/(under) provision in respect of prior years: | | |
| Current income tax | **(44)** | 24 |
| Deferred income tax | **(36)** | (55) |
| | **(80)** | (31) |
| Income tax expense recognised in profit or loss | **(2,108)** | (1,403) |

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

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| (Loss)/profit before tax | **(252)** | 21,847 |
| Tax calculated at a tax rate of 17% (2019: 17%) | **43** | (3,714) |
| Differential tax rate of overseas subsidiaries | **(60)** | (424) |
| Non-deductible expenses | **(3,722)** | (3,639) |
| Income not subject to tax | **1,705** | 6,476 |
| Deferred tax assets utilised/(not recognised) | **115** | (71) |
| Under-provision in respect of prior years | **(80)** | (31) |
| Others | **(109)** | – |
| Income tax expense | **(2,108)** | (1,403) |

**Deferred tax liabilities/assets**

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| **Deferred tax liabilities arise as a result of:** | | |
| - Differences in depreciation | **158** | 107 |
| - Others | **25** | 1 |
| | **183** | 108 |
| **Deferred tax assets arise as a result of:** | | |
| - Others | **58** | 54 |
| Deferred tax (expense)/credit recognised in profit or loss | **(9)** | 36 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24. INCOME TAX EXPENSE (CONT'D)

Certain subsidiaries have estimated unutilised tax losses and unabsorbed capital allowances amounting to approximately S$75,250,000 (2019: S$77,074,000) and S$3,524,000 (2019: S$3,524,000) available for set off against future taxable profits of the subsidiaries in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. The tax losses have no expiry date.

According to the Applicable Enterprise Income Tax ("EIT") laws and regulations, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable EIT Laws and regulations.

Pursuant to a tax treaty between the PRC and the Republic of Singapore, which became effective on 1 January 2008, a company incorporated in Singapore will be subject to a withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds 25% or more interests in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

At the end of the reporting period, no withholding tax has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries of S$37,747,000 (2019: S$34,640,000) as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Furthermore, certain other subsidiaries of the Group (primarily in Malaysia) had undistributed earnings of S$4,040,000 (2019: S$5,108,000). 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.

## 25. REVENUE

***Disaggregation of revenue***

| | Backend equipment solutions & technologies | | Distribution & services | | Total revenue | |
|---|---|---|---|---|---|---|
| **Group** | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| **Primary geographical markets** | | | | | | |
| China | **16,218** | 27,525 | **564** | 2,975 | **16,782** | 30,500 |
| Singapore | **1,144** | 1,337 | **118** | 86 | **1,262** | 1,423 |
| Malaysia | **2,592** | 2,204 | **95** | 145 | **2,687** | 2,349 |
| Philippines | **29,501** | 26,261 | **–** | – | **29,501** | 26,261 |
| United Kingdom | **1,926** | 2,802 | **–** | – | **1,926** | 2,802 |
| Others | **2,823** | 2,594 | **2,065** | 6 | **4,888** | 2,600 |
| | **54,204** | 62,723 | **2,842** | 3,212 | **57,046** | 65,935 |
| **Timing of transfer of goods or services** | | | | | | |
| At a point in time | **54,204** | 62,723 | **2,842** | 3,212 | **57,046** | 65,935 |
| | **54,204** | 62,723 | **2,842** | 3,212 | **57,046** | 65,935 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26. OTHER INCOME

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Rental income | **374** | 371 |
| Provision of other services/commission income | **33** | 371 |
| Government incentives and grant income | **984** | 15 |
| Gain on deemed disposal of subsidiaries | **–** | 28,405 |
| Gain on disposal of property, plant and equipment | **1,778** | 16 |
| Written-off advance from customer | **419** | 214 |
| Others | **567** | 366 |
| | **4,155** | 29,758 |

## 27. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax.

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Impairment loss on contingent consideration receivables (Note 7(c)) | **–** | (2,121) |
| Impairment loss on property, plant and equipment (Note 5) | **(270)** | (529) |
| Impairment loss on right-of-use assets (Note 22) | **–** | (590) |
| Property, plant and equipment written off | **(7)** | (84) |
| Gain on disposal of property, plant and equipment | **1,778** | 16 |
| Written-back/(allowance on) amounts due from associates | **6,901** | (3,172) |
| Unrealised exchange loss, net | **(935)** | (1,148) |
| Depreciation of property, plant and equipment | **(5,521)** | (6,725) |
| Depreciation of investment properties | **–** | (11) |
| Written-back/(allowance for) obsolete and slow-moving inventories | **78** | (258) |
| Allowance on other receivables (excluding consideration receivables) | **(31)** | (35) |
| Restructuring expenses | **–** | (135) |
| Reversal of management bonuses | **–** | 1,108 |
| Claw-back of bonus paid to a director (included in "Administrative expenses") (Note 37) | **–** | 5,818 |
| Staff costs | | |
| - salaries, wages, bonuses and others | **(25,051)** | (21,021) |
| - defined contribution plans | **(1,790)** | (2,174) |

## 28. FINANCE COSTS, NET

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Interest income | | |
| - short-term deposits/current accounts | **47** | 27 |
| - amounts owing from other debtors | **28** | 27 |
| - amounts owing from associates | **193** | 224 |
| | **268** | 278 |
| Interest expense | | |
| - lease liabilities | **(195)** | (261) |
| - bank loans and trade financing | **(202)** | (199) |
| | **(397)** | (460) |
| Bank charges | **(46)** | (64) |
| Total | **(175)** | (246) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. EARNINGS PER SHARE

Continuing operations

Basic and diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 31 December:

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share | **2,098** | 7,200 |
| Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation (no. of shares, in '000s) | **654,731** | 654,731 |

The diluted earnings per share is the same as the basic earnings per share as there were no outstanding convertible securities for both the financial years ended 31 December 2020 and 31 December 2019.

