



ACESIAN PARTNERS LIMITED
(Registration No: 199505699D)

Condensed interim financial statements
For the twelve months ended 31 December 2022

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ACESIAN GROUP

ACESIAN PARTNERS LIMITED

(Registration No: 199505699D)

(the "Company", and together with its subsidiaries, the "Group")

**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022 ("FY2022")**

	Note	The Group			
		6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Revenue	4	21,486	9,628	38,169	14,812
Cost of sales		<u>(12,409)</u>	<u>(5,967)</u>	<u>(23,422)</u>	<u>(9,299)</u>
Gross profit		9,077	3,661	14,747	5,513
Other operating income		174	155	291	373
Administrative expenses		(2,769)	(1,815)	(4,979)	(3,287)
Other operating expenses		(648)	(269)	(1,039)	(355)
Finance costs		(10)	(19)	(27)	(47)
Profit before tax	5	<u>5,824</u>	<u>1,713</u>	<u>8,993</u>	<u>2,197</u>
Income tax expense	8	(524)	(257)	(1,132)	(298)
Profit for the year		<u><u>5,300</u></u>	<u><u>1,456</u></u>	<u><u>7,861</u></u>	<u><u>1,899</u></u>
Other comprehensive income/(loss):					
Item that may be reclassified subsequently to profit and loss:					
Exchange differences on translation of foreign operations, net of tax		211	(65)	271	(207)
Total comprehensive income for the year, net of tax		<u><u>5,511</u></u>	<u><u>1,391</u></u>	<u><u>8,132</u></u>	<u><u>1,692</u></u>
Profit/(loss) attributable to:					
Owners of the Company		5,338	1,445	7,910	1,872
Non-controlling interests		(38)	11	(49)	27
		<u><u>5,300</u></u>	<u><u>1,456</u></u>	<u><u>7,861</u></u>	<u><u>1,899</u></u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		5,480	1,399	8,093	1,712
Non-controlling interests		31	(8)	39	(20)
		<u><u>5,511</u></u>	<u><u>1,391</u></u>	<u><u>8,132</u></u>	<u><u>1,692</u></u>
Earnings per share attributable to owners of the Company (cents per share):					
Based on weighted average number of shares in issue (excluding treasury shares):					
- Basic		1.08	0.29	1.60	0.38
- Diluted		1.08	0.29	1.60	0.38
Weighted average number of shares in issue (excluding treasury shares)	14,15	493,370,798	498,498,498	493,370,798	498,498,498

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000
Assets					
Non-current assets					
Property, plant and equipment	6	1,912	2,471	213	362
Investment in subsidiaries	13	-	-	1,269	1,269
		1,912	2,471	1,482	1,631
Current assets					
Inventories	7	4,253	3,795	-	-
Trade and other receivables		3,165	2,286	1,786	2,786
Contract assets		638	380	-	-
Prepaid operating expenses		100	139	9	43
Fixed deposits pledged		90	93	-	30
Cash and cash equivalents		18,493	8,982	10,308	3,040
		26,739	15,675	12,103	5,899
Total assets		28,651	18,146	13,585	7,530
Equity and liabilities					
Current liabilities					
Trade and other payables		11,216	8,924	2,321	738
Contract liabilities		65	133	-	-
Income tax payable		1,079	298	-	-
Lease liabilities	11	378	476	106	101
		12,738	9,831	2,427	839
Non-current liability					
Lease liabilities	11	184	522	101	207
		184	522	101	207
Total liabilities		12,922	10,353	2,528	1,046
Equity					
Share capital	14	20,322	20,322	20,322	20,322
Treasury shares	15	(196)	-	(196)	-
Accumulated losses		(3,014)	(10,924)	(9,069)	(13,838)
Foreign currency translation reserve		(1,489)	(1,672)	-	-
Attributable to owners of the Company		15,623	7,726	11,057	6,484
Non-controlling interests		106	67	-	-
Total equity		15,729	7,793	11,057	6,484
Total equity and liabilities		28,651	18,146	13,585	7,530

