



ANNUAL REPORT

2021

CFM HOLDINGS LIMITED

Registration No.: 200003708R

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The contact person for the Sponsor is Ms Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914
Telephone number: 6221 027

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ip Kwok Wing
Executive Chairman

Lim Fong Li Janet
Chief Executive Officer

Er Kwong Wah
Lead Independent Director
(resigned on 5 July 2021)

Lo Kim Seng
Independent Director

Ross Yu Limjoco
Independent Director

AUDIT COMMITTEE

Er Kwong Wah (Chairman) (resigned on 5 July 2021)
Lo Kim Seng
Ross Yu Limjoco

NOMINATING COMMITTEE

Lo Kim Seng (Chairman)
Ross Yu Limjoco
Er Kwong Wah (resigned on 5 July 2021)

REMUNERATION COMMITTEE

Ross Yu Limjoco (Chairman)
Lo Kim Seng
Er Kwong Wah (resigned on 5 July 2021)

AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road #05-01
Parkview Square
Singapore 188778

Partner: Ng Wei Lun
(appointed since financial year ended 30 June 2021)

COMPANY SECRETARY

Tan Wee Sin

REGISTERED OFFICE

4 Ang Mo Kio Avenue 12
CFM Building
Singapore 569498
Tel: +65 6481 2888
Fax: +65 6481 1122
Email: irc@cfmholdings.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355

PRINCIPAL BANKERS

United Overseas Bank Ltd
Hong Leong Finance Ltd
DBS Bank Ltd

CORPORATE PROFILE



Established since 1979, CFM has evolved into a customer-focused manufacturer providing metal stamping services, design, fabrication and the sale of tool-and-die used for the manufacture of stamped metal components. Backed by production facilities in Malaysia, the Slovak Republic and the People's Republic of China, our Group supports a customer base of MNCs.

CFM reached an important milestone in our corporate history with the launch of our Initial Public Offering on 16 January 2004.

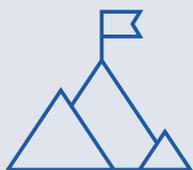
In FY 2015, the Group expanded into trading in disposable and wearable for use in pharmaceutical, cleanroom, bio-medical, laboratories and hospitals.

Today, we serve customers in the electronics industry as well as customers from the automotive, telecommunication, technology, M&E and pharmaceutical industries.



VISION

CFM envisions to be a global business name that delivers quality, performance, integrity, teamwork & innovation to the satisfaction of our customers.



MISSION

We aim to deliver high quality components to our customers by implementing stringent process control and deliver at the lowest cost possible. We strive to constantly upgrade our skills and keep abreast with technological advancement to satisfy beyond customers' requirements.

CORPORATE STRUCTURE



OUR GLOBAL FOOTPRINT

CFM HOLDINGS LIMITED

No. 4, Ang Mo Kio Avenue 12,
#05-01 CFM Building,
Singapore 569498
Tel: +65 6481 2888
Fax: +65 6481 1122
Email: irc@cfmholdings.com
www.cfmholdings.com

Subsidiaries

SINGAPORE

Cheong Fatt Holdings Pte. Ltd.
CFM Infratrade Pte. Ltd.

THE PEOPLE'S REPUBLIC OF CHINA

Dalian CFM Precision Tooling Co., Ltd.

Room 1-1A
No. 99, Huai He Zhong Road,
Dalian Economic Development Zone,
116600, Dalian,
People's Republic of China

SLOVAK REPUBLIC

CFM SLOVAKIA, S.R.O.

Radlinskeho 17, 052 01, Spisska
Nova Ves, Slovak Republic

MALAYSIA

Hantong Metal Component Sdn. Bhd.

No. 4 Jalan Haji Sa'at, Sungai Tiram,
81800 Ulu Tiram, Johor, Malaysia

MALAYSIA

Hantong Metal Component (Penang) Sdn. Bhd.

Lot 83 & 84, Jalan 1/8 PKNK,
Kawasan Perindustrian Sungai Petani,
08000 Sungai Petani, Kedah,
Malaysia

Note: The Company holds interest in shareholdings of 14.67% in PT Hantong Precision Manufacturing Batam. The investment has been written off in FY2018

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report of CFM Holdings Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 30 June 2021.

The financial year started with the unprecedented Covid-19 pandemic. Despite global efforts to find a permanent solution over the last twelve months, the coronavirus mutated in different countries, bringing new challenges to the medical front. Lives were lost to the widespread coronavirus, especially with the Kappa and Delta variants in India, Alpha variant in United Kingdom, Beta variant in South Africa and Gamma variant in Brazil. Meanwhile, Vietnam experienced a hybrid of both the India and United Kingdom variants. Globally, we have stepped into a new normal with work-from-home as the default work arrangement while an increased number of shoppers have turned to online shopping. The travel industry remains a challenge as all airlines try to stay afloat with limited flying schedules.

As a result of the Covid-19 pandemic, the Malaysian Government implemented various Movement Control Orders throughout the year which resulted in a reduced workforce in our Malaysia operations. Despite that, it still managed to produce a higher sales performance than the previous financial year. Similarly, our Slovakia operations performed above expectations and produced a satisfactory bottom-line. This is largely due to a ramp up of orders by customers.

The cleanroom segment saw a decrease in revenue as it experienced another exodus of the sales and operations teams. Our new teams are doing their best to bring in more sales in the upcoming financial year.

PERFORMANCE HIGHLIGHTS

The Group reported revenue of S\$20.7 million for the financial year ended 30 June 2021, an increase of S\$3.3 million in revenue from S\$17.4 million in the previous financial year.

The Group's gross profit increased from S\$3.9 million for the financial year ended 30 June 2020 to S\$4.5 million for the financial year ended 30 June 2021. However, the gross profit margin reduced slightly from 22.3% in the previous financial year to 21.8% for the current financial year mainly due to higher raw material costs.

The Group reported a profit after tax of S\$0.4 million for the financial year ended 30 June 2021 as compared to a loss after tax of S\$0.7 million in the previous financial year.

FORWARD

The Company had on 3 June 2021 entered into a Sale and Purchase Agreement (the "SPA") with Wang Xinmeng, Gao Hong and New Energy Industry Sweden AB (collectively, the "Vendors") and SING-SWE MM Biotechnology Pte. Ltd.

(the "Target"), in relation to the proposed acquisition of 51% of the issued share capital of the Target (the "Proposed Acquisition"). Under the SPA, the Company shall acquire 51 ordinary shares in the capital of the Target from the Vendors, representing 51% of the total issued ordinary share capital of the Target, for an aggregate consideration of up to S\$6,120,000. Upon completion of the Proposed Acquisition, the Company will own 51% of the Target and the Target will become a subsidiary of the Company.

On 21 September 2021, the Company signed a Supplementary Agreement (the "Supplementary Agreement") with the Vendors and Target. Based on the Supplementary Agreement, the following are the amendments to the SPA: -

- (a) Extending the Long-Stop Date from the current 30 September 2021 to 31 December 2021 or such other date as mutually agreed in writing between the parties to the SPA, or such date falling three months from the date on which the Proposed Whitewash Resolution is approved, whichever is earlier, and
- (b) Extending the cut-off date of the Target's Net Profit After Tax ("NPAT") for the computation of the First Tranche of Consideration Shares from the current 31 July 2021 to 30 September 2021 and management accounts evincing the Target's NPAT from the date of the Target's date of incorporation up to 30 September 2021 shall be delivered to the Company no later than 15 October 2021.

Shareholders should note that the Proposed Acquisition is subject to, inter alia, completion of due diligence, approvals from shareholders and the Singapore Exchange Securities Trading Limited. We are optimistic that the Group is positioned to take advantage of this opportunity that would bring growth to the Group's business in a sustainable manner.

As the Covid-19 pandemic is still an ongoing global challenge, the Group's objective is to ensure that our deliverables to customers are met timely and that all safe management measures are adhered to.

OUR THANKS

As safe distancing measures are still in place in Singapore, we will host this year's Annual General Meeting via live webcast. This is in accordance with recommended guidelines from the authorities to ensure that our stakeholders stay safe.

The Board wishes to express its appreciation to all shareholders, staff and stakeholders for their support, dedication and commitment during this challenging period. We hope a permanent solution will be available soon as we enter into a new normal.

IP KWOK WING
EXECUTIVE CHAIRMAN

BOARD OF DIRECTORS

MR IP KWOK WING EXECUTIVE CHAIRMAN

Mr Ip Kwok Wing is the Executive Chairman of our Group. Together with Mdm Lim Fong Li Janet, Mr Ip was a co-founder of our Group in 1979, and was appointed as Managing Director since the incorporation of our Group. Mr Ip was first appointed to the Board on 28 April 2000. He was last re-elected on 25 October 2019.

Mr Ip is responsible for the Group's strategic planning and development of new products and markets. He has been spearheading all the expansion and growth of our Group. He began his career in metal stamping, tool & die fabrication and has an aggregate of more than 40 years of working experience in the metal stamping and tooling industries.

MDM LIM FONG LI JANET CHIEF EXECUTIVE OFFICER

Mdm Lim Fong Li Janet is the Chief Executive Officer ("CEO") of our Group. Assisted by the Chief Financial Officer, she oversees day-to-day operations, finance and general management of our Group. Mdm Janet was first appointed to the Board on 28 April 2000.

Mdm Janet holds a Bachelor of Science in Business Administration and Master's Degree in Marketing Communication from the University of Canberra.

She was last re-elected on 26 October 2018. She is standing for re-election in this coming AGM.

Mdm Janet's present and past years' directorships can be found in the Additional Information on Directors seeking re-election in this Annual Report.

BOARD OF DIRECTORS

MR LO KIM SENG INDEPENDENT DIRECTOR

Mr Lo Kim Seng is the Chairman of the Nominating Committee and a member of both the Audit Committee and the Remuneration Committee. He is the Lead Independent Director of No Signboard Holdings Ltd, and Independent Director of Fragrance Group Limited and Ecowise Holdings Limited, all listed on the Singapore Stock Exchange. He is also a Director in Bayfront Law LLC.

He advises clients in a broad range of capital markets, mergers and acquisitions, corporate, and commercial matters. He has spent more than two decades practising different aspects of corporate law involving start-up ventures, SMEs and listed entities.

Mr Lo is admitted as an Advocate & Solicitor of Singapore, Solicitor of New South Wales, Australia, and Solicitor of England and Wales.

He graduated with LL.B (Hons) and LLM from London University, LLM from National University of Singapore and MBA from University of Hull, United Kingdom.

Mr Lo was appointed on 1 July 2020 and last re-elected on 28 October 2020.

MR ROSS YU LIMJOCO INDEPENDENT DIRECTOR

Mr Ross Yu Limjoco is the Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee. He is also an Independent Director of Ouhua Energy Holdings Limited which is listed in the Singapore Stock Exchange, MH Development Ltd (formerly known as Camsing International Holdings Limited) and China Supply Chain Holdings Limited (Listed on Main board of Hong Kong Exchange and Clearing Limited).

Mr Ross is currently the CFO of North Star Security Pte. Ltd. and the Managing Director of Anchorage Consulting Private Limited and TMS Capital Advisory Ltd. He has over 25 years of experience in professional services, gained from his employment with Arthur Andersen Singapore and Manila, BDO LLP, BDO Advisory Pte Ltd, and Nexia TS Pte Ltd. He also served as the CFO of PSL Holdings Ltd.