## 30. SHARE CAPITAL

| Group and Company | 2020 | 2019 | 2020 | 2019 |
|---|---|---|---|---|
| | **Number of shares** | | **S$'000** | S$'000 |
| Issued and fully paid ordinary shares | | | | |
| Balance at beginning and at end | **681,966,341** | 681,966,341 | **132,617** | 132,617 |

The holders of ordinary shares (except treasury shares as disclosed in Note 31) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

## 31. TREASURY SHARES

| Group and Company | 2020 | 2019 | 2020 | 2019 |
|---|---|---|---|---|
| | **Number of shares** | | **S$'000** | S$'000 |
| Balance at beginning and at end | **(27,234,855)** | (27,234,855) | **(4,772)** | (4,772) |

Treasury shares relate to the ordinary shares of the Company that are held by the Company. Losses or gains on disposal or reissue of treasury shares are reflected as equity in the balance sheet.

## 32. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. CAPITAL RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 |
| (a) Loss arising from sale or reissue of treasury shares | | | | |
| Balance at 1 January and 31 December | **(3,746)** | (3,746) | **(2,960)** | (2,960) |
| (b) Premium paid on acquisition of non-controlling interest or additional interest in subsidiary | | | | |
| Balance at 1 January and 31 December | **(1,131)** | (1,131) | **–** | – |
| (c) Discount on disposal to non-controlling interests | | | | |
| Balance at 1 January and 31 December | **(2,894)** | (2,894) | **–** | – |
| (d) Loss on dilution in interest in subsidiary | | | | |
| Balance at 1 January and 31 December | **(419)** | (419) | **–** | – |
| (e) Realisation of reserves on disposal of subsidiaries | | | | |
| Balance at 1 January | **(4)** | (155) | **–** | – |
| Deemed disposal of subsidiary | **–** | 151 | **–** | – |
| Balance at 31 December | **(4)** | (4) | **–** | – |
| Total balance at 31 December | **(8,194)** | (8,194) | **(2,960)** | (2,960) |

No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

**Gain or loss arising from sale or reissue of treasury shares**

This represents the gain or loss arising from the purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of these reserves.

## 34. SEGMENT INFORMATION

The Group positioned its operations into two strategic business segments comprising Back-end Equipment Solutions and Technologies ("BEST") and Distribution and Services. BEST is mainly engaged in provision of solutions and technologies in the back-end (i.e. assembly, test and finishing) arena of the semiconductor industry. The Distribution and Services segment is engaged mainly in the provision of semiconductor application in consumer electronics, computer peripheral and communication solution.

Segment accounting policies are described in Note 2.27.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

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

## 34. SEGMENT INFORMATION (CONT'D)

Inter-segment sales and transfers are carried out on an arm's length basis. Segment assets consist primarily of property, plant and equipment, current assets, investments and intangible assets.

| | BEST | | Distribution and Services | | Adjustment and elimination | | Note | Consolidation | |
|---|---|---|---|---|---|---|---|---|---|
| | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 | **2020 S$'000** | 2019 S$'000 | | **2020 S$'000** | 2019 S$'000 |
| **Revenue** | | | | | | | | | |
| Segmental revenue | | | | | | | | | |
| - External sales | **54,204** | 62,723 | **2,842** | 3,212 | **–** | – | | **57,046** | 65,935 |
| - Inter-segment sales | **340** | 531 | **–** | – | **(340)** | (531) | A | **–** | – |
| | **54,544** | 63,254 | **2,842** | 3,212 | **(340)** | (531) | | **57,046** | 65,935 |
| **Segment results** | **4,817** | (2,566) | **(7,177)** | 23,010 | **–** | – | | **(2,360)** | 20,444 |
| EBITDA (Note B) | **13,806** | 10,438 | **(6,769)** | 23,491 | **–** | – | | **7,037** | 33,929 |
| Interest income | **698** | 705 | **28** | 28 | **(458)** | (455) | | **268** | 278 |
| Interest expense | **(527)** | (574) | **(328)** | (341) | **458** | 455 | | **(397)** | (460) |
| Depreciation on property, plant and equipment and investment properties | **(5,520)** | (6,606) | **(1)** | (130) | **–** | – | | **(5,521)** | (6,736) |
| Depreciation on right-of-use assets | **(1,416)** | (1,631) | **–** | – | **–** | – | | **(1,416)** | (1,631) |
| Impairment loss on other receivables | **–** | (8) | **(31)** | (27) | **–** | – | | **(31)** | (35) |
| Impairment loss on property, plant and equipment | **(270)** | (529) | **–** | – | **–** | – | | **(270)** | (529) |
| Impairment loss on right-of-use assets | **–** | (590) | **–** | – | **–** | – | | **–** | (590) |
| Written-back/(impairment loss) on inventories | **75** | (282) | **3** | 24 | **–** | – | | **78** | (258) |
| Impairment loss on contingent receivables | **–** | (2,121) | **–** | – | **–** | – | | **–** | (2,121) |
| (Loss)/profit before tax | **6,846** | (1,198) | **(7,098)** | 23,045 | **–** | – | | **(252)** | 21,847 |
| Income tax expense | **(2,029)** | (1,368) | **(79)** | (35) | **–** | – | | **(2,108)** | (1,403) |
| (Loss)/profit for the year | **4,817** | (2,566) | **(7,177)** | 23,010 | **–** | – | | **(2,360)** | 20,444 |
| Other information: | | | | | | | | | |
| Share of results of associates | **(1,248)** | (1,181) | **(5,147)** | (1,061) | **–** | – | | **(6,395)** | (2,242) |
| Foreign currency exchange (loss)/gain | **(1,495)** | (848) | **560** | (300) | **–** | – | | **(935)** | (1,148) |
| Additions to non-current assets (Note C) | **6,420** | 6,090 | **2** | 616 | **–** | – | | **6,422** | 6,706 |
| Segment assets | **80,937** | 82,137 | **26,319** | 31,832 | **(7,474)** | (11,070) | | **99,782** | 102,899 |
| Segment liabilities | **14,828** | 21,614 | **19,880** | 17,490 | **(7,474)** | (11,070) | | **27,234** | 28,034 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 34. SEGMENT INFORMATION (CONT'D)

Notes

A Inter-segment transactions are eliminated on consolidation.