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share capital \$'000	Treasury shares \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
The Group							
Balance at 1 January 2021	20,322	-	(12,796)	(1,512)	6,014	87	6,101
Profit for the year	-	-	1,872	-	1,872	27	1,899
<u>Other comprehensive income/(loss)</u>							
Exchange difference on translation of foreign operations, net of tax	-	-	-	(160)	(160)	(47)	(207)
Total comprehensive income/(loss) for the year	-	-	1,872	(160)	1,712	(20)	1,692
Balance at 31 December 2021	<u>20,322</u>	<u>-</u>	<u>(10,924)</u>	<u>(1,672)</u>	<u>7,726</u>	<u>67</u>	<u>7,793</u>
Balance at 1 January 2022	20,322	-	(10,924)	(1,672)	7,726	67	7,793
Profit/(loss) for the year	-	-	7,910	-	7,910	(49)	7,861
<u>Other comprehensive income</u>							
Exchange difference on translation of foreign operations, net of tax	-	-	-	183	183	88	271
Total comprehensive income for the year	-	-	7,910	183	8,093	39	8,132
<u>Transaction with owners recognised directly in equity</u>							
Purchase of treasury shares	-	(196)	-	-	(196)	-	(196)
Balance at 31 December 2022	<u>20,322</u>	<u>(196)</u>	<u>(3,014)</u>	<u>(1,489)</u>	<u>15,623</u>	<u>106</u>	<u>15,729</u>
The Company							
Balance at 1 January 2021	20,322	-	(14,624)	-	5,698	-	5,698
Profit for the year representing total comprehensive income for the year	-	-	786	-	786	-	786
Balance at 31 December 2021	<u>20,322</u>	<u>-</u>	<u>(13,838)</u>	<u>-</u>	<u>6,484</u>	<u>-</u>	<u>6,484</u>
Balance at 1 January 2022	20,322	-	(13,838)	-	6,484	-	6,484
Profit for the year representing total comprehensive income for the year	-	-	4,769	-	4,769	-	4,769
<u>Transaction with owners recognised directly in equity</u>							
Purchase of treasury shares	-	(196)	-	-	(196)	-	(196)
Balance at 31 December 2022	<u>20,322</u>	<u>(196)</u>	<u>(9,069)</u>	<u>-</u>	<u>11,057</u>	<u>-</u>	<u>11,057</u>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	The Group	
		FY2022 \$'000	FY2021 \$'000
Operating activities			
Profit before tax		8,993	2,197
Adjustments for:			
Depreciation of property, plant and equipment		822	779
Bad debts written off		16	-
Impairment loss on trade and other receivables	5	-	1
Impairment loss on trade receivables written back	5	-	(93)
Interest expense		27	47
Interest income		(3)	(1)
Gain on disposal and written off of property, plant and equipment	6	(26)	(11)
Inventories written down/(back), net	7	39	(185)
Exchange differences		333	(227)
Operating cash flows before changes in working capital		10,201	2,507
Increase in inventories		(497)	(228)
(Increase)/decrease in trade and other receivables, contract assets and prepaid operating expenses		(1,113)	727
Increase in trade and other payables and contract liabilities		2,224	2,324
Cash flows generated from operations		10,815	5,330
Interest received		3	1
Income taxes paid		(349)	-
Net cash flows generated from operating activities		10,469	5,331
Investing activities			
Purchase of property, plant and equipment	6	(295)	(220)
Proceeds from disposal of property, plant and equipment	6	60	13
Net cash flows used in investing activities		(235)	(207)
Financing activities			
Decrease in fixed deposits pledged		3	-
Repayment of lease liabilities		(493)	(591)
Purchase of treasury shares	15	(196)	-
Interest paid		(27)	(47)
Net cash flows used in financing activities		(713)	(638)
Net increase in cash and cash equivalents		9,521	4,486
Effects of currency translation on cash and cash equivalents		(10)	32
Cash and cash equivalents at the beginning of the year		8,982	4,464
Cash and cash equivalents at the end of the year		18,493	8,982

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Acesian Partners Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the twelve months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Group consist of design, manufacture and supply of critical airflow and related products and investment holding.