He graduated from the Philippine School of Business Administration, with a degree in Bachelor of Science in Business Administration, major in Accounting. He is a member of the Institute of Singapore Chartered Accountants, Philippine Institute of Certified Public Accountants, Association Certified Fraud Examiners, International Association of Consultants, Valuators and Analysts and Institute of Valuers and Appraisers, Singapore.

Mr Ross was appointed on 19 July 2019 and re-elected on 25 October 2019. He is seeking re-election in this coming AGM.

Mr Ross's present and past years' directorships can be found in the Additional Information on Directors seeking re-election in this Annual Report.

KEY MANAGEMENT PERSONNEL

MR KENNETH IP YEW WA CHIEF OPERATING OFFICER

Mr Ip joined the Group on 1 January 2009 and is currently the Chief Operating Officer of the Company. He is also the General Manager of Hantong Metal Component (Penang) Sdn. Bhd. and Executive Officer of CFM Slovakia s.r.o.. Prior to joining the Group, Mr Ip was a Marketing Executive in various corporations and a tooling designer in an MNC.

Mr Ip obtained his Bachelor's Degree in Mechanical Engineering from Nanyang Technological University.

MS TAN LAY LEE CHIEF FINANCIAL OFFICER

Ms Tan joined the Group on 10 January 2020 as the Chief Financial Officer. She is responsible for all key financial matters of the Group.

She was with Informatics Education Ltd, a SGX mainboard listed company for more than 10 years and was their Group Financial Controller. She joined Mary Chia Holdings Limited, a SGX catalyst listed company in December 2015 as their Financial Controller. In both companies, she oversees the full spectrum of the finance and accounting functions, taxation and compliance.

She is a member of Institute of Singapore Chartered Accountant (ISCA) and Fellow member of Association of Chartered Certified Accountant (ACCA).

FY2021 – OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (FY2021 VS. FY2020)

REVENUE

The Group recorded revenue of approximately S\$20.7 million for FY2021, which was an increase of approximately S\$3.3 million or 18.8% from the previous corresponding financial period. The higher revenue was contributed by the metal stamping segment due to increase in orders coupled with stronger exchange rate for the Slovakia's operation, likewise Penang's metal stamping and tooling segments and Johor operation tooling segment recorded higher revenue also due to ramp up orders by customers offset by lower revenue in the cleanroom and warehouse and logistics segments.

GROSS PROFIT

The Group's gross profit increased by approximately S\$0.6 million or 15.4% from S\$3.9 million in FY2020 to S\$4.5 million in FY2021. However, the gross profit margin reduced slightly from 22.3% in FY2020 to 21.8% in FY2021 mainly due to higher raw material costs.

OTHER INCOME

Other income in FY2021 consists of rental income S\$503k, government grants S\$195k and other miscellaneous income S\$120k.

MARKETING EXPENSES

Marketing decreased from S\$380k in FY2020 to S\$270k in FY2021 due to lower manpower cost in the cleanroom, logistics and warehousing business segments.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative expenses decreased from S\$4.3 million in FY2020 to S\$4.1 million in FY2021 due to lower provision of slow moving inventories, higher write back of inventories and absence of write back of doubtful debt, offset by higher administration wages and salaries related expenses, higher professional fees, higher exchange losses and higher inventories write off.

FINANCE COSTS

Finance costs decreased slightly from S\$318k in FY2020 to S\$293k in FY2021, mainly due to payment of borrowings and lower lease liabilities interest.

TAX EXPENSE

The tax expense for the year is S\$236k in FY2021 compared to S\$446k in FY2020 mainly due to higher provision of tax in the prior financial year.

PROFIT FOR THE FINANCIAL YEAR

As a result of higher revenue generated and lower admin/marketing/finance/tax expenses, the Group recorded a profit after tax of S\$417k for FY2021 as compared to a loss after tax of S\$703k in FY2020.

FY2021 – OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF CONSOLIDATED BALANCE SHEET (FY2021 VS. FY2020)

NON-CURRENT ASSETS

The decrease in property, plant and equipment was mainly due to depreciation charge of S\$1.1 million for the financial year.

At the Company's level, the investments in subsidiaries declined from S\$11.4 million to S\$10.7 million.

The Company had during the year reviewed the performance of its subsidiaries and performed impairment test on its subsidiary in FY2021, M/s CFM Infratrade Pte Ltd and had impaired its investment by S\$500k.

The Company also reviewed the performance of M/s Hantong Component Metal Sdn Bhd due to loss incurred in the financial year and the negative impact of the COVID-19 pandemic on its operations and had impaired its investment by S\$200k.

CURRENT ASSETS

Inventories increased from S\$2.9 million as at 30 June 2020 to S\$3.5 million as at 30 June 2021, due to increase in materials costs and increase in stock.

Trade receivables increased from S\$3.2 million as at 30 June 2020 to S\$5.1 million as at 30 June 2021. The increase was mainly due to higher revenue generated.

Other receivables consist mainly of deposits and prepayments. Other receivables decreased by S\$219k from S\$387k in FY2020 to S\$168k in FY2021, mainly due to payment of amount owing to a director.

CURRENT LIABILITIES

Trade payables increased from S\$1.2 million as at 30 June 2020 to S\$2.2 million as at 30 June 2021. This was mainly due to increase in purchases to fulfill increased sales orders and material price increase.

Contract liabilities decreased from S\$353k as at 30 June 2020 to S\$282k as at 30 June 2021 as a result of billings being recognised as sales during the financial year.

BORROWINGS AND LEASES

Total borrowings for the Group decreased from S\$9.1 million as at 30 June 2020 to S\$8.3 million as at 30 June 2021. This was mainly due to repayment of bank borrowings and lease liabilities of S\$0.7 million and S\$0.2 million respectively during the financial year.

FY2021 – OPERATIONAL AND FINANCIAL REVIEW

REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS (FY2021 VS. FY2020)

For the financial year ended 30 June 2021, the Group generated a net cash inflow of S\$0.8 million from operating activities as compared to net cash generated from operating activities of S\$1.5 million for FY2020.

The operating cash flow before working capital changes increased from S\$1.4 million in FY2020 to S\$2.1 million in FY2021, contributed by profit before tax of S\$0.7 million higher depreciation of PPE, higher inventories written off, offset by higher inventories write back resulting in the Group recording cash generated from operating activities of S\$0.9 million.

Higher inventories, receivables and prepayments and foreign translation differences caused the cash generated from operations to decrease from S\$1.8 million to S\$0.9 million.

Net cash used in investing activities amounted to S\$188k in FY2021 (FY2020: S\$239k) was mainly due to purchase of property, plant & equipment of approximately S\$188k in cash.

Net cash used in financing activities was S\$1.3 million in FY2021, this was mainly attributed by:

- a. repayment of borrowings of S\$695k
- b. payment on lease liabilities S\$198k
- c. interest payment of S\$293k
- d. increase in fixed deposit pledged with financial institution of S\$127k

As a result of the above, the Group's cash and cash equivalent decreased from S\$3.8 million as at 30 June 2020 to S\$3.1 million as at 30 June 2021.

LITIGATION

As disclosed during the financial year ended 30 June 2013, an ex-parte injunction has been granted by the High Court of Malaya on 30 June 2013 and served on Hantong Metal Component (Penang) Sdn. Bhd., ("HTPG") a wholly-owned subsidiary of the Company on 2 July 2013.

The legal suit was concluded on 4 April 2018 and was in favour of T-Net International (H.K.) Co. Limited (formerly known as Showa International (HK) Co. Limited ("Showa")). In 2018, the Group has recognised liabilities amounted to S\$599,000. On 11 July 2018, the amount has been paid to Showa's solicitor which was placed in an interest-bearing fixed deposit account.

On 4 April 2018, HTPG applied to the Court of Appeal and on 29 January 2020, the Court of Appeal set aside the decision of the High Court. Showa proceeded to file an application at the Federal Court to seek leave to appeal to Federal Court.

HTPG has received the Grounds of Judgement from the Court of Appeal and is currently preparing the defense for the next hearing date. The Court Registrar has now fixed the matter for Hearing on 10 January 2022.

The Company will make further announcements as and when there are material developments in this matter. At the date of this Annual Report, there is no further update and the directors had assessed that no additional liabilities need to be accrued.

Shareholders should note that the date is subjected to change and the Company will make necessary announcements as and when there are material developments on this matter.

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) and the management (the “Management”) of CFM Holdings Limited (the “Company”) are committed to maintaining a high standard of corporate governance to ensure greater transparency and protection of shareholders’ interests, and are pleased to inform that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 issued on 6 August 2018 (“the Code”) by the Corporate Governance Committee, pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Guide”). Proper explanation would be given where there is a deviation from the recommended provisions.

This report describes the corporate governance practises of the Company for the financial year ended 30 June 2021 (“FY2021”), with specific reference to the principles and provisions of the Code. Where applicable, deviations from the Code have been explained. The Board and Management will continue to uphold the highest standards of corporate governance within the Company in accordance with the Code.

(A) BOARD MATTERS

BOARD’S CONDUCT OF ITS AFFAIRS

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

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the “Group”). Its primary role is to provide entrepreneurial leadership, set strategic aims for the Company, and protect and enhance long-term value and returns for the shareholders. It oversees the business affairs of the Group and approves the Group’s strategic plans, key business initiatives, major investments and divestments proposals, and funding decisions.

Additionally, the Board has direct responsibility for decision-making in respect of the following corporate events and actions:

- (a) ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- (b) oversee the processes of risk management, financial reporting and compliance, and evaluate the adequacy of internal controls;
- (c) establish a framework of prudent effective control which enable risks to be assessed and managed including safeguarding of Shareholder’s interests and Company’s assets;
- (d) establish, together with the Management, the strategies and financial objectives to be implemented by the Management;
- (e) review the financial performance of the Group and performance of the Management, constructively challenge Management, approve the nominations of the Board of Directors and appointment of key executives, as may be recommended by the Nominating Committee;
- (f) review and endorse the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee;
- (g) ensure accurate, adequate and timely reporting to, and communication with shareholders;
- (h) assume responsibility for corporate governance;

CORPORATE GOVERNANCE

- (i) review and assist to set company's values and standard (including ethical standards), and to ensure that obligations to shareholders and other stakeholders are understood and met;
- (j) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; and
- (k) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.
- (l) ensure transparency and accountability to key stakeholder groups.
- (m) put in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements.
- (n) establish appropriate tone-at-the-top, desired organisational culture and standards of ethical behaviour.

All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company and to make decision in the interest of the Company. To facilitate the Board in the execution of the Board's responsibilities, certain functions of the Board have been delegated to three (3) Board Committees, comprising of an Audit Committee ("AC"), a Nominating Committee ("NC") and a Remuneration Committee ("RC"). Each of these Board Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. These Board Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets three (3) times a year and as warranted by particular circumstances. The Constitution of the Company allows Board meetings to be conducted by way of telephone conference.