B EBITDA: Earnings before interest expense, interest income, tax, depreciation, amortization and impairment losses.

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

Geographical information

Revenue and non-current assets are based on the geographical location of the entities as follows:

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **S$'000** | S$'000 | **S$'000** | S$'000 |
| China | **16,782** | 30,500 | **259** | 342 |
| Singapore | **1,262** | 1,423 | **387** | 392 |
| Malaysia | **2,687** | 2,349 | **213** | 941 |
| Philippines | **29,501** | 26,261 | **18,552** | 18,700 |
| United Kingdom | **1,926** | 2,802 | **1,985** | 2,258 |
| Others | **4,888** | 2,600 | **259** | 294 |
| | **57,046** | 65,935 | **21,655** | 22,927 |

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and investment properties as presented in the consolidated balance sheet.

Information about major customers

Revenue from 3 major customers amounted to S$39,675,000 (2019: S$49,648,000), arising from sales by the BEST segment.

Revenue from one major customer amounted to S$865,000 (2019: S$801,000), arising from sales by the Distribution and Services segment.

## 35. COMMITMENTS

### (a) Financial support

The Company has agreed to provide financial support to a subsidiary to meet its liabilities as and when they fall due and to not recall loan due from it for twelve months from the date of issuance of the financial statements.

The Company has also agreed to not recall loan due from an associate for twelve months from the date of issuance of the financial statements.

### (b) Guarantees

The Company has given corporate guarantees of S$389,000 (2019: S$772,000) to financial institutions in connection with banking facilities granted to its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 36. AUDIT AND NON-AUDIT FEES

| Group | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| Audit fees paid to auditors of the Company | **291** | 299 |
| Audit fees paid to other auditors | **276** | 290 |
| Non-audit fees paid to auditors of the Company | **46** | 45 |
| Non-audit fees paid to other auditors | **13** | 10 |

## 37. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions are entered with related parties and the effects of these transactions on the basis determined between the parties are reflected in these financial statements.

| Group | **2020 S$'000** | 2019 S$'000 |
|---|---|---|
| Directors: | | |
| Proposed directors' fees of the Company | **234** | 234 |
| Proposed directors' fees of listed subsidiaries | **153** | 177 |
| Directors' remuneration[1] | **1,655** | 2,062 |
| Defined contribution plans | **21** | 15 |
| Other key executive officers: | | |
| Short-term employee benefits | **2,275** | 1,556 |
| Defined contribution plans | **92** | 53 |
| Related parties: | | |
| Corporate cost recovery | **400** | 400 |
| Interest income | **193** | 224 |
| Rental expenses | **(118)** | (63) |
| Remuneration paid to a close member of a director | **–** | (87) |
| Shareholder: | | |
| Remuneration paid to a shareholder of the Company who is not a director | **548** | 433 |
| Defined contribution plans | **31** | 30 |
| Transactions with directors or key executive officers: | | |
| Fee paid to director of the Company for consultancy services | **50** | 50 |
| Fee paid to director of a subsidiary for consultancy services | **–** | 123 |

Related party refers to the company in which the Company's Chairman and Chief Executive Officer holds a key executive position and has 5% equity interest, as well as associates.

(1) In 2018, included in the directors' remuneration is a payment of bonus of S$8,000,000 to a director. In view of said director's decision to relinquish his position in the Company, the Remuneration Committee, on 31 March 2019, deliberated on the bonus that was approved and paid out to the director in 2018 and revised the figure to S$2,182,000. The said director has returned the difference of S$5,818,000 in 2019. The claw-back amount is excluded from the amount for 2019 in the table above.

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

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk. It is 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 Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (i) 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 categorises 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (i) Credit risk (Cont'd)

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

Trade receivables and contract assets

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 loss allowance provision as at 31 December 2020 is determined as follows. 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.

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

Singapore:

| | Current<br>S$'000 | 1 to 30 days past due<br>S$'000 | 31 to 60 days past due<br>S$'000 | 61 to 90 days past due<br>S$'000 | More than 90 days past due<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Gross carrying amount | 75 | 90 | 86 | – | 5 | 256 |
| Loss allowance provision | – | – | – | – | – | – |
| **2019** | | | | | | |
| Gross carrying amount | 122 | 106 | 68 | 8 | 24 | 328 |
| Loss allowance provision | – | – | – | – | – | – |

China:

| | Current<br>S$'000 | 1 to 30 days past due<br>S$'000 | 31 to 60 days past due<br>S$'000 | 61 to 90 days past due<br>S$'000 | More than 90 days past due<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Gross carrying amount | 1,450 | 517 | 6 | – | 79 | 2,052 |
| Loss allowance provision | – | – | – | – | 79 | 79 |
| **2019** | | | | | | |
| Gross carrying amount | 4,492 | 1,594 | – | – | 75 | 6,161 |
| Loss allowance provision | – | – | – | – | 75 | 75 |

Philippines:

| | Current<br>S$'000 | 1 to 30 days past due<br>S$'000 | 31 to 60 days past due<br>S$'000 | 61 to 90 days past due<br>S$'000 | More than 90 days past due<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Gross carrying amount | 3,173 | 1,683 | 654 | 349 | 380 | 6,239 |
| Loss allowance provision | – | – | – | – | 12 | 12 |
| **2019** | | | | | | |
| Gross carrying amount | 2,222 | 1,310 | 354 | 89 | 163 | 4,138 |
| Loss allowance provision | – | – | – | – | 13 | 13 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (i) Credit risk (Cont'd)

Other geographical areas:

| | Current<br>S$'000 | 1 to 30 days past due<br>S$'000 | 31 to 60 days past due<br>S$'000 | 61 to 90 days past due<br>S$'000 | More than 90 days past due<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|---|---|---|
| **2020** | | | | | | |
| Gross carrying amount | 1,725 | 334 | 133 | 4 | 13 | 2,209 |
| Loss allowance provision | – | – | – | – | 2 | 2 |
| **2019** | | | | | | |
| Gross carrying amount | 1,327 | 280 | 58 | 81 | 18 | 1,764 |
| Loss allowance provision | – | – | – | – | – | – |

Information regarding loss allowance of trade receivables is disclosed in Note 14.