2 Summary of significant accounting policies

2.1 Basis of preparation

The condensed interim consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the twelve months ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements are presented in Singapore Dollars ("SGD" or "\$"), unless otherwise indicated.

2.2 Adoption of new and amended SFRS(I) and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the Group's condensed interim financial statements.

3 Significant accounting judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 5 - provision for ECLs of trade receivables and contract assets
- Note 7 - write down for slow-moving and obsolete inventories

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Statement of operations by segments

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

- 1) Critical airflow design and supply (renamed from Manufacturing, distribution and services)
- 2) Engineering services
- 3) Corporate

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4.1 Disaggregation of revenue

	The Group		The Group	
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Main revenue streams:				
Engineering services	330	1,399	643	1,922
Critical airflow design and supply	21,156	8,229	37,526	12,890
	21,486	9,628	38,169	14,812
Timing of transfer of goods or services				
At a point in time	21,453	9,523	38,037	14,567
Over time	33	105	132	245
	21,486	9,628	38,169	14,812

4.2 Geographical segments

	The Group		The Group	
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Revenue				
Singapore and Malaysia	20,966	7,486	37,448	10,885
Others	520	2,142	721	3,927
	21,486	9,628	38,169	14,812

D. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4.3 Business segments

	Critical airflow design and supply		Engineering services		Corporate		Total	
1 July to 31 December	1 July to 31 December							
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE								
Total Segment	27,940	12,050	330	1,399	3,427	1,180	31,697	14,629
Less: Inter-segment	(6,784)	(3,821)	-	-	(3,427)	(1,180)	(10,211)	(5,001)
External sales	21,156	8,229	330	1,399	-	-	21,486	9,628
RESULTS								
Segment results	4,058	1,396	15	167	1,751	150	5,824	1,713
Income tax expense							(524)	(257)
Non-controlling interest							38	(11)
Net profit attributable to owners of the Company							5,338	1,445
OTHER INFORMATION								
Bad debts written off	-	-	16	-	-	-	16	-
Capital expenditure	41	116	-	-	3	7	44	123
Depreciation	326	307	-	11	75	79	401	397
Impairment loss on trade and other receivables written back, net	-	(88)	(16)	-	-	-	(16)	(88)
Inventories written back, net	9	(58)	-	-	-	-	9	(58)
	Manufacturing, distribution and services		Engineering services		Corporate		Total	
1 January to 31 December	1 January to 31 December							
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE								
Total Segment	51,170	19,417	643	1,922	7,748	2,201	59,561	23,540
Less: Inter-segment	(13,644)	(6,527)	-	-	(7,748)	(2,201)	(21,392)	(8,728)
External sales	37,526	12,890	643	1,922	-	-	38,169	14,812
RESULTS								
Segment results	6,905	2,058	(175)	(39)	2,263	178	8,993	2,197
Income tax expense							(1,132)	(298)
Non-controlling interest							49	(27)
Net profit attributable to owners of the Company							7,910	1,872
ASSETS								
Segment assets	17,779	13,220	216	1,324	10,656	3,602	28,651	18,146
LIABILITIES								
Segment liabilities	7,401	5,385	3,493	3,921	2,028	1,047	12,922	10,353
OTHER INFORMATION								
Bad debts written off	-	-	16	-	-	-	16	-
Capital expenditure	289	213	-	-	6	7	295	220
Depreciation	656	600	10	23	156	156	822	779
Impairment (written back)/loss on trade and other receivables, net	-	(92)	-	-	-	-	-	(92)
Inventories written (back)/down, net	39	(185)	-	-	-	-	39	(185)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Profit before tax

5.1 The following significant items have been charged/(credited) to arrive at profit before tax:

	The Group		The Group	
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	401	397	822	779
Bad debts written off	-	-	16	-
Impairment loss on trade and other receivables	-	-	-	1
Impairment loss on trade receivables written back	-	(88)	-	(93)
Inventories written down/(back), net	9	(58)	39	(185)
Gain on disposal and written off of property, plant and equipment	-	2	(26)	(11)
Exchange gain	243	(6)	219	(110)
Interest expense	10	19	27	47

5.2 Related party transactions

There are no material related party transactions apart from those disclosed in other information required by listing rule section.