The attendance record of each director at meetings of the Board and Board Committees during FY2021 is set out below:

NAME OF DIRECTORS	BOARD COMMITTEE MEETINGS			
	BOARD MEETINGS	AUDIT	NOMINATING	REMUNERATION
Ip Kwok Wing	3	3*	1*	1*
Lim Fong Li Janet	3	3*	1*	1*
Ross Yu Limjoco	3	3	1	1
Lo Kim Seng	3	3	1	1
Er Kwong Wah ⁽¹⁾	3	3	1	1
Total No. of Meetings Held	3	3	1	1

* By way of invitation.

(1) Mr. Er Kwong Wah resigned as Lead Independent Director on 5 July 2021.

The Company has adopted internal guidelines setting forth matters which require Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested person transactions ("IPTs") (including, among others, conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of companies or assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies. Each Board member makes decisions objectively in the interests of the Group. Directors facing conflict of interest recuse themselves from discussions and decisions involving the issue of conflict.

CORPORATE GOVERNANCE

All newly appointed directors will be given appropriate training, if necessary including training as a director and how to discharge those duties when he is first appointed to the Board. All new directors will be briefed on the business activities of the Group and its strategic goals. Upon appointment of each director, the Company will provide a formal letter to the director, setting out the director's duties and obligations. Directors who are first-time directors, or who have no prior experience as directors of a listed company, will also undergo briefings on the roles and responsibilities as directors of a listed company. With the recommendation from Nominating Committee, all future appointment of directors will have both the Board Resolution and also formal letter of appointment. In addition, all first time directors will be provided with training in areas such as accounting, legal and industrial specific knowledge either internally or externally.

As and when necessary the directors would receive further relevant training especially in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, as well as changes in the relevant provisions of the Singapore Companies Act, Cap. 50, so as to update and refresh them on matters that affect or may enhance their performance as Board and Board committee members. The cost of training programs provided to directors will be borne by the Company.

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC is satisfied that the Directors continue to meet the demands of the Group and are discharging their duties effectively. The NC has also adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The NC determines annually whether a director with multiple board representations is able to and has been adequately carrying out his duties as a director of the Company. In making this determination, the NC took into account the respective director's actual conduct and effectiveness on the Board, and the time and attention given by each of them to the affairs of the Company, and is satisfied that all the directors having multiple board representations have been able to and have adequately carried out their duties as a director.

To further ensure directors could carry out his duties adequately and effectively, the NC also places a maximum limit of ten (10) non-executive directorships an independent director can hold on the board of listed companies (excluding non-listed companies and other non-profit or non-commercial organizations) if he is not holding a full time job. In the event of a director holding a full time job, the maximum limit of his directorships in listed companies should not be more than six (6). During the financial year, the NC has reviewed and confirmed that all the directors have met the criteria and are able to carry out their duties as a director.

While some Directors have multiple board representations and other principal commitments, the NC is satisfied that the Directors are able to adequately carry out their duties as directors for FY2021 based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company.

In assessing the capacity of Directors, the NC considers, amongst others, the following:

- (i) Expected and/or competing time commitments of Directors, including whether such commitment is in a full-time or part-time employment capacity;
- (ii) Geographical location of Directors;
- (iii) Size and composition of the Board;
- (iv) Nature and scope of the Group's operations and size; and
- (v) Capacity, complexity and expectations of the other listed directorships and principal commitments held, if any.

CORPORATE GOVERNANCE

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- Declarations by individual Directors of their other listed company board directorships and principal commitments; and
- Attention to the Company's affairs, having regard to his other commitments.

Currently, the Company does not have any alternate Director.

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge of its duties effectively. The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary. The management approves and monitors operational budgets, variances from budget are explained to the management and the management accounts of each subsidiary are reported to the AC and Board.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interests in transactions involving the Company, prohibitions on dealings in Company's securities and restrictions on disclosure of price-sensitive information.

The Board has separate and independent access to the Company Secretary and Management at all times. The role of the Company Secretary includes responsibility for ensuring the Board's procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary attends and prepares minutes of meetings of the Board and Board Committees and assists the Board in ensuring that the Company complies with the relevant statutory requirements. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each Director has access to the Group's independent professional advisors as and when necessary to enable each Director to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

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

The NC determines on an annual basis whether or not a director is independent, taking into account the Code's definition. In respect of the review of the independence of each director, the NC assessed the independence of each director and had considered that Mr. Lo Kim Seng and Mr. Ross Yu Limjoco to be independent.

As at the date of this Annual Report, the Board comprises four (4) directors, of whom two (2) are Executive Directors and two (2) are Independent Directors. The Chairman of the Board and the Chief Executive Officer ("CEO") are immediate family members. The present Board composition is not in compliance with the provisions 2.2, 2.3 and 3.3 of the Code which requires Independent Directors to make up a majority of the Board where the Chairman of the Board is not independent (Provision 2.2), appointment of lead independent director when the Chairman of the Board is not independent (Provision 3.3) and non-executive directors make up a majority of the Board (Provision 2.3) respectively. In addition, the role of the lead independent director is to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

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Following the resignation of the Lead Independent Director Mr. Er Kwong Wah with effect from 5 July 2021, the Company is not able to meet the requirement of Rule 704(7) of the Catalist Rules. Rule 704(7) states –

Any appointment or reappointment of a director to the audit committee. The issuer must state in the announcement whether the board considers the director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.

The Company is not able to meet the stipulated timeframe of filling the vacancy not later than three (3) months, mainly due to selection of an experienced Independent Director that could contribute to the Company based on his/her prior experience to contribute positively to the Board. The Lead Independent Director is a key and important role, the candidate to be appointed must be able to discharge his/her duties aptly and relevant experience is key to the Company's requirement. Thus far the Board has not reached an agreement on the choice candidate.

The Company, through the sponsor, has applied to the SGX-ST to seek a eight (8) weeks extension of time to fill the vacancy of a new independent director by 29 November 2021 (instead of by 4 October 2021 as required by Rule 704(7) the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Independent Director later. The application is pending approval from SGX.

Nevertheless, as the Group continues to face a challenging environment in the industry it operates in and is in the process of looking at new business opportunities, the Board will continue to require accountability and responsibility. Accordingly, Mr. Ip Kwok Wing will be retained as the Executive Chairman for the Board to tap on his numerous years of experience in manoeuvring the Company through its current challenges. The Board is in the midst of identifying a suitable candidate for appointment as a new independent director of the Company.

Existing Independent Directors will sort and engage external professional services to aid in their decision making. The cost of such engagement is borne by the Company.

The nature of the current directors' appointments and membership on the Board committees is as follows:

		BOARD COMMITTEE MEMBERSHIP		
NAME OF DIRECTORS	POSITION HELD ON THE BOARD	AUDIT	NOMINATING	REMUNERATION
Ip Kwok Wing	Executive Chairman	-	-	-
Lim Fong Li Janet	Executive Director & CEO	-	-	-
Ross Yu Limjoco	Independent Director	Member	Member	Chairman
Lo Kim Seng	Independent Director	Member	Chairman	Member
Er Kwong Wah ⁽¹⁾	-	-	-	-

(1) Mr. Er Kwong Wah resigned as Lead Independent Director on 5 July 2021. Subsequent to the resignation of Mr. Er Kwong Wah as Lead Independent Director, he also ceased to be the Chairman of the Audit Committee and a member each of the Nominating Committee and Remuneration Committee on 5 July 2021.

Pending the appointment of a new Independent Director, the NC is satisfied that the Board comprises directors who as a group provide core competencies such as accounting or finance, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, which are required for the Board to be effective in decision making.

Independent Directors constructively challenge and help develop proposals on strategy; and review the performance of

CORPORATE GOVERNANCE

Management in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Directors discuss regularly without the presence of Management matters such as the changes that they like to see in Board processes, corporate governance initiatives, and matters which they wish to discuss during the Board meetings.

The NC is of the view that the current Board and Board Committees comprise persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. There is no formal diversity policy adopted by the Company and it may consider adopting a formal policy in due course.

The Board has taken the following steps to maintain and to enhance its balance and diversity:-

- (i) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (ii) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Different individuals assume the roles of the Chairman of the Board ("Executive Chairman" or "Chairman") and the Chief Executive Officer ("CEO"). The Executive Chairman is Mr. Ip Kwok Wing.

As the Executive Chairman, Mr. Ip Kwok Wing sets guidelines on and is responsible for the exercise of control over the quantity and quality, and the timeliness of the flow of information between the Management and the Board, so that the directors receive accurate, timely and clear information for them to make sound decisions.

He also schedules Board meetings and oversees the preparation of the meeting agenda in particular strategic issue to enable the Board to perform its duties effectively and responsibly. In addition, the Chairman also promotes a culture of openness and debate at the Board.

The Executive Chairman also encourages constructive relations between the Board and Management and between the executive directors and independent directors, as well as effective communication with shareholders. To facilitate effective contribution of directors, and in particular, the independent directors, the Executive Chairman ensures that relevant information on business initiatives, industry developments and press commentaries on matters relating to the Company or the industries in which it operates are circulated to the Board members on a continuous basis so as to enable them to be updated and thereby enhance the effectiveness of the independent directors and the Board as a whole.

The Executive Chairman takes a leading role in the Company's drive to achieve, promote and maintain a high standard of corporate governance with the support of the directors, the Management and the Company Secretary.

Mr. Ip Kwok Wing is assisted by Mdm Lim Fong Li Janet, who assumes the role of the CEO. Mdm Lim Fong Li Janet, together with the Management comprising the Chief Operating Officer, general managers and Chief Financial Officer, are responsible for the day-to-day management, and implementing the strategic goals of the Group.

If required, the Company will engage professional firms to provide independent advices to the Independent Directors with cost borne by the Company to aid the current Independent Directors in their decision making. The Independent Directors are objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees. All decisions were made by the Board of Directors unanimously.

Although Mr. Ip Kwok Wing and Mdm Lim Fong Li Janet are husband and wife, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Chairman and the CEO is independent without any influence from each other, and there is no compromise in accountability for the following reasons:

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- (a) the independent directors actively participate during Board meetings and challenge the assumptions and proposals of the Management unreservedly, both during and outside of Board meetings on pertinent issues affecting the affairs and business of the Group. Their view and opinion provide alternative perspective to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflict of interest and other complexity. The independent directors review the management performance and management reporting frameworks on quarterly interval. They are also involved in the development and evaluation of strategy proposals proposed by Management from time to time; and
- (b) all major decisions made by the Executive Chairman and CEO of the Company are reviewed and approved by the Board.
- (c) the role of Lead Independent Director - is to lead and co-ordinate activities of Independent Directors and providing a channel to non-executive directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and develop succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration. The Lead Independent Director may chair Board meetings in the absence of the Chairman, working with the Chairman in leading the Board,.

The Company does not have a Lead Independent Director following the cessation of Mr. Er Kwong Wah with effect from 5 July 2021.

The Board is in the midst of identifying a suitable candidate for appointment as a new Lead Independent Director of the Company. The Company, through the sponsor, has applied to the SGX-ST to seek a eight (8) weeks extension of time to fill the vacancy of a new independent director by 29 November 2021 (instead of by 4 October 2021 as required by the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Independent Director later. The application is pending approval from SGX.

The Company shall update shareholders through the appropriate SGXNet announcement accordingly.