<u>Credit risk concentration profile</u>

The Group determines concentrations of credit risk by monitoring the country 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** | **2020**<br>**S$'000** | **2020**<br>**% of total** | 2019<br>S$'000 | 2019<br>% of total |
|---|---|---|---|---|
| China | **1,973** | **19** | 6,086 | 49 |
| Singapore | **256** | **2** | 328 | 3 |
| Malaysia | **646** | **6** | 605 | 5 |
| Philippines | **6,227** | **58** | 4,125 | 34 |
| Other | **1,561** | **15** | 1,159 | 9 |
| | **10,663** | **100** | 12,303 | 100 |

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- corporate guarantees provided by the Company to financial institutions on credit facilities extended to the subsidiaries (Note 35).

<u>Credit risk concentration profile</u>

The Group analyses the credit risk concentration profile separately for the Distribution and Service and BEST segments.

*Distribution and Services Segment*

The Group determines concentrations of credit risk for the Distribution and Services Segment by monitoring the country profile of its trade receivables on an on-going basis. There was no significant concentration of credit risk in the Distribution and Services segment except that significant trade receivables are customers engaging businesses in the semiconductor and electronics industries in Greater China.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (i) Credit risk (Cont'd)

Credit risk concentration profile (Cont'd)

*BEST Segment*

Significant trade receivables are customers engaging businesses in the semiconductor and electronics industries. In addition, the Group monitors its concentrations of credit risk for the BEST Segment by specific customers' profile, based on their market position and relative financial stability. As at 31 December 2020, approximately 77% (2019: 91%) of the trade receivables is due from the top five customers of the BEST Segment. These are multi-national corporations who are key market players and leaders in the semiconductor industry and with strong financial standing.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and cash equivalents and derivatives with positive fair value that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade receivables and other receivables that are either past due or impaired is disclosed in Note 14 and Note 15 respectively.

### (ii) 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 financing activities are managed centrally with the objective of maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group also ensures availability of bank credit lines to address any short-term funding requirement.

Except for loans and borrowings, lease liabilities and long term payables, the Group's and the Company's financial liabilities at the end of the reporting period are repayable/mature within one year. The repayment terms of long term payables, lease liabilities and the loans and borrowings are disclosed in Note 23, Note 22 and Note 18 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (ii) Liquidity risk (Cont'd)

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

| **Group**<br>**2020** | **Less than 1 year**<br>S$'000 | **1 to 5 years**<br>S$'000 | **Over 5 years**<br>S$'000 | **Total**<br>S$'000 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Cash and cash equivalents | **28,917** | **–** | **–** | **28,917** |
| Trade receivables | **10,663** | **–** | **–** | **10,663** |
| Other receivables | **1,408** | **5** | **–** | **1,413** |
| Amount due from associates | **7,845** | **–** | **–** | **7,845** |
| Amount due from related company | **3,070** | **–** | **–** | **3,070** |
| Total undiscounted financial assets | **51,903** | **5** | **–** | **51,908** |
| **Financial liabilities:** | | | | |
| Trade payables and accruals | **11,556** | **–** | **–** | **11,556** |
| Other payables | **4,362** | **–** | **–** | **4,362** |
| Lease liabilities | **1,099** | **817** | **–** | **1,916** |
| Long term payables | **–** | **919** | **1,828** | **2,747** |
| Loans and borrowings | **2,846** | **522** | **–** | **3,368** |
| Total undiscounted financial liabilities | **19,863** | **2,258** | **1,828** | **23,949** |
| Total net undiscounted financial assets/(liabilities) | **32,040** | **(2,253)** | **(1,828)** | **27,959** |

| **Group**<br>**2019** | **Less than 1 year**<br>S$'000 | **1 to 5 years**<br>S$'000 | **Over 5 years**<br>S$'000 | **Total**<br>S$'000 |
|---|---|---|---|---|
| **Financial assets:** | | | | |
| Cash and cash equivalents | 24,343 | – | – | 24,343 |
| Trade receivables | 12,303 | – | – | 12,303 |
| Other receivables | 3,420 | 4 | – | 3,424 |
| Amount due from associates | 158 | – | – | 158 |
| Amount due from related company | 4,098 | – | – | 4,098 |
| Total undiscounted financial assets | 44,322 | 4 | – | 44,326 |
| **Financial liabilities:** | | | | |
| Trade payables and accruals | 13,541 | – | – | 13,541 |
| Other payables | 3,090 | – | – | 3,090 |
| Lease liabilities | 1,741 | 2,038 | – | 3,779 |
| Long term payables | – | 783 | 1,779 | 2,562 |
| Loans and borrowings | 1,696 | 654 | – | 2,350 |
| Total undiscounted financial liabilities | 20,068 | 3,475 | 1,779 | 25,322 |
| Total net undiscounted financial assets/(liabilities) | 24,254 | (3,471) | (1,779) | 19,004 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (ii) Liquidity risk (Cont'd)

| Company<br>2020 | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | **2,902** | **–** | **2,902** |
| Other receivables | **77** | **–** | **77** |
| Amounts due from subsidiaries | **10,677** | **–** | **10,677** |
| Amounts due from associates | **8,055** | **–** | **8,055** |
| Total undiscounted financial assets | **21,711** | **–** | **21,711** |
| **Financial liabilities:** | | | |
| Trade payables and accruals | **1,029** | **–** | **1,029** |
| Other payables | **356** | **–** | **356** |
| Amounts due to subsidiaries | **6,906** | **–** | **6,906** |
| Total undiscounted financial liabilities | **8,291** | **–** | **8,291** |
| Total net undiscounted financial assets | **13,420** | **–** | **13,420** |

| Company<br>2019 | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|
| **Financial assets:** | | | |
| Cash and cash equivalents | 10,165 | – | 10,165 |
| Other receivables | 2,379 | – | 2,379 |
| Amounts due from subsidiaries | 7,618 | – | 7,618 |
| Total undiscounted financial assets | 20,162 | – | 20,162 |
| **Financial liabilities:** | | | |
| Trade payables and accruals | 2,455 | – | 2,455 |
| Other payables | 234 | – | 234 |
| Amounts due to subsidiaries | 7,049 | – | 7,049 |
| Total undiscounted financial liabilities | 9,738 | – | 9,738 |
| Total net undiscounted financial assets | 10,424 | – | 10,424 |