6 Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired property, plant and equipment, excluding right-of-use assets, amounting to approximately \$295,000 (31 December 2021: \$220,000) and disposal of assets of net book value amounting to approximately \$5,000 (31 December 2021: \$Nil). The Group's right-of-use assets additions amounted to approximately \$76,000 (31 December 2021: \$441,000) and disposal of assets of net book value amounting to approximately \$29,000 (31 December 2021: \$24,000).

7 Inventories

	The Group	
	31-Dec-22	31-Dec-21
	\$'000	\$'000
Inventories recognised as an expense in profit or loss inclusive of the following charge:		
- Inventories written-down	56	6
- Reversal of inventories written-down	(17)	(191)
	<u>39</u>	<u>(185)</u>

8 Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	The Group		The Group	
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Current income tax				
- prior year	12	-	12	-
- current year	512	257	1,120	298
	<u>524</u>	<u>257</u>	<u>1,132</u>	<u>298</u>

9 Dividends

No dividend has been declared or recommended for the twelve months ended 31 December 2022 as the Company has accumulated losses as at 31 December 2022.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Net asset value

	The Group		The Company	
	31-Dec-22 Cents	31-Dec-21 Cents	31-Dec-22 Cents	31-Dec-21 Cents
Net asset value per ordinary share based on issued share capital (excluding treasury shares)	3.17	1.55	2.24	1.30

11 Lease liabilities

	The Group		The Company	
	31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000
<u>Current:</u>				
Secured	378	476	106	101
<u>Non-current:</u>				
Secured	184	522	101	207
	562	998	207	308

The Group has lease contracts for office and factory premises, plant and machineries and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

12 Categories of financial instruments

The categories of financial instruments as at the reporting date are as follows:

	The Group		The Company	
	31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000
Financial assets				
<u>At amortised cost</u>				
Trade and other receivables *	3,165	2,269	1,786	2,786
Fixed assets pledged	90	93	-	30
Cash and cash equivalents	18,493	8,982	10,308	3,040
	21,748	11,344	12,094	5,856
Financial liabilities				
<u>At amortised cost</u>				
Trade and other payables **	10,855	8,661	2,193	650
Lease liabilities	562	998	207	308
	11,417	9,659	2,400	958

* Exclude non-financial assets of the Group amounting to \$Nil (31 December 2021: \$17,000)

** Exclude non-financial liabilities of the Group and the Company amounting to \$361,000 (31 December 2021: \$263,000 and \$128,000 (31 December 2021: \$88,000) respectively.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Investment in subsidiaries

Acesian Star (S) Pte Ltd ("ASPL"), a wholly-owned subsidiary of the Group, is under liquidation. The Group faced significant restrictions on its ability to access or use ASPL's assets. The carrying amounts of ASPL's assets and liabilities as at 31 December 2022 after eliminations of intercompany balances are as follows:

	Amount
	\$'000
Total assets	1
Total liabilities	<u>(152)</u>
Carrying amount	<u>(151)</u>

Active Building Technologies Pte Ltd ("ABT") is a dormant wholly-owned subsidiary of ASPL and an indirect wholly-owned subsidiary of the Group. Upon the completion of the liquidation of ASPL, the event which will result in the lost of control of ABT by the Company, ABT will be deconsolidated from the Group's financial statements in accordance with SFRS(I) on the date when the control of ABT ceases and the assets and liabilities of ABT will be derecognised from the consolidated statement of financial position. ABT continued to be consolidated in the current financial year as the liquidation of ASPL is still ongoing. The carrying amounts of ABT's assets and liabilities as at 31 December 2022 after eliminations of intercompany balances are as follows:

	Amount
	\$'000
Total assets	47
Total liabilities	<u>(2,828)</u>
Carrying amount of net liabilities	<u>(2,781)</u>

ABT had been placed in creditors' voluntary liquidation pursuant to the special resolution passed at the Extraordinary General Meeting of ABT and confirmation by the creditors of ABT at the creditors' meeting, both held on 7 April 2022, and the liquidation is still in progress.