BOARD MEMBERSHIP

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

The Company has established a NC to, among other things, make recommendations to the Board on all Board appointments. The NC currently comprises two (2) directors, all of whom, including the Chairman are independent. The NC members are:-

Mr. Lo Kim Seng	-	Chairman
Mr. Ross Yu Limjoco	-	Member

The Company is not complying with provision 4.2 of the Code following the cessation of Mr. Er Kwong Wah with effect from 5 July 2021. The provision states:-

The NC comprises at least three (3) directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

The Board is currently in the midst of identifying a suitable candidate for appointment as a new independent director of the Company. The Company, through the sponsor, has applied to the SGX-ST to seek a eight (8) weeks extension of time to fill the vacancy of a new independent director by 29 November 2021 (instead of by 4 October 2021 as required by Rule 704(7) of the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Independent Director later. The application is pending approval from SGX.

The Company will endeavour to fill the vacancy in the NC as soon as possible to comply with the guidelines set forth in the 2018 Code and shall re-constitute the NC in due course.

CORPORATE GOVERNANCE

Role of the NC

The role of the NC is to establish a formal and transparent process for the appointment of new directors and the re-appointment of directors retiring by rotation as well as to assess the effectiveness of the Board and the overall contribution of each director towards the effectiveness of the Board.

The primary functions of the NC include the following:

- (a) to make recommendations to the Board on all Board appointments, including re-nominations having regard to that director's contribution and performance;
- (b) to review the independence of the directors on an annual basis;
- (c) to decide whether the director is able to and has been adequately carrying out his duties as director, in particular, where a director has multiple board representations;
- (d) to review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment or reappointed to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;
- (e) to identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- (f) to develop a process for evaluation of the performance of the Board, its committees and directors and address how the Board has enhanced long-term shareholders' value.
- (g) to assess the effectiveness of the Board as a whole;
- (h) to review board succession plans for directors, in particular, the Chairman and for the CEO; and
- (i) to review training and professional development programs for the Board.

Process for appointment of new directors

The NC has recommended, and the Board has approved, a formal process for the selection of new directors as follows:

- (a) The NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (b) Directors and Management may suggest suitable potential candidates. If necessary, the NC may enlist external help (for example, from the Singapore Institute of Directors, search consultants, advertisements) to source for potential candidates;
- (c) The NC assesses suitability of short-listed candidates and discusses with them, if necessary, to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- (d) The NC makes recommendations to the Board for approval.

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Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NC based on, among others, the following objective criteria:

- (a) Integrity;
- (b) Independent mindedness;
- (c) Possess core competencies which meet the current needs of the Company and complement the skills and competencies of the existing directors on the Board;
- (d) Able to commit time and effort to carry out duties and responsibilities effectively;
- (e) Experience in the relevant field of business of the Company or industries in which it operates; and
- (f) Financially literate.

All directors are to submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. The Company's Constitution provides that one-third of the Board for the time being (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 at each annual general meeting ("AGM") of the Company. In addition, the Company's Constitution also provides that newly appointed Directors are required to submit themselves for re-election at the AGM of the Company immediately following his appointment.

Mdm Janet Lim Fong Li and Mr. Ross Yu Limjoco will be retiring at the forthcoming AGM pursuant to the Company's Constitution. Mdm Janet Lim Fong Li and Mr. Ross Yu Limjoco being eligible, had each consented to stand for re-election as Directors of the Company at the forthcoming AGM.

The following key information regarding directors is set out on the following pages of this Annual Report:

- (a) page 33 - Academic and professional qualifications, date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and those held over the preceding five (5) years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) page 34 - Shareholdings in the Company and its related companies.

BOARD PERFORMANCE

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

The Board has implemented a formal process for assessing the effectiveness of the Board as a whole.

The NC determines how the Board's performance may be evaluated and proposes objective performance criteria. Such performance criteria are approved by the Board and address how the Board has enhanced long-term shareholders' value.

The NC has in place a performance evaluation process whereby the Board and individual directors will complete confidential group and individual assessment questionnaires to assess the effectiveness of the Board, its committees and the contributions of each director, including the Chairman. The Board and committee assessment parameters include areas such as Board composition, Board processes in managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective committee. The individual assessment areas include attendance and contributions during Board and committee meetings as well as commitment to their role as directors. Individual directors are also evaluated on their respective areas of expertise across business, industry, finance and legal. The Company secretary had been requested to collate the Board's and directors' evaluation and to provide the summary observations for the NC Chairman and Board Chairman. The Board Chairman will act on the results of the performance evaluation and the recommendation of the NC, and

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where appropriate, in consultation with the NC, new members may be appointed, or resignation of directors may be sought.

The current Board's performance evaluation is not entirely in compliance with Practice Guidance 5 of the Code as it does not include the criteria for individual directors to assess their willingness and ability to constructively challenge the Board. The Company will implement this as part of the performance evaluation in due course.

Following the review of the assessment of the Board, its committees and individual directors, including the Chairman for FY2021, both the NC and the Board are of the view that the Board and its committees have operated effectively and each director has contributed to the overall effectiveness of the Board in FY2021. No external facilitator was used in the evaluation process.

All NC members have abstained from voting or review process of any matters in connection with the assessment of his/her performance.

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2021, one (1) NC meeting was held.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC comprises the following two (2) Directors, all of whom, including the Chairman are Independent Directors:-

Mr. Ross Yu Limjoco	-	Chairman
Mr. Lo Kim Seng	-	Member

The present RC composition is not in compliance with provision 6.2 of the Code following the cessation of Mr. Er Kwong Wah with effect from 5 July 2021. The provision states:-

The RC comprises at least three (3) directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

The Board is currently in the midst of identifying a suitable candidate for appointment as a new independent director of the Company. The Company through the sponsor, has applied to the SGX-ST to seek a eight (8) weeks extension of time to fill the vacancy of a new independent director by 29 November 2021 (instead of by 4 October 2021 as required by Rule 704(7) of the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Independent Director later. The application is pending approval from the SGX.

The Company will endeavour to fill the vacancy in the RC as soon as possible to comply with the guidelines set forth in the 2018 Code. and shall re-constitute the RC in due course.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors and senior management. The principal functions of the RC include the following:

- (a) to review and recommend to the Board a framework of remuneration for the Executive Chairman, directors, and key management personnel of the Company. The framework will cover all aspects of remuneration, including without limitation, directors' fees, basic salaries, allowances, bonuses, options and benefits-in-kind;

CORPORATE GOVERNANCE

- (b) to review the remuneration packages of all managerial staff who are related to any of the executive directors or CEO;
- (c) in the case of directors' service contracts, to consider what compensation or commitments the directors' contracts of service, if any, would entail in the event of early termination;
- (d) to recommend to the Board in consultation with senior management and the Executive Chairman, any long-term incentive scheme (including share schemes) and to consider the eligibility of directors for benefits under such long-term incentive schemes; and
- (e) consider and make recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and the details of the specific remuneration packages of the directors and executives of the Company, in addition (if appropriate) to those required by law or by the Code.

The RC also administers the CFM Holdings Performance Share Scheme, which was approved at the Company's extraordinary general meeting ("EGM") held on 30 April 2015.

The RC has access to professional advice from experts outside the Company on executive remuneration matters as and when necessary. In accessing the professional advice from experts outside the Company, the RC will ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company. The Company did not appoint any remuneration professionals to advise on the executive remuneration during the financial year ended 30 June 2021.

Each member of the RC will refrain from voting on any resolution in respect of the assessment of his remuneration. No director will be involved in determining his own remuneration.

In addition to the above, the RC will also review the Company'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. The RC aims to be fair and avoids rewarding poor performance.

The RC meets at least once a year, and as warranted by circumstances, to discharge its function. In FY2021, one (1) RC meeting was held.

LEVEL AND MIX OF REMUNERATION

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

The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interests with those of shareholders and link rewards to corporate and individual performance, as well as taking into consideration the risk policies of the Company to be symmetric with risk outcomes and sensitive to the time horizon of such risk. The performance related remuneration elements of the executive directors and key management personnel does not incentivise short termism-based business decisions.

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The RC also reviews all matters concerning the remuneration of independent directors to ensure that the remuneration commensurate with the level of contribution, taking into account factors such as effort and time, and responsibilities of the directors. The Company will submit the quantum of directors' fees for each year to the shareholders for approval at each AGM.

The Board and RC note the recommendation by the Code on the long-term incentive scheme for executive directors and key management personnel. The RC had reviewed and recommended to the Board the adoption of a performance share scheme for directors, key management personnel and employees. The Company had adopted the CFM Performance Share Plan on 30 April 2015.

Only the executive directors have entered into service contracts with the Company, which are for a fixed appointment period and thereafter renewed annually, unless earlier terminated by either party by not less than six (6) months written notice, or payment of an amount equal to six (6) months' salary in lieu of notice. The RC reviews what compensation commitments the executive directors' contracts of service would entail in the event of early termination, and aims to be fair and avoid rewarding poor performance. Through the use of contractual provisions, the Group has the ability to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

During FY2021, the RC reviewed the compensation and remuneration packages and believes that the directors and Management are sufficiently compensated.

DISCLOSURE ON REMUNERATION

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

Policy in respect of independent directors' remuneration

The independent directors do not enter into service contracts with the Company. They are paid directors' fees, the amount of which is dependent on their level of responsibilities. Each independent director is paid a basic fee and variable allowance. In addition, independent directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the AC is also paid a higher fee compared to members of that committee in view of the greater responsibilities carried by that office. The amount of directors' fees payable to independent directors is subject to shareholders' approval at the Company's AGMs.

Remuneration policy in respect of executive directors and other key management personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market and the performance of the Company and the individual employee. This allows the Company to better align executive compensation with shareholders value creation. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the performance of the Company and the individual employee.

Remuneration of the directors, key management personnel (who are not also directors) for the financial year ended 30 June 2021.

The level and mix of each of the directors' remuneration, and that of each of the key management personnel (who are not also directors), in bands of \$250,000 for the financial year ended 30 June 2021, are set out below:

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	BASE SALARY	VARIABLE/ PERFORMANCE RELATED INCOME	DIRECTOR FEES	BENEFIT IN KIND/ ALLOWANCE	TOTAL
Remuneration Band Name of Director					
\$250,000 and below					
Mr. Ip Kwok Wing [^]	72%	10%	-	18%	100%
Mdm. Lim Fong Li Janet [^]	75%	18%	-	7%	100%
Mr. Er Kwong Wah ⁽¹⁾	-	-	100%	-	100%
Mr. Ross Yu Limjoco	-	-	100%	100%	100%
Mr. Lo Kim Seng	-	-	100%	100%	100%
Remuneration Band Name of Top 5 Existing Key Management Personnel					
\$250,000 to S\$500,000					
Mr. Kenneth Ip Yew Wa	79%	15%	-	6%	100%
\$250,000 and below					
Ms. Tan Lay Lee*	83%	10%	-	7%	100%

Notes:

[^] Ip Kwok Wing and Lim Fong Li Janet are husband and wife.

* The Group has only two (2) Key Management Personnels who are not a Director, and the remuneration paid to such key management personnel are \$250,000 to \$500,000 and below \$250,000.

(1) Mr. Er Kwong Wah resigned as Lead Independent Director on 5 July 2021.

The Company has not disclosed exact details of the remuneration of its CEO, directors and key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. The Group does not have other Key Management Personnel save for those disclosed above.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel for the financial year ended 30 June 2021.