The table below shows the contractual expiry by maturity of the 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.

| Company | Less than 1 year<br>S$'000 | 1 to 5 years<br>S$'000 | Total<br>S$'000 |
|---|---|---|---|
| **2020** | | | |
| Financial guarantees | **389** | **–** | **389** |
| **2019** | | | |
| Financial guarantees | 547 | 225 | 772 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (iii) 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 their loans and borrowings and interest-bearing loans given to related parties. The Company's loans at floating rate given to related parties form a natural hedge for its floating rate bank loan. All of the Group's and the Company's financial liabilities at floating rates are contractually repriced at intervals of less than 3 months (2019: less than 3 months) from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2019: 75) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been S$24,000 lower/higher (2019: S$12,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

### (iv) Foreign currency risk

Certain subsidiaries of the Group have transactional currency exposures arising from sales that are denominated in currencies other than their respective functional currencies. The foreign currency in which these transactions are mostly denominated is US dollars ("USD"). Approximately 13% (2019: 14%) of the Group's sales is denominated in currencies other than its operating entities' respective functional currencies.

The Group's trade receivables at the end of the reporting period have similar 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 amounted to S$8,635,000 and S$817,000 (2019: S$5,200,000 and S$2,740,000) for the Group and the Company respectively.

Sensitivity analysis for foreign currency risk

The Group has significant foreign currency risk exposure to fluctuation in the USD against SGD. At the end of the reporting period, if USD had strengthened or weakened by 5% (2019: 5%) against SGD with all other variables held constant, the Group's loss before tax would have been S$1,594,000 lower/higher (2019: S$1,217,000 lower/higher).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 39. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2020** | 2019 | **2020** | 2019 |
| | | **S$'000** | S$'000 | **S$'000** | S$'000 |
| | | | (restated) | | (restated) |
| **Financial assets measured at amortised cost** | | | | | |
| Amounts due from subsidiaries | 12 | **–** | – | **10,466** | 7,413 |
| Amounts due from associates | 13 | **7,845** | 158 | **7,913** | – |
| Amounts due from related company | 13 | **3,070** | 4,098 | **–** | – |
| Trade receivables | 14 | **10,663** | 12,303 | **–** | – |
| Other receivables [(1)] | 15 | **1,413** | 3,424 | **77** | 2,379 |
| Cash and cash equivalents | 16 | **28,917** | 24,343 | **2,902** | 10,165 |
| | | **51,908** | 44,326 | **21,358** | 19,957 |
| **Financial liabilities measured at amortised cost** | | | | | |
| Trade payables and accruals | 19 | **11,556** | 15,252 | **1,029** | 2,455 |
| Other payables [(2)] | 20 | **4,362** | 1,379 | **356** | 822 |
| Lease liabilities | 22 | **1,832** | 3,526 | **–** | – |
| Long term payables | 23 | **2,665** | 2,479 | **–** | – |
| Loans and borrowings | 18 | **3,173** | 2,212 | **–** | – |
| Amounts due to subsidiaries | 21 | **–** | – | **6,906** | 7,049 |
| | | **23,588** | 24,848 | **8,291** | 10,326 |

[(1)] excludes tax recoverable
[(2)] excludes advances from customers and capital injection from non-controlling interest

### (b) Fair value of assets and liabilities

#### (i) Fair value hierarchy

The Group categorises 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 of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1 and Level 2 and no transfers into or out of Level 3 during the financial years ended 2020 and 2019.

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

Investment securities are measured at fair value in 2020 and 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Fair value of assets and liabilities (Cont'd)

#### (iii) Assets and liabilites not carried at fair value, for which fair value is disclosed

Determination of fair value

Management has determined that the carrying amounts of loans and borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

| | Fair value measurements at the end of the reporting period using | | | |
|---|---|---|---|---|
| **Company** | **Quoted prices in active markets for identical assets (Level 1)** S$'000 | **Significant observable inputs (Level 2)** S$'000 | **Total** S$'000 | **Carrying amount** S$'000 |
| **2020** | | | | |
| **Assets** | | | | |
| Subsidiaries: | | | | |
| - Quoted shares | **5,703** | **–** | **5,703** | **–** |
| Associates: | | | | |
| - Quoted shares | **5,801** | **–** | **5,801** | **5,801** |
| **2019** | | | | |
| **Assets** | | | | |
| Subsidiaries: | | | | |
| - Quoted shares | 5,703 | – | 5,703 | – |
| Associates: | | | | |
| - Quoted shares | 5,801 | – | 5,801 | 5,801 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2020 and 31 December 2019.

| Group | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Loans and borrowings (Note 18) | **3,173** | 2,212 |
| Trade payables and accruals (Note 19) | **11,556** | 15,252 |
| Other payables (Note 20) | **7,039** | 3,904 |
| Lease liabilities (Note 22) | **1,832** | 3,526 |
| Long term payables | **2,665** | 2,479 |
| Less: Cash and short-term deposits | **(28,917)** | (24,343) |
| Net debt | **(2,652)** | 3,030 |
| Equity attributable to owners of the Company | **75,771** | 73,235 |
| Capital and net debt | **73,119** | 76,265 |
| Gearing ratio | **(4%)** | 4% |

## 41. DIVIDENDS

| Group and Company | 2020 S$'000 | 2019 S$'000 |
|---|---|---|
| Declared and paid during the financial year: | | |
| *Dividends on ordinary shares:* | | |
| Final exempt (one-tier) dividend for 2020: Nil cent (2019: 0.5 cents) per share | **–** | 3,274 |

## 42. RECLASSIFICATION

Certain reclassifications have been made to the comparative figures to enhance comparability with current year's financial statements. As a result, the following line items have been reclassified:

| | Group | | Company | |
|---|---|---|---|---|
| | As previously reported S$'000 | As restated S$'000 | As previously reported S$'000 | As restated S$'000 |
| **Current assets** | | | | |
| Amounts due from related company | – | 4,098 | – | – |
| Other receivables | 7,933 | 3,835 | – | – |
| | 7,933 | 7,933 | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 43. CONTINGENCIES

(i) Legal matters relating to an ex-employee of the Group

On 7 February 2019, an ex-employee of the Group had written to quantify his claim for the purpose of seeking a settlement for negotiations over certain disputes. The employee, who was terminated in 2018, is claiming US$3,750,000 (approximately S$4,969,000) relating to employment and shareholder disputes which arose in 2018.