The liquidation of Acesian Engineering Pte Ltd ("AEPL") had been completed. AEPL had been dissolved on the expiration of 3 months after the lodging of the return by the Liquidator with the Registrar of Companies and Official Receiver on 1 August 2022. As such, AEPL had been deconsolidated from the Group's financial statements.

14 Share capital

	The Group and the Company			
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Number of shares		\$'000	
Ordinary shares issued and fully paid				
At beginning and end of the year	<u>498,498,498</u>	498,498,498	<u>20,322</u>	20,322

The Company did not have any convertible instruments as at 31 December 2022 and 31 December 2021. The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

As at 31 December 2022, the total number of issued shares was 498,498,498 (31 December 2021: 498,498,498). Excluding treasury shares, the total number of issued shares was 493,370,798 (31 December 2021: 498,498,498).

15 Treasury shares

	The Group and the Company			
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Number of shares		\$'000	
At beginning of the year	-	-	-	-
Repurchased during the year	<u>5,127,700</u>	-	<u>196</u>	-
At end of the year	<u>5,127,700</u>	-	<u>196</u>	-

During the year ended 31 December 2022, the Company acquired 5,127,700 of its own shares (31 December 2021: Nil) through purchases on the Singapore Stock Exchange.

As at 31 December 2022, the total number of treasury shares was 5,127,700 or 1.03% of issued share capital excluding treasury shares (31 December 2021: Nil).

16 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The condensed consolidated statement of financial position of Acesian Partners Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable

4 Dividend information

4a Current Financial Period Report on

Any dividend declared for the current financial period reported on?

None.

4b Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

4c Date payable

Not applicable.

4d Books closure date

Not applicable.

5 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the twelve months ended 31 December 2022 as the Company has accumulated losses as at 31 December 2022.

6 If the Group has obtained a general mandate from shareholders for interested person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	FY2022	FY2022
Purchase of trade products	\$'000	\$'000
Chern Dar Enterprise Co. Ltd	-	264

The Company wishes to advise that there is a general mandate obtained from shareholders for interested person transactions approved on 27 April 2022.

7. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income (FY2022 vs. FY2021)

Revenue

In the full year ended 31 December 2022 (FY2022), the revenue of the Group was 157.7% higher at \$38.17 million, up from \$14.81 million reported in FY2021. The higher revenue was boosted by the strong revenue growth from the critical airflow design and supply segment which included the critical environment control systems (ECO) business. This was largely contributed by, among others, the improvement in business volume and pent-up demand, progressive delivery of the multiple significant new sales orders, ramp-up of our production capacity and improvement in ECO business. The critical airflow design and supply segment remains the pillar of the business which contributed 98.3% of the total Group's revenue, where revenue increased by 191.1% from \$12.89 million in FY2021 to \$37.53 million in FY2022. The engineering segment was scaled down significantly and revenue decreased by \$1.28 million to \$0.64 million in FY2022 or 66.5% from the corresponding period a year ago.

Gross profit

Gross profit for the Group increased by \$9.23 million or 167.5% from \$5.51 million in FY2021 to \$14.74 million in FY2022, which was relatively in line with the increase in revenue.

Other operating income

Other operating income decreased by 22.0% or \$0.08 million from \$0.37 million in FY2021 to \$0.29 million in FY2022. This was mainly due to lower government grants (including jobs support scheme to offset local employee's wages) by \$0.24 million, which is compensated by increase in other income (such as sales of scrap materials) by \$0.15 million.

Administrative expenses and other operating expenses

Administrative expenses increased by 51.5% or \$1.69 million from \$3.29 million in FY2021 to \$4.98 million in FY2022 mainly due to higher staff costs arising from higher employees' performance bonuses which is offset by reduction of salary costs.

The other operating expenses increased by \$0.68 million or 192.7% from \$0.36 million in FY2021 to \$1.04 million in FY2022, which was largely due to changes in inventories written-down (\$0.22 million), bad debts provision (\$0.11) and foreign currency exchanges (\$0.33 million).