Apart from Mr. Kenneth Ip Yew Wa (Chief Operating Officer) and Mr. Andrew Ip Jowa, being the sons of Mr. Ip Kwok Wing (Executive Chairman) and Mdm. Lim Fong Li Janet (CEO), who holds the position of Chief Operating Officer with a remuneration band between S\$200,000 to S\$300,000 and Sales Manager with a remuneration band between S\$100,000 to S\$200,000 respectively for the financial year ended 30 June 2021. The Company does not have any employees who are immediate family members of any director or the CEO, during the financial year ended 30 June 2021. The RC was of the view that the remuneration is in line with the staff remuneration guidelines and commensurate with their job scope and level of responsibilities.

“Immediate family member” means the spouse, child, adopted child, stepchild, brother, sister or parent.

CORPORATE GOVERNANCE

CFM Performance Share Plan

The Company had undertaken a comprehensive review of employee remuneration and benefits and introduced a new employee share performance scheme on 30 April 2015 (the "Plan") that is intended to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. In line with this, the Company believes that the Plan will strengthen the overall effectiveness of performance-based compensation schemes. The Plan applies to executive directors, non-executive directors (including independent Directors) and group employees.

The Plan allows the Company to target specific performance objectives and to provide an incentive for who are awarded shares under the Plan ("Participants") to achieve these targets, which ultimately, will create and enhance economic value for Shareholders. The Directors believe that the Plan will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Plan, the Company will be able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long-term prosperity. In addition, the Plan aims to foster an ownership culture within the Group.

The Company believes that attracting and retaining outstanding individuals as employees is paramount to the Group's long-term objective of achieving continuous growth, expansion and profitability in its business and operations. It is hoped that through the implementation of the Plan, the Company will be able to remain an attractive and competitive employer and be better positioned to manage its fixed overhead costs without compromising on performance standards and efficiency.

Through the Plan, the award of fully-paid Shares, free of charge, to the Participants (the "Awards") is intended to be a more attractive form of bonus from the Company to the Participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies.

The Plan will serve as an additional and flexible incentive tool. With the Plan, the Company would be able to tailor share-based incentives according to the objectives to be achieved.

The Awards granted under this Plan will be determined at the sole discretion of the RC which will oversee and administer the Plan. In considering the grant of an Award to a Participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected Employee. In respect of the grant of an award to a participant who is also a member of the RC, the participant shall not be involved in the deliberation of the award to be granted to him to minimise the potential conflict of interest and to not compromise his independence of as a member of the RC.

The total number of New Shares which may be issued pursuant to Awards granted under the Plan shall not exceed 15% of the issued Shares of the Company (excluding any Shares held in treasury) on the day Shareholders approve the Plan, provided always that the total number of New Shares which may be issued pursuant to Awards granted under the Plan when aggregated with the aggregate number of Shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST. Further details of the Plan can also be found on page 35 of the Directors' Statement.

There were no performance shares issued by the Company since the commencement of the performance share scheme on 30 April 2015.

The Company implemented profit-sharing scheme for performance above budget in certain subsidiaries which was disbursed in 2 tranches.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board recognises that it is responsible for maintaining a system of risk management and internal controls including those addressing financial, operational, compliance and information technology risk (collectively “internal controls”) to safeguard shareholders’ interests and the Group’s businesses and assets. Together with Management, the Board identifies and evaluates significant risks applicable to the Group’s business, taking into consideration the Group’s risk tolerance level and policies; as well as establishes and designs an appropriate internal control system and the Management is tasked to operate and implement the internal control procedures. These risks are assessed on a regular basis.

Through the reports from Management and external auditors on any material non-compliance and internal control weaknesses, the AC oversees and monitors the implementation of any improvements thereto and reviews the adequacy and effectiveness of risk management system and the internal control system annually. An independent internal audit firm was engaged in previous financial years to undertake the review of material internal controls, including financial, operational, compliance controls on a significant business unit of the Group.

For FY2021, the AC reviewed with the external auditors its findings on internal control recommendations. The Group had appointed Messrs. BDO Governance Sdn. Bhd. as an outsourced internal audit function. The IA had presented its internal audit findings and recommendations to the AC for FY2021.

With the assistance from the outsourced internal audit function and through the AC, the Board also notes that all risk management system and internal control system contain inherent limitations and cost effective system of risk management system and or internal controls could only provide reasonable and not absolute assurance against the occurrence of material errors, financial misstatement, poor judgement in decision making, human error, losses and or other irregularities.

For the financial year ended 30 June 2021, the Board had received assurance from the CEO and CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and (ii) there were no significant internal control issues or incidents to be brought to the attention of the Audit Committees’ or the Directors of the Company in respect of the Group’s adequacy and effectiveness in terms of the risk management; and internal control systems addressing financial, operational compliance and information technology risks.

The Board, with the assistance of the AC, will continue to review, monitor and take appropriate steps to maintain effectiveness or strengthen the Group’s overall internal control system.

Based on the various control systems put in place and maintained by the Company, the report from the external auditors and IA and follow-up implementation action taken by the Management based on IA’s recommendations, periodic reviews by the Management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group’s internal controls and risk management systems were adequate and effective in addressing financial, operational, compliance and information technology controls risks.

More details of the Group’s risk management is set out in page 31 of this Annual Report.

CORPORATE GOVERNANCE

AUDIT COMMITTEE ("AC")

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

The AC currently comprises the following two (2) Independent Directors:

Mr. Lo Kim Seng	-	Member
Mr. Ross Yu Limjoco	-	Member

The present AC composition is not in compliance with the R704(7) of the Catalist Rules and provision 10.2 of the Code following the cessation of Mr. Er Kwong Wah with effect from 5 July 2021.

The requirement of Rule 704(7) of the Catalist Rules state -

Any appointment or reappointment of a director to the audit committee. The issuer must state in the announcement whether the board considers the director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months.

The provision 10.2 of the Code states:-

The AC comprises at least three (3) directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two (2) members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The Board is currently in the midst of identifying a suitable candidate for appointment as a new independent director of the Company. The Company, through the sponsor, has applied to the SGX-ST to seek a eight (8) weeks extension of time to fill the vacancy of a new independent director by 29 November 2021 (instead of by 4 October 2021 as required by Rule 704(7) of the Catalist Rules) and will make the necessary announcements on the result of the application and the appointment of new Independent Director later. The application is pending approval from SGX.

The Company will endeavour to fill the vacancy in the AC as soon as possible to comply with Rule 704(7) of the Catalist Rules and the guidelines set forth in the 2018 Code and shall re-constitute the AC in due course.

The Board is of the view that the members of the AC have sufficient financial management knowledge and experience to discharge their responsibilities as members of the AC. The primary functions of the AC are as follows:

- (a) to review the financial and operating results and accounting policies of the Group;
- (b) to review the scope and results of the internal and external audits and its cost effectiveness;
- (c) to review the financial statements before their submission to the Board and the external auditors' report on those financial statements;
- (d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- (e) to review the half-yearly and annual announcement of results of the Group to SGX-ST before submission to the Board for approval;
- (f) to consider and review the assistance given by the Management to the auditors;

CORPORATE GOVERNANCE

- (g) to review and discuss with the external auditors before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (h) to review the external audit plan and the results of the external auditors' examination and evaluate the effectiveness of the Group's internal control system including review of the internal auditor's internal audit plan and internal audit findings;
- (i) to review and report to the Board the adequacy and effectiveness of the Company's risk management and internal controls system, including financial, operational, compliance and information technology controls once a year;
- (j) to review the independence and objectivity of the external auditors;
- (k) to recommend the appointment or re-appointment of external auditors, and approve the terms of engagement and audit fees payable to the external auditors;
- (l) to review IPTs to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules of the SGX-ST);
- (m) to review the adequacy, independence, effectiveness, scope and the results of internal audit procedures and the evaluation of the overall internal control systems by the internal auditors;
- (n) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position; and
- (o) to undertake such other functions and duties as may be required by law or the Catalist Rules of the SGX-ST and by such amendments made thereto from time to time.
- (p) to review the assurance from the CEO and CFO on the financial records and financial statements.

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In addition, the AC has independent access to the internal auditors and the external auditors, who report independently their findings and recommendations to the AC. The AC met up with the internal and external auditors without the presence of Management at least once annually and reviews the adequacy of the internal control established by the Management annually on the basis of work down by the external auditors on the internal control environment of the Group.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the Company's half year and full year results. The AC also reviewed and approved both the Company's external auditors' plans to ensure that the plans covered sufficiently the terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put up by the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

In addition, the AC undertook a half yearly review of the independence and objectivity of the external auditors through discussions with the external auditors, as well as reviewing the non-audit fees awarded to them and has confirmed that the non-audit services performed by the external auditors would not affect their independence. Fees paid or payable by the Group to external auditors for audit services for the financial year ended 30 June 2021 amounted to \$64,000 and there were no non-audit fees paid or payable.

CORPORATE GOVERNANCE

The Company appointed Messrs. Baker Tilly TFW LLP as auditors of the Company. The Company confirmed that Rule 712 and Rule 716 of the Catalist Rules of the SGX-ST in relation to the auditors of the Company have been complied with. The Board and AC are satisfied that the appointment of different auditing firms for subsidiaries companies would not compromise the standard and effectiveness of the audit of the Group.

The AC has recommended to the Board that Messrs. Baker Tilly TFW LLP be nominated for re-appointment as the auditors of the Company at the forthcoming AGM of the Company to be held on 28 October 2021. None of the AC members are former partners or Directors' of the Company's external firm within the last twenty-four (24) months and none of the AC members hold any financial interest in the external audit firm. The AC has evaluated the performance of the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority (ACRA).

The Company has implemented a "Whistle-Blower Policy" ("Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters to the AC Chairman. The AC will review the Policy to ensure arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. There was no whistle-blowing case reported during the financial year ended 30 June 2021.

On a half yearly basis, the Management reports to the AC on any Interest Person Transactions.

As part of efforts by the AC in keeping abreast of changes to accounting standards and issues, the AC is kept updated by the external auditors on new financial reporting standards during the year.

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The primary line of reporting of the internal auditors is to the AC Chairman.

The IA was engaged in FY2021 to undertake the review of material internal controls on a significant subsidiary of the Group. All findings and recommendations of the IA were submitted to the AC for deliberation with copies of these reports extended to the CEO and the relevant senior management officers. The Group has implemented the recommendations of the IA based on its internal audit work performed for FY2021 and continues to maintain sufficient safeguards and controls over the Group's operations. The AC also continues to monitor that such safeguards and controls are in place.

The AC reviews the adequacy and effectiveness of the internal audit function of the Group annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. For FY2021, the AC noted that the IA had carried out its function according to 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 IA is an outsourced professional firm with persons who are engaged in the Group's internal audit, possessing the relevant internal audit qualifications and experience. The AC is satisfied that the IA is independent and adequately resourced to perform its function effectively. The AC has assessed and is satisfied with the adequacy, effectiveness and independence of the internal audit function.

CORPORATE GOVERNANCE

(D) SHAREHOLDERS RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

The Board is committed to providing clear and full information of the Group to shareholders through the publication of notices, announcements, circulars, half-yearly and full-year financial results. The Company does not practise selective disclosures and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Catalist Rules, via the SGXNET.