On 18 June 2019, the ex-employee filed a complaint in an administrative proceeding with the California Labor Commissioner's Office ("CLCO") for the amount of US$750,000 (approximately S$994,000) for his commission and bonus for the years 2017 and 2018. On 19 November 2019, the amount claimed was revised to US$1,553,000 (approximately S$2,058,000) for his commission, bonus claims and late payment penalty.

On 7 July 2020, the ex-employee had filed a similar claim with Superior Court of California for his alleged unpaid commission and bonus, and also losses and damages allegedly due to wrongful actions of the defendants. Subsequently, the Group filed a motion to compel arbitration at the Federal Court. On 28 October 2020, the Federal Court in the United States District Court for the Northern District of California ("Federal Court") ruled in favour of the Group to compel arbitration where the case can only be arbitrated in Hong Kong. As the ex-employee did not appeal within the 30 days period, the Federal Court's ruling had become final, and is binding on the Superior Court of California. At the date of financial statements, the ex-employee had not filed any claims for arbitration in Hong Kong. In January 2021, the ex-employee has tried to re-open an administrative proceeding with California Labor Commissioner's office.

Management of DGI has assessed the facts and circumstances surrounding the claim and is of the view that the claim is unmeritorious and unlikely to be successful, given the Federal Court's order compelling the dispute to arbitration in Hong Kong, and has assessed that it is possible, but not probable, that the claim will succeed.

On 21 April 2021, the case was dismissed by the California Labor Commissioner's office.

(ii) Legal matters relating to an ex-consultant of the Group

In April 2020, an ex-consultant contacted EoCell Inc requesting compensation under the Consulting Agreement in respect of the investment made by YinLong in EoCell Limited (parent company of EoCell Inc) which was completed in May 2019. In May 2020, the ex-consultant made a demand on Eocell inc, asserting that he was owed payment in lieu of services rendered to the Group. On 20 May 2020, the ex-consultant's counsel issued a written demand letter, asserting a claim for breach of contract relating to the Consulting Agreement and demanding settlement offer of US$375,000 (approximately S$497,000).

On 3 February 2021, the ex-consultant filed a Complaint to the Superior Court of California for a claim of 2.5% to 3.0% of US$20,000,000 (approximately S$26,500,000) plus interest (approximately S$662,000 to S$795,000). Subsequently on 19 March 2021, a formal claim has been served to EoCell inc by the ex-consultant.

Management of DGI has assessed the facts and circumstances of the claim and is of the view that the claim is unmeritorious and is unlikely to be successful, and has determined that it is possible, but not probable, that the claim will succeed.

(iii) Legal matters relating to ex-subsidiary of ASA

In January 2020, a Writ of Summons and a Statement of Claim were served by an individual against an ex-subsidiary of ASA in respect of damages alleged caused by the non-repayment of an alleged loan of S$340,000. The ex-subsidiary of ASA has 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 ASA are of the view that no material losses will arise in respect of the claim.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 43. CONTINGENCIES (CONT'D)

(iv) ASTI Management Incentive Scheme ("AMIS")

On 14 August 2020, the Board has approved the management incentive scheme of the ASTI Group ("AMIS"). This is to incentivise and reward key management personnel as they strive to improve overall performance of the Group and bring the Group out of the financial watch-list.

For every dollar of increase in income or reduction in expense or cost resulting in lower losses before tax or increase in profit before tax calculated against profit before tax of the previous financial year, 25% thereof will be declared to the key management as variable bonus. All calculations will be based on audited accounts of the Group for the relevant financial years. The AMIS will be in force for financial year 2020 up to and including financial year 2024.

The variable bonus due under AMIS for each financial year will be accrued and will be paid once ASTI Group reaches profitability unless the Board determines that such payment will be detrimental to the cash flows of the Group. Management has assessed that the profitability criterion is not met and thus such bonuses were not accrued or paid during the year.

## 44. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 27 February 2021, the Company has announced that it has entered into a sale and purchase agreement with Advanced Systems Automation Limited for an aggregate purchase consideration of S$15,500,000 in relation to the proposed acquisition of the entire issued and paid-up share capital of each of Emerald Precision Engineering Sdn. Bhd., Yumei Technologies Sdn. Bhd., Yumei REIT Sdn. Bhd. and Pioneer Venture Pte. Ltd.

## 45. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of ASTI Holdings Limited for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 14 May 2021.

# APPENDIX 3

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2020

## STATISTICS OF SHAREHOLDINGS

# STATISTICS OF SHAREHOLDINGS

**As at 11 May 2021**

| | | |
|---|---|---|
| **Number of Equity Securities** | : | 654,731,486 |
| **Class of Equity Securities** | : | Ordinary shares (excludes treasury shares) |
| **Voting Rights** | : | One vote per share (excludes treasury shares) |
| **Number of Treasury Shares** | : | 27,234,855 |

The percentage of treasury shares against equity securities is 4.16%.