Income tax expense

Income tax expense of \$1.13 million in FY2022 mainly pertains to income tax of current period.

Profit, net of tax

As a result, profit after tax was \$7.86 million in FY2022 as compared to a profit after tax of \$1.90 million in FY2021 on the back of higher revenue and correspondingly higher gross profit, which offset higher operating expenses.

Statement of Financial Position (FY2022 vs. FY2021)

Property, plant and equipment of \$1.91 million as at 31 December 2022, which decreased by \$0.56 million was mainly due depreciation charges of \$0.82 million offset by purchases of new equipment of \$0.30 million and additions in right-of-use assets of \$0.07 million. The PPE included right-of-use assets at net book value of \$0.54 million as at 31 December 2022.

Inventories increased by \$0.46 million from \$3.79 million as at 31 December 2021 to \$4.25 million as at 31 December 2022 owing mainly to increase in raw materials inventory by \$0.53 million.

The increase in trade and other receivables by \$0.88 million in FY2022 mainly due to net invoicing (sales invoicing outpaced debt collection) during FY2022.

Contract assets of \$0.64 million as at 31 December 2022 mainly related to unbilled receivables.

Trade and other payables increased by \$2.29 million in FY2022 mainly due to decrease in trade payables by 9.8% and increase other payables by 103.7%.

The obligation under lease liabilities of \$0.56 million as at 31 December 2022, which decreased by \$0.44 million was mainly due to lease payments of \$0.49 million during FY2022 offset by additions of lease liabilities in relation to new/extension of lease contracts during the period of \$0.07 million.

Statement of Cash Flows

During the year, the Group generated positive overall net cash inflows amounting to \$9.52 million resulting in the increase in cash and cash equivalents from \$8.98 million as at 31 December 2021 to \$18.49 million as at 31 December 2022. The significant cash movements during FY2022 were as follows:

In FY2022, net cash flows of \$10.82 million was generated from operations taking into account the working capital changes.

In FY2022, income taxes paid was \$0.35 million and net cash of \$0.24 million in investing activities was mainly used for purchases of equipment.

In FY2022, net cash of \$0.71 million was used in financing activities mainly for payment of obligations under lease liabilities, buybacks of company's shares and interest paid during the year.

8. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results for FY2022 is in line with the profit guidance announcement dated 3 February 2023.

9. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The market outlook ahead is clouded by risks of elevated levels of global economic uncertainty and red-hot inflation. The current geopolitical tensions between US and China, the US technology curbs on China and general market downturn may have a knock-on impact across the semiconductor sectors' supply chain. With these unfavourable market situations, it could affect the operating conditions of the markets that we operate in (in particular the construction of semiconductor plants) as major chip players may delay expansions and pull back on new projects. While the rising supply chain costs have simmered down, the raw material prices may continue to stay above pre-Covid levels that will affect our gross margin. With the macroeconomic headwinds which may persist into 2023, the Group will exercise prudence and take appropriate measures through cost discipline and operational efficiencies if the market downturn persists. However, the Group is well-positioned to weather the headwinds given its robust financial position.

10. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Revenue increased in the second half of the year as compared to corresponding period in FY2021 mainly due to, among others, improvement in business volume and pent-up demand. The higher profits in the second half of the year was on the back of higher revenue.

11. Breakdown of sales

	FY2022 \$ '000	FY2021 \$ '000	% increase/ (decrease)
	Group	Group	Group
Revenue reported for first half year	16,683	5,184	221.8
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	2,561	443	478.1
Revenue reported for second half year	21,486	9,628	123.2
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	5,300	1,456	264.0

12. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable due to no dividends being declared for both FY2022 and FY2021.

13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company wishes to confirm that during FY2022, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or the Managing Director or substantial shareholders of the Company.

14. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company, in the format set out in Appendix 7(H) under Rule 720(1) of the Catalyst Rules.

By Order of the Board

Loh Yih
Managing Director

Wong Kok Chye
Executive Director and Group Chief Operating Officer

24 February 2023

This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271