Shareholders are encouraged to attend the AGM of the Company to ensure a greater level of shareholder participations and for them to be kept up to date as to the strategies and goals of the Group. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including voting procedures that govern the AGM. All documents and information relating to the business of the AGM (including the Annual Report and Proxy Form) have been published on the Company's website at <https://cfmholdings.com/> and the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies will not be sent to shareholders.

To facilitate participation of the shareholders, the Company's Constitution allow a shareholder to appoint not more than two (2) proxies to attend and vote at general meetings.

At the general meetings, the external auditors as well as all the Directors, in particular the Chairman of the Board and the respective Chairman of the Board Committees, are in attendance to answer queries from shareholders. Shareholders are given the opportunity to submit their views and questions to the Directors and Management on matters relating to the Group and its operations in advance of the AGM. The Board members also avail themselves after general meetings to solicit and understand the view of the shareholders. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management would be published on the SGXNET and the Company's website within one (1) month from the AGM.

All resolutions are put to vote by poll and the voting results of all votes cast for, or against, or abstain, each resolution and the respective percentages are announced at the meeting and via SGXNET upon the conclusion of the general meetings.

The Company does not practice bundling of resolutions. Each resolution is separately tabled at the general meeting.

The Company's Constitution does not allow for absentia voting at the general meetings of shareholders.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. However, the Company will establish and maintain regular dialogue with shareholders to gather views or inputs and their concerns.

DIVIDEND POLICY

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make an appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNET.

CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

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

It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcement via SGXNET and such announcement made and press releases of the Group are available on the Company's website at <https://cfmholdings.com/>.

The Company's half-yearly and full year results announcement are issued via SGXNET. The Company also publishes the presentation slides used during the briefings on SGXNET and on its website - <https://cfmholdings.com/>. Once the annual report for FY2021 is completed, a copy will be made available on the website and published via SGXNet.

The Company does not have a formal investor relations policy due to its size and operations but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet. The Company will consider the appointment of a professional investor relation officers to manage the function should the need arises. Investor may reach the Company thru the email : irc@cfmholdings.com for any published matters of the Company.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

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

The Company engaged with 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 management strategies, as well as to sustain business operations for long-term growth.

The stakeholders are entities or individuals who are either directly or indirectly involved in the Company are aligned with those of the stakeholders the Company and may be significantly impacted by how the Group operates. The key stakeholders include the financial institutions, investors, shareholders, government, regulators, employees, customers and vendors. The Company identified and prioritised the factors and ranked them in accordance with importance to the stakeholders and importance to the Group.

The Group has undertaken a process to determine the environmental, social and governance ("ESG") factors which are important to these stakeholders. A more detailed elaboration on the Company's sustainability strategy and key areas of focus in relation to the management of stakeholder relationship is set out in the Sustainability Report 2021 which was published separately from the annual report.

CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

The Company has adopted its own guidelines based substantially on the provisions of Rule 1204(19) of the Catalist Rules of the SGX-ST. These internal guidelines apply to dealings in securities by certain employees (including directors and other officers) of the Group. The Company send notification via email to notify all its officers and directors one (1) month prior to the close of window for trading of the Company's securities. In addition, the directors and officers of the Company are advised not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities & Futures Act, Chapter 289 of Singapore at all times even when dealing in securities within the permitted trading period.

The Company, its directors and officers should not deal in the listed securities of the Company for a period of one (1) month before the half year and full year results, or if they are in possession of unpublished price-sensitive information.

INTERESTED PERSON TRANSACTION ("IPT")

The Company has established procedures to ensure that all transaction with IPT are reported on a timely manner to the AC. All IPTs are subject to review by the AC to ensure that all such transactions are conducted at arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the SGX-ST's Catalist Rules on Interested Person Transactions. To ensure compliance, the Company has taken the following steps:

- (a) Compliance with Chapter 9 is an integral part of the credit approval process for the Company; and
- (b) An annual update of directors' personal particulars is obtained.

There was no IPT transaction exceeding \$100,000 conducted during the financial period under review.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

Risk Appetite of the Group The Group relies on Management to monitor day to day operations. Key corporate decisions, such as investments or acquisitions of businesses are subjected to the Board approval. The Group's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Group has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence.

Risk Assessment and Monitoring The nature and extent of risks to the Group will be assessed regularly by key management personnel and risk reports covering top risks to the Group will be submitted to the AC when it arises. The Board has also received assurance from the CEO and the CFO that: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE

MATERIAL CONTRACTS

Save for the executive directors' service contracts, there were no material contracts, not being contracts entered into in the ordinary course of business, had been entered into by the Company and its subsidiaries involving the interest of the CEO, any director or controlling shareholder of the Company during the period under review.

NON-SPONSOR FEES

There were no non-sponsor fees paid to the Company's sponsor, Asian Corporate Advisors Pte. Ltd. during the financial year ended 30 June 2021.

CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE

NAME	ACADEMIC/ PROFESSIONAL QUALIFICATIONS/ AFFILIATIONS	BOARD APPOINTMENT EXECUTIVE/ NON-EXECUTIVE/ INDEPENDENT	DATE OF APPOINTMENT	DATE LAST RE-ELECTED	DIRECTORSHIP/ CHAIRMANSHIPS IN OTHER LISTED COMPANIES IN SINGAPORE (PRESENT & HELD OVER THE PRECEDING THREE YEARS) & OTHER PRINCIPAL COMMITMENTS
Ip Kwok Wing	Hong Kong Secondary School	Executive Chairman	28 April 2000	25 October 2019	Other Listed Companies Nil Other principal commitments Nil
Lim Fong Li Janet	Bachelor of Science in Business Administration and Master's Degree in Marketing Communication	Chief Executive Officer	28 April 2000	26 October 2018	Other Listed Companies Nil Other principal commitments Nil
Ross Yu Limjoco	Certified Public Accountant Chartered Accountant of Singapore Certified Fraud Examiner Chartered Valuers and Appraisers	Non-Executive Independent Director	19 July 2019	25 October 2019	Other Listed Companies Present: Ouhua Energy Holdings Limited Over preceding 3 years: Not Applicable Other principal commitments CFO - North Star Security Pte. Ltd.
Lo Kim Seng	Advocate & Solicitor of Singapore, Solicitor of New South Wales (non-practising), Australia and Solicitor of England and Wales (non-practising)	Non-Executive Independent Director	1 July 2020	28 October 2020	Other Listed Companies Present: No Signboard Holdings Ltd Fragrance Group Limited Ecowise Holdings Limited Over preceding 3 years: Not Applicable Other principal commitments Director, Bayfront Law LLC

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of CFM Holdings Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the balance sheet of the Company for the financial year ended 30 June 2021.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 42 to 91 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 30 June 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); 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 in office at the date of this statement are:

Ip Kwok Wing	-	Executive Chairman
Lim Fong Li Janet	-	Chief Executive Officer
Ross Yu Limjoco	-	Independent Director
Lo Kim Seng	-	Independent Director

ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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 in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

NAME OF DIRECTOR	NUMBER OF ORDINARY SHARES			
	SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTOR		SHAREHOLDINGS IN WHICH A DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	AT BEGINNING OF THE FINANCIAL YEAR	AT END OF THE FINANCIAL YEAR	AT BEGINNING OF THE FINANCIAL YEAR	AT END OF THE FINANCIAL YEAR
The Company				
Ip Kwok Wing	74,319,300	74,319,300	61,601,150	61,601,150
Lim Fong Li Janet	61,601,150	61,601,150	74,319,300	74,319,300

Ip Kwok Wing and Lim Fong Li Janet are deemed to have interest in shares held by virtue of their relationship as spouses.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2021.

By virtue of Section 7 of the Act, Ip Kwok Wing and Lim Fong Li Janet are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations.

CFM PERFORMANCE SHARE PLAN

The Company has an employee performance share plan which was implemented on 30 April 2015 (the "PS Plan"). The PS Plan allows the Company to target specific performance objectives and to provide an incentive for participants who are awarded fully-paid shares under the PS Plan ("Participants") for free of charge. The PS Plan applies to executive directors, non-executive directors (including Independent Directors) and group employees.

The awards granted under this PS Plan will be determined at the sole discretion of the Remuneration Committee ("RC"), comprising of Lo Kim Seng and Ross Yu Limjoco, which will oversee and administer the PS Plan. In considering the grant of an award to a Participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the selected employee. In respect of the grant of an award to a Participant who is also a member of the RC, the Participant shall not be involved in the deliberation of the award to be granted to him to minimise the potential conflict of interest and to not compromise his independence of as a member of the RC.

The total number of new shares which may be issued pursuant to awards granted under the PS Plan shall not exceed 15% of the issued shares of the Company (excluding any shares held in treasury) on the day shareholders approve the PS Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the PS Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST").

At the end of the financial year, there were no performance shares issued by the Company since the implementation of the PS Plan on 30 April 2015.

AUDIT COMMITTEE

The members of the Audit Committee ("AC") during the year and at the date of this statement are:

Er Kwong Wah - Chairman (resigned on 5 July 2021)
Ross Yu Limjoco
Lo Kim Seng

The AC carried out its functions in accordance with Section 201B(5) of the Act which include:

- (a) to review the financial and operating results and accounting policies of the Group;
- (b) to review the scope and results of the internal and external audit and its cost effectiveness;
- (c) to review the financial statements before their submission to the Board of Directors ("Board") and the independent auditor's report on those financial statements;

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONT'D)

- (d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- (e) to review the half-yearly and annual announcement of results of the Group to SGX-ST before submission to the Board for approval;
- (f) to consider and review the assistance given by the Management to the auditors;
- (g) to review and discuss with the independent auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (h) to review the external audit plan and the results of the independent auditor's examination and evaluate the effectiveness of the Group's internal control system including review of the internal auditor's internal audit plan and internal audit findings;
- (i) to review and report to the Board the adequacy and effectiveness of the Company's Risk Management and Internal Controls System, including financial, operational, compliance and information technology controls once a year;
- (j) to review the independence and objectivity of the independent auditor;
- (k) to recommend the appointment or re-appointment of independent auditor, and approve the terms of engagement and audit fees payable to the independent auditor;
- (l) to review interested person transactions ("IPTs") to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of shareholders, and are in compliance with the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules of the SGX-ST);
- (m) to review the adequacy, independence and effectiveness, scope and the results of internal audit procedures and the evaluation of the overall internal control systems by the internal auditors;
- (n) to commission and review the major findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position;
- (o) to undertake such other functions and duties as may be required by law or the Catalist Rules of the SGX-ST and by such amendments made thereto from time to time; and
- (p) to review the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements.

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

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

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ip Kwok Wing
Executive Chairman

Lim Fong Li Janet
Chief Executive Officer

7 October 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of CFM Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 42 to 91, which comprise the balance sheets of the Group and the Company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial 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 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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.

Impairment review of investment in subsidiaries in Company's financial statements

As disclosed in Note 12 to the financial statements, the net carrying amount of the investment in subsidiaries is stated at \$10,656,000 after deducting impairment loss of \$11,921,000 as at 30 June 2021. During the financial year, the Company recognised impairment loss of \$700,000.

The assessment of recoverable amount of the Company's investment in subsidiaries is considered to be significant to our audit as carrying value of investment is material to the Company's financial statements and the assessment requires application of judgement and use of subjective assumptions by management.