**DISTRIBUTION OF SHAREHOLDINGS**

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 16 | 0.19 | 468 | 0.00 |
| 100 - 1000 | 520 | 6.26 | 475,256 | 0.07 |
| 1,001 - 10,000 | 1,469 | 17.68 | 7,982,669 | 1.22 |
| 10,001 - 1,000,000 | 2,126 | 25.59 | 213,141,689 | 32.56 |
| 1,000,001 and above | 4,178 | 50.28 | 433,131,404 | 65.15 |
| **Total** | **8,309** | **100.00** | **654,731,486** | **100.00** |

**TWENTY LARGEST SHAREHOLDERS**

| S/No | Name | No. of Shares | % |
|---|---|---|---|
| 1. | LOH SOON GNEE | 130,209,600 | 19.89 |
| 2. | CITIBANK NOMINEES SINGAPORE PTE LTD | 62,882,300 | 9.60 |
| 3. | SOH POCK KHENG | 57,859,000 | 8.84 |
| 4. | NG YEW NAM | 32,665,000 | 4.99 |
| 5. | DBS NOMINEES (PRIVATE) LIMITED | 28,789,813 | 4.40 |
| 6. | ABN AMRO CLEARING BANK N.V. | 9,514,400 | 1.45 |
| 7. | HSBC (SINGAPORE) NOMINEES PTE LTD | 9,066,000 | 1.38 |
| 8. | UOB KAY HIAN PRIVATE LIMITED | 7,807,300 | 1.19 |
| 9. | LECK HANG WEI | 7,511,000 | 1.15 |
| 10. | PHILLIP SECURITIES PTE LTD | 7,383,080 | 1.13 |
| 11. | RAFFLES NOMINEES (PTE.) LIMITED | 6,359,000 | 0.97 |
| 12. | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 5,321,340 | 0.81 |
| 13. | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 5,090,000 | 0.78 |
| 14. | LIM CHEE SAN | 4,000,000 | 0.61 |
| 15. | OCBC SECURITIES PRIVATE LIMITED | 3,944,900 | 0.60 |
| 16. | ROMIEN CHANDRASEGARAN | 2,900,000 | 0.44 |
| 17. | MAYBANK KIM ENG SECURITIES PTE. LTD. | 2,854,100 | 0.44 |
| 18. | NG KIM CHOON | 2,800,200 | 0.43 |
| 19. | CHIN KIAM HSUNG | 2,600,000 | 0.40 |
| 20. | LIM CHIN HOCK | 2,600,000 | 0.40 |
| | **Total** | **392,157,033** | **59.90** |

**SUBSTANTIAL SHAREHOLDERS** (As recorded in the Register of Substantial Shareholders)

| | Direct Interest | %* | Deemed Interest | %* | Total %* |
|---|---|---|---|---|---|
| Loh Soon Gnee | 130,209,600 | 19.89 | - | - | 19.89 |
| Soh Pock Kheng[1] | 57,859,000 | 8.84 | 28,996,000 | 4.43 | 13.27 |
| Heah Theare Haw[2] | - | - | 41,484,000 | 6.34 | 6.34 |

**PERCENTAGE OF SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC ('PUBLIC FLOAT')# IS 60.50% OF ISSUED SHARE CAPITAL OF THE COMPANY**

[1] Deemed interested in 28,996,000 shares held by nominees.
[2] Deemed interested in 41,484,000 shares held by nominees.

* The above percentage is calculated based on the issued share capital of 654,731,486 shares (excluding treasury shares), rounded up.
\# The Public Float meets the requirements of Rule 723 of the SGX-ST Listing Manual, which requires at least 10% of the shares of the Company to be held by the public.

# APPENDIX 4

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2020

## NOTICE OF ANNUAL GENERAL MEETING

# NOTICE OF ANNUAL GENERAL MEETING

**ASTI HOLDINGS LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration No. 199901514C)

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ASTI Holdings Limited (the "**Company**") will be convened and held by electronic means on **Monday, 31 May 2021 at 11.30 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 financial year ended 31 December 2020 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Dato' Michael Loh Soon Gnee and Dr Kriengsak Chareonwongsak who are retiring pursuant to Regulation 89 of the Constitution of the Company:

   Dato' Michael Loh Soon Gnee **(Resolution 2)**
   Dr Kriengsak Chareonwongsak **(Resolution 3)**

   [See Explanatory Note (i)]

3. To re-elect Mr Mandie Chong Man Sui who is retiring pursuant to Regulation 90 of the Constitution of the Company. **(Resolution 4)**

   [See Explanatory Note (ii)]

4. Contingent upon the passing of Ordinary Resolution 3 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual Section B: Rules of Mainboard ("**Mainboard 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 Dr Kriengsak Chareonwongsak 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 (iii)] **(Resolution 5)**

5. Contingent upon the passing of Ordinary Resolutions 3 and 5 and pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which take effect from 1 January 2022, Shareholders, excluding the directors, the chief executive officer and their associates, to approve the continued appointment of Dr Kriengsak Chareonwongsak 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 (iii)] **(Resolution 6)**

6. Contingent upon the passing of Ordinary Resolution 4 and pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which will take effect from 1 January 2022, Shareholders to approve the continued appointment of Mr Mandie Chong Man Sui 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 (iv)] **(Resolution 7)**

7. Contingent upon the passing of Ordinary Resolutions 4 and 7 and pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which take effect from 1 January 2022, Shareholders, excluding the directors, the chief executive officer and their associates, to approve the continued appointment of Mr Mandie Chong Man Sui 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 (iv)] **(Resolution 8)**

8. To approve the payment of Directors' fees of S$234,000 for the financial year ended 31 December 2020 (FY2019: S$234,000). **(Resolution 9)**

9. 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 10)**

10. 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 resolution as an Ordinary Resolution, with or without any modifications:

11. **AUTHORITY TO ALLOT AND ISSUE SHARES IN THE SHARE CAPITAL OF THE COMPANY**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with 2(a) or 2(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 11)**

**By Order of the Board**

Dayne Ho Chung Wei
Secretary
Singapore, 15 May 2021

**Explanatory Notes:**

(i) Dato' Michael Loh Soon Gnee will, upon re-election as a Director of the Company, be considered non-independent. Dato' Michael Loh Soon Gnee will remain as Executive Chairman and Chief Executive Officer of the Company.