Management assessed the recoverable amount of its investment in subsidiaries based on fair value less costs of disposal and/or value in use ("VIU") of the investment in subsidiaries. The determination of fair value less costs of disposal involves estimation of the fair values of the underlying assets and liabilities of the subsidiaries, which mainly comprises freehold land and building. The determination of VIU of the investment was based on the discounted cash flow ("DCF") method. The use of the DCF involves significant judgement in the forecasted revenue and operating cash flows for the next two to five years including the consideration of the COVID-19 pandemic. The DCF model also include assumptions on terminal growth rate and weighted average cost of capital ("WACC"). A small change in the assumptions could affect the recoverable amount of investment in subsidiaries determined based on fair value less costs of disposal and/or VIU.

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

KEY AUDIT MATTERS (CONT'D)

How the matter was addressed in our audit:

We obtained an understanding of management's impairment assessment process for their assessment of the recoverable amount of the Company's investment in subsidiaries.

We obtained management's assessment of the VIU and the key inputs to the DCF model which includes forecasted revenue, forecasted gross profit margin, forecasted expenditures, forecasted terminal growth rate and discount rates. We have assessed these key inputs by comparing the forecasts to recent performance and management plans, considering the impact of COVID-19 on the impairment assessment as well as involving our internal valuation specialist in assessing the WACC computation for reasonableness.

We obtained management's assessment of fair value less costs of disposal. As part of our audit procedures, we evaluated the competency, capabilities and objectivity of the external valuer engaged by management in determining the fair values of freehold land and building including the appropriateness of valuation methodologies and reliability of the inputs and assumptions used.

We assessed the sensitivity of the key assumptions on the impairment assessments based on reasonably possible changes in the key assumptions.

We also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of CFM Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Wei Lun.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 October 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

	NOTE	GROUP	
		2021 \$'000	2020 \$'000
Revenue	4	20,694	17,415
Cost of sales		(16,183)	(13,526)
Gross profit		4,511	3,889
Other income	5	818	833
Marketing and distribution expenses		(270)	(380)
Administrative and other expenses		(4,113)	(4,281)
Finance costs	6	(293)	(318)
Profit/(loss) before tax	7	653	(257)
Tax expense	9	(236)	(446)
Profit/(loss) for the financial year		417	(703)
Other comprehensive income for the financial year, net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		123	43
Total comprehensive income/(loss) for the financial year		540	(660)
		CENTS	CENTS
Earnings/(loss) per share (EPS)	10		
Basic		0.21	(0.35)
Diluted		0.21	(0.35)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

At 30 June 2021

	NOTE	GROUP		COMPANY	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	11	12,028	12,811	-	-
Investment in subsidiaries	12	-	-	10,656	11,356
Deferred tax assets	13	-	7	-	-
		12,028	12,818	10,656	11,356
Current assets					
Inventories	14	3,541	2,868	-	-
Trade receivables	15	5,084	3,213	-	3
Other receivables and prepayments	16	172	387	5	5
Amounts due from subsidiaries	17	-	-	470	1,026
Cash and bank balances	18	3,330	3,897	161	147
		12,127	10,365	636	1,181
Total assets		24,155	23,183	11,292	12,537
Non-current liabilities					
Borrowings	19	4,983	5,271	-	-
Lease liabilities	20	2,391	2,509	-	-
Deferred tax liabilities	13	338	369	45	45
		7,712	8,149	45	45
Current liabilities					
Trade payables		2,184	1,210	-	-
Contract liabilities	21	282	353	-	-
Other payables	22	1,751	1,501	203	484
Amount due to a subsidiary	17	-	-	336	4
Lease liabilities	20	272	273	-	-
Borrowings	19	655	1,067	-	487
Income tax payable		389	260	188	188
		5,533	4,664	727	1,163
Total liabilities		13,245	12,813	772	1,208
Net assets		10,910	10,370	10,520	11,329
Equity					
Share capital	23	22,963	22,963	22,963	22,963
Accumulated losses	24	(12,141)	(12,558)	(12,443)	(11,634)
Foreign currency translation reserve		88	(35)	-	-
Total equity		10,910	10,370	10,520	11,329

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

	SHARE CAPITAL	ACCUMULATED LOSSES	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY
	\$'000	\$'000	\$'000	\$'000
2021				
Balance at 1 July 2020	22,963	(12,558)	(35)	10,370
Profit for the financial year	-	417	-	417
Other comprehensive income for the financial year, net of tax				
- Currency translation differences arising on consolidation	-	-	123	123
Total comprehensive income for the financial year	-	417	123	540
Balance at 30 June 2021	22,963	(12,141)	88	10,910
2020				
Balance at 1 July 2019	22,963	(11,855)	(78)	11,030
Loss for the financial year	-	(703)	-	(703)
Other comprehensive income for the financial year, net of tax				
- Currency translation differences arising on consolidation	-	-	43	43
Total comprehensive income/(loss) for the financial year	-	(703)	43	(660)
Balance at 30 June 2020	22,963	(12,558)	(35)	10,370

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2021

	NOTE	GROUP	
		2021 \$'000	2020 \$'000
Cash flows from operating activities			
Profit/(loss) before tax		653	(257)
Adjustments for:			
Depreciation on property, plant and equipment		1,093	1,067
Loss on disposal of property, plant and equipment		2	-
Inventories written down		93	231
Inventories written off		108	78
Inventories written back		(237)	(13)
Impairment allowance for trade receivables		-	2
Interest expenses		293	318
Interest income		-	(4)
Reversal of impairment for allowance for trade receivables		-	(52)
Operating cash flows before working capital changes		2,005	1,370
Inventories		(618)	(208)
Receivables and prepayments		(1,591)	1,435
Trade and other payables and contract liabilities		1,137	(845)
Foreign currency translation adjustments		(19)	19
Cash generated from operations		914	1,771
Interest received		-	4
Income tax paid		(143)	(300)
Net cash generated from operating activities		771	1,475
Cash flows from investing activities			
Purchases of property, plant and equipment	11(d)	(188)	(241)
Proceeds from disposal of property, plant and equipment		-	2
Net cash used in investing activities		(188)	(239)
Cash flows from financing activities			
Repayment of borrowings		(695)	(464)
Payment on lease liabilities		(198)	(159)
Interest paid		(293)	(318)
Fixed deposits pledged with financial institutions		(127)	(2)
Net cash used in financing activities		(1,313)	(943)
Net (decrease)/increase in cash and cash equivalents		(730)	293
Cash and cash equivalents at beginning of the financial year		3,813	3,525
Effect of exchange rate changes on cash and cash equivalents		36	(5)
Cash and cash equivalents at end of the financial year	18	3,119	3,813

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

The Company (Co. Reg. No. 200003708R) is incorporated and domiciled in Singapore and is a public limited company listed on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 4 Ang Mo Kio Avenue 12, CFM Building, Singapore 569498.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

The ultimate controlling party of the Group is Ip Kwok Wing and his spouse, Lim Fong Li Janet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency and all information presented in Singapore dollar are rounded to the nearest thousand (\$'000) except when otherwise indicated. The financial statements of the Group and the balance sheet of the Company have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(A) BASIS OF PREPARATION (CONT'D)

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 June 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

(B) REVENUE RECOGNITION

Sales of metal components and cleanroom products

Revenue from sales of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The transaction price is the amount of consideration in the sales contract to which the Group expects to be entitled in exchange for transferring the promised goods. Revenue is recognised at the point when the goods are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability upon cash receipts from customers and recognised as revenue when the Group satisfies the performance obligation under its contract.

Rendering of logistics services

Revenue from logistics services are recognised at a point in time when control over the goods to be delivered is transferred to the customer and the timing of which is determined by the delivery. The performance obligation is measured at a point in time once the service has been completed upon transfer or delivery of goods as the performance obligation has been met. The Group will bill the customer when the service has been performed and the customer is given a credit term of 30 days, which is consistent with market practice.

Sale of tooling products

Revenue from sale of tooling products is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods. For goods which require advance consideration from the customers, the advance consideration are recognised as contract liability at the time of the initial sales transaction and recognised as revenue when the Group satisfies the performance obligation under its contract.

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(B) REVENUE RECOGNITION (CONT'D)

Storage services

Revenue from storage services is recognised over time on a monthly basis when the services are rendered and billed at the commencement of each month.

Rental income

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

(C) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(D) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(D) BASIS OF CONSOLIDATION (CONT'D)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and any corresponding gain or loss is recognised in profit or loss.

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 (i.e. transactions with owners in their capacity as owners). The carrying amount 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 attributable to the equity holders of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(E) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

No depreciation is provided on freehold land. Depreciation of other property, plant and equipment is calculated on a straight-line basis to write off the cost of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold buildings	20
Leasehold land and building	18 - 20
Renovation	5
Office equipment	3 - 5
Machinery and equipment	5
Furniture and fittings	3 - 5
Toolings	5
Motor vehicles	3 - 5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(F) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is higher of fair value less costs of disposal and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(G) INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for as follow:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(H) 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.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the balance sheets.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(H) LEASES (CONT'D)

When a Group entity is the lessee (cont'd)

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). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the balance sheets.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(F).

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(I) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(I) INCOME TAX (CONT'D)

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

(J) FINANCIAL ASSETS

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

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

The Group classifies its financial assets at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments for the Group include trade receivables, other receivables (excluding prepayments and goods and services tax) and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(J) FINANCIAL ASSETS (CONT'D)

Subsequent measurement (cont'd)

Debt instruments (cont'd)

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise 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 as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

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

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(K) CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and exclude pledged deposits.

(L) FINANCIAL LIABILITIES

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave, and goods and services tax), lease liabilities and borrowings. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(M) FINANCIAL GUARANTEES

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

Financial guarantee contracts are initially recognised at fair value plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

(N) SHARE CAPITAL

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.

(O) PROVISIONS FOR OTHER LIABILITIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(P) BORROWING COSTS

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, 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 recognised in the profit or loss using the effective interest method.

(Q) EMPLOYEE BENEFITS

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(R) FOREIGN CURRENCY

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(R) FOREIGN CURRENCY (CONT'D)

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header Foreign Currency Translation Reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(S) DIVIDENDS

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements as a liability in the period in which they are approved by the Company's shareholders.

(T) GOVERNMENT GRANTS

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

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(U) SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, the preparation of the 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 balance sheet date. 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.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of leasehold land and building, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease; and
- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further.

Key sources of estimation uncertainty

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

(i) Impairment assessment of investment in subsidiaries - Company level

The Company reviews the investment in subsidiaries at the balance sheet date to determine whether there is any indication of impairment.

Management assessed the recoverable amount of the Company's investment in subsidiaries based on fair value less costs of disposal and/or value in use ("VIU") of the investment in subsidiaries. The determination of fair value less costs of disposal involves estimation of the fair values of the underlying assets and liabilities of the subsidiaries, which mainly comprises freehold land and building. The determination of VIU of the investment was based on the discounted cash flow ("DCF") method. The use of the DCF involves significant judgement in the forecasted revenue and operating cash flows for the next two to five years including the consideration of the COVID-19 pandemic. The DCF model also include assumptions on terminal growth rate and weighted average cost of capital. A small change in the assumptions could affect the recoverable amount of investment in subsidiaries determined based on fair value less costs of disposal and/or VIU.