Dr Kriengsak Chareonwongsak will, upon approval by shareholders by way of a two-tier voting process for his continued appointment as an Independent Director and re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Mainboard Rules. Dr Kriengsak Chareonwongsak will remain as the Nominating Committee Chairman of the Company and a member of the Audit and Remuneration Committee.

(ii) Mr Mandie Chong Man Sui will, upon approval by shareholders by way of a two-tier voting process for his continued appointment as an Independent Director and re-election as a Director of the Company, be considered independent.

(iii) Pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which will take effect from 1 January 2022, Dr Kriengsak Chareonwongsak, 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 5 and 6, if passed, will enable Dr Kriengsak Chareonwongsak to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Mainboard 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 5 is conditional upon Resolution 6 being duly approved, else the aforesaid director will be designated as Non-Independent Director with effect from 1 January 2022.

(iv) Pursuant to Rule 210(5)(d)(iii) of the Mainboard Rules of the SGX-ST which will take effect from 1 January 2022, Mr Mandie Chong Man Sui, 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 7 and 8, if passed, will enable Mr Mandie Chong Man Sui to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Mainboard 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 7 is conditional upon Resolution 8 being duly approved, else the aforesaid director will be designated as Non-Independent Director with effect from 1 January 2022.

(v) In relation to Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and any subsequent bonus issue, consolidation or subdivision of shares.

**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 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 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). A joint statement was also issued on 13 April 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. A further joint statement was issued on 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 and encouraging such general meetings to be conducted via electronic means.

In light of the above developments, the Company is arranging for a live audio visual webcast (the "**Live AGM Webcast**") and a live audio only broadcast ("**Live AGM Audio Feed**") of the Annual General Meeting proceedings which will take place on **31 May 2021 at 11.30 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:**

Shareholders may attend the AGM proceedings through the Live AGM Webcast and Live AGM Audio Feed. To do so, shareholders will need to register at https://conveneagm.com/sg/asti (the "**Registration Link**") by **28 May 2021** at **11.30 a.m.** (the "**Registration Deadline**") to enable the Company to verify their status.

1. Following verification, authenticated shareholders will receive an email by **29 May at 5.00 p.m.** 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**.

2. 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.

3. Shareholders who register by the Registration Deadline but do not receive an email response by **29 May 2021** at 5.00 p.m. may contact the Company by email to agm2021@astigp.com 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 or 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 the 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 **ASTI HOLDINGS LIMITED, 25 Kallang Avenue #06-01, Singapore 339416**

   (b) by email to agm2021@astigp.com

   **by no later than 11.30 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 **11.30 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 or the Live AGM Audio Feed, and therefore it is important for shareholders to pre-register their participation in order to be able to submit their 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/asti;

   (b) email to agm2021@astigp.com. When submitting the questions, please provide the Company with the following details, for verification purpose:

      (i) Full name (Company name for corporates);
      (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); or

   (c) mailed to the Company at **ASTI HOLDINGS 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 Registration Deadline, 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 **11.30 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.astigp.com/pdf/annual/ASTI_AR2020.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 submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# APPENDIX 5

ASTI HOLDINGS LIMITED | ANNUAL REPORT 2020

## PROXY FORM

## ASTI HOLDINGS LIMITED

(Company Registration No. 199901514C)
(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/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").
5. **Please read the notes overleaf to the proxy form**

## PROXY FORM

*(Please see notes overleaf before completing this Form)*

I/We*, ____________________ (Name) ____________________ (NRIC/Passport No.)

of ________________________________________ (Address)

being a member/ members of **ASTI Holdings Limited** (the "**Company**"), hereby appoint the **Chairman** of the Annual General Meeting of the Company, as *my/our proxy, to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be convened and held by electronic means on **Monday, 31 May 2021 at 11.30 a.m.** and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against or abstain from voting on the Resolutions proposed to be proposed at the Annual General Meeting in the spaces provided hereunder. In the absence of specific direction in respect of a resolution, the appointment of the Chairman of the Annual General Meeting as your proxy for that resolution will be treated as invalid.

**(Please indicate your vote "For" or "Against" or "Abstain" 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' Report and Audited Financial Statements for the financial year ended 31 December 2020 ("**FY2020**") | | | |
| 2 | Re-election of Dato' Michael Loh Soon Gnee as a Director of the Company | | | |
| 3 | Re-election of Dr Kriengsak Chareonwongsak as a Director of the Company | | | |
| 4 | Re-election of Mr Mandie Chong Man Sui as a Director of the Company | | | |
| 5 | Approval of Dr Kriengsak Chareonwongsak's continued appointment as an Independent Director by all shareholders | | | |
| 6 | Approval of Mr Mandie Chong Man Sui's continued appointment as an Independent Director by all shareholders | | | |
| 7 | Approval of Dr Kriengsak Chareonwongsak's continued appointment as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates) | | | |
| 8 | Approval of Mr Mandie Chong Man Sui's continued appointment as an Independent Director by shareholders (excluding the directors and the chief executive officer of the Company, and their respective associates) | | | |
| 9 | Approval of payment of Directors' fees amounting to S$234,000 for FY2020 (FY2019: S$234,000) | | | |
| 10 | Re-appointment of Messrs Ernst & Young LLP as Auditors | | | |
| 11 | Authority to allot and issue shares in the share capital of the Company | | | |

**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)*
*or, 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. The instrument appointing a proxy, duly completed and signed, must either be (a) submitted by mail to **ASTI HOLDINGS LIMITED, 25 Kallang Avenue #06-01, Singapore 339416,** or (b) submitted by email to agm2021@astigp.com, not later than 72 hours before the time set for the Annual General Meeting (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.**

3. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which this proxy form shall be treated as invalid.

4. 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 11.30 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

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A 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.

ASTI

ASTI HOLDINGS LIMITED

Blk 25, Kallang Avenue,
#06-01, Kallang Basin Industrial Estate,
Singapore 339416
Tel : (65) 6392 6922
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Website : www.astigp.com
(Co. Reg. No. 199901514C)