The carrying amount of the Company's investment in subsidiaries as at 30 June 2021 is disclosed in Note 12.

(ii) Property, plant and equipment and right-of-use assets

The Group reviews the useful lives and residual values of property, plant and equipment and right-of-use assets at each reporting date in accordance with the accounting policy in Notes 2(E) and 2(H). The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment and right-of-use assets at 30 June 2021 and the annual depreciation charge for the financial year ended 30 June 2021 are disclosed in Note 11.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and right-of-use assets, and the depreciation charge for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

(iii) Write-down of inventories

Management reviews the inventory listing on a periodic basis. This review involves comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to estimate the net realisable value and to determine any write down is to be made in the financial statements for slow-moving items. Management is satisfied that the inventories have been written down adequately in the financial statements.

At 30 June 2021, the carrying amount of inventories of the Group after the write-down is disclosed in Note 14.

(iv) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying value of trade and other receivables at balance sheet date are disclosed in Note 28(B).

(v) Income taxes

The Group has exposures to income taxes in various jurisdictions. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determined is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

At 30 June 2021, the carrying amounts of the Group's and the Company's current tax payables were \$389,000 (2020: \$260,000) and \$188,000 (2020: \$188,000) respectively; deferred tax assets were \$Nil (2020: \$7,000) and \$Nil (2020: \$Nil); and deferred tax liabilities were \$338,000 (2020: \$369,000) and \$45,000 (2020: \$45,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

4. REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by service lines and timing of revenue recognition.

	GROUP	
	2021 \$'000	2020 \$'000
Revenue stream and timing of revenue recognition		
<i>At a point in time</i>		
- Sales of metal components	16,958	13,313
- Logistic services	264	285
- Sales of cleanroom products	1,876	2,632
- Sales of tooling products	1,300	952
<i>Over time</i>		
- Storage services	296	233
	20,694	17,415
Revenue recognised during the financial year from:		
Amounts included in contract liability at the beginning of the financial year	182	48

5. OTHER INCOME

	GROUP	
	2021 \$'000	2020 \$'000
Government grants	195	149
Interest income	-	4
Rental income	503	628
Others	120	52
	818	833

Government grant income included \$147,000 (2020: \$129,000) recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government co-funded gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, Management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

6. FINANCE COSTS

	GROUP	
	2021 \$'000	2020 \$'000
Interest expense		
- Lease liabilities	88	90
- Bank loans	205	228
	293	318

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

7. PROFIT/(LOSS) BEFORE TAX

	GROUP	
	2021 \$'000	2020 \$'000
Profit/(loss) before tax is stated after charging/(crediting):		
Audit fees paid/payable to:		
- auditor of the Company	64	66
- other auditors*	62	51
Non-audit fees paid/payable to:		
- auditors of the Company	-	-
- other auditors*	-	-
Depreciation of property, plant and equipment (Note 11)	1,093	1,067
Directors' fees paid/payable to non-executive directors of the Company	57	62
Impairment allowance for trade receivables (Note 15)	-	2
Inventories written back (Note 14)	(237)	(13)
Inventories written down (Note 14)	93	231
Inventories written off (Note 14)	108	78
Loss on foreign currency exchange	56	37
Loss on disposal of property, plant and equipment	2	-
Lease expense - short term leases (Note 20)	73	130
Reversal of impairment for allowance for trade receivables (Note 15)	-	(52)
Staff costs (Note 8)	7,306	6,855

* Includes independent member firms of the Baker Tilly International network.

8. STAFF COSTS

	GROUP	
	2021 \$'000	2020 \$'000
Salaries and bonuses	5,873	5,551
Contributions to defined contribution plans	335	357
Other benefits	1,098	947
	7,306	6,855

9. TAX EXPENSE

Major components of income tax expense for the financial years ended 30 June 2021 and 2020 are:

	GROUP	
	2021 \$'000	2020 \$'000
<i>Current year:</i>		
Current tax	275	271
Deferred tax	(22)	(4)
	253	267
<i>(Over)/under provision of tax in prior years:</i>		
Current tax	(2)	174
Deferred tax	(15)	5
	(17)	179
Income tax expense	236	446

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

9. TAX EXPENSE (CONT'D)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the domestic statutory rate of income tax applicable to the countries where the Group operates to profit/(loss) before tax due to the following factors:

	GROUP	
	2021 \$'000	2020 \$'000
Profit/(loss) before tax	653	(257)
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	188	(26)
Income not subject to tax	(128)	(43)
Expenses not deductible for income tax purposes	98	138
Tax rebates and exemptions	(1)	(35)
(Over)/under provision of tax in prior years	(17)	179
Current year losses for which no deferred tax asset is recognised	77	166
Change in unrecognised temporary differences	19	67
	236	446

The reconciliation is prepared by aggregating separate reconciliations using the domestic rate in each individual jurisdiction under which the Group's major components operate. For these components which are located in Singapore, Malaysia, Slovak Republic and The People's Republic of China, the applicable domestic tax rates used are 17% (2020: 17%), 24% (2020: 24%), 21% (2020: 21%) and 25% (2020: 25%) respectively.

At the balance sheet date, the Group has unutilised tax losses and unabsorbed capital allowances amounting to \$5,255,000 (2020: \$4,808,000) and \$111,000 (2020: \$71,000) respectively that are available for carry forward to offset against future taxable income subject to the compliance with the tax regulations of the respective countries in which the Group companies are incorporated and the approval by the relevant tax authorities.

The potential deferred tax assets on the following temporary differences have not been recognised at the balance sheet date as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised:

	GROUP	
	2021 \$'000	2020 \$'000
<i>Unrecognised deductible temporary differences:</i>		
Unabsorbed capital allowances	111	71
Unutilised tax losses	5,255	4,808
Other deductible temporary differences	3,589	3,541
	8,955	8,420

The income tax benefits from tax losses carried forward is available for an unlimited period subject to the conditions imposed by law, except for unrecognised tax losses of \$681,000 (2020: \$644,000) which will expire progressively over the next 7 years, subject to the conditions imposed by the Malaysian tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company are based on the following:

	GROUP	
	2021	2020
Profit/(loss) attributable to equity holders of the Company (\$'000)	417	(703)
Number of shares ('000)		
Weighted average number of ordinary shares in issue	201,535	201,535

Basic and diluted earnings/(loss) per share are calculated by dividing the Group's net profit/(loss) attributable to shareholders of the Company by the weighted average number of fully-paid ordinary shares in issue during the financial year.

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND	FREEHOLD BUILDINGS	LEASEHOLD LAND AND BUILDINGS	RENO-VATION	OFFICE EQUIPMENT	MACHINERY AND EQUIPMENT	FURNITURE AND FITTINGS	TOOL-INGS	MOTOR VEHICLES	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021										
Cost										
At 1.7.2020	748	3,006	12,857	1,059	1,228	16,626	207	479	910	37,120
Additions	-	-	66	-	23	165	-	-	-	254
Lease modification	-	-	(30)	-	-	-	-	-	-	(30)
Disposals/write-off	-	-	-	-	(14)	-	-	-	-	(14)
Exchange differences	2	60	7	-	6	189	-	9	3	276
At 30.6.2021	750	3,066	12,900	1,059	1,243	16,980	207	488	913	37,606
Accumulated depreciation										
At 1.7.2020	-	1,821	2,799	991	909	16,137	146	467	742	24,012
Depreciation charge (Note 7)	-	52	707	50	43	175	11	2	53	1,093
Lease modification	-	-	(37)	-	-	-	-	-	-	(37)
Disposals/write-off	-	-	-	-	(12)	-	-	-	-	(12)
Exchange differences	-	40	2	-	5	168	-	8	2	225
At 30.6.2021	-	1,913	3,471	1,041	945	16,480	157	477	797	25,281
Accumulated impairment losses										
At 1.7.2020 and 30.6.2021	-	-	-	-	133	137	27	-	-	297
Carrying amount										
At 30.6.2021	750	1,153	9,429	18	165	363	23	11	116	12,028

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

GROUP	FREEHOLD	FREEHOLD	LEASEHOLD	RENO-	OFFICE	MACHINERY	FURNITURE	TOOL-	MOTOR	TOTAL
	LAND	BUILDINGS	LAND AND BUILDINGS	VATION	EQUIPMENT	AND EQUIPMENT	AND FITTINGS	INGS	VEHICLES	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020										
Cost										
At 1.7.2019	748	2,951	10,046	1,060	1,290	16,406	202	469	896	34,068
Recognition of right-of-use assets at initial application of SFRS(I) 16	-	-	2,535	-	-	-	-	-	-	2,535
Additions	-	-	286	2	22	158	6	-	53	527
Disposals/write- off	-	-	-	-	(84)	(1)	(1)	-	(38)	(124)
Exchange differences	-	55	(10)	(3)	-	63	-	10	(1)	114
At 30.6.2020	748	3,006	12,857	1,059	1,228	16,626	207	479	910	37,120
Accumulated depreciation										
At 1.7.2019	-	1,735	2,146	925	932	15,916	133	456	728	22,971
Depreciation charge (Note 7)	-	48	657	71	59	165	14	1	52	1,067
Disposals/write- off	-	-	-	-	(81)	(1)	(1)	-	(36)	(119)
Exchange differences	-	38	(4)	(5)	(1)	57	-	10	(2)	93
At 30.6.2020	-	1,821	2,799	991	909	16,137	146	467	742	24,012
Accumulated impairment losses										
At 1.7.2019	-	-	-	-	136	137	27	-	-	300
Disposal	-	-	-	-	(3)	-	-	-	-	(3)
At 30.6.2020	-	-	-	-	133	137	27	-	-	297
Carrying amount										
At 30.6.2020	748	1,185	10,058	68	186	352	34	12	168	12,811

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

	OFFICE EQUIPMENT \$'000
Company	
2021	
Cost	
At 1.7.2020	11
Write-off	(7)
At 30.6.2021	4
Accumulated depreciation	
At 1.7.2020	11
Write-off	(7)
At 30.6.2021	4
Carrying amount	
At 30.6.2021	-
2020	
Cost	
At 1.7.2019	18
Write-off	(7)
At 30.6.2020	11
Accumulated depreciation	
At 1.7.2019	18
Write-off	(7)
At 30.6.2020	11
Carrying amount	
At 30.6.2020	-

- (a) Included in property, plant and equipment are right-of-use assets with carrying value of \$3,893,000 (2020: \$4,111,000) (Note 20).
- (b) The net carrying amounts of property, plant and equipment which have been charged to financial institutions for credit facilities and borrowings granted to the Group are as follows:

	GROUP	
	2021 \$'000	2020 \$'000
Freehold land	542	545
Freehold buildings	316	323
Leasehold land and building	9,277	9,818
	10,135	10,686

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

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

(c) Details of land and buildings of the Group are as follows:

LOCATION	DESCRIPTION	TENURE	APPROXIMATE BUILD-UP AREA (SQM)	HELD BY
No. 4 Ang Mo Kio Avenue 12 Singapore 569498	Office/factory	Leasehold	6,551	Cheong Fatt Holdings Pte. Ltd.
No. 4, Jalan Haji Sa'at Sungai Tiram 81800 Ulu Tiram Johor Darul Takzim Malaysia	Office/factory	Freehold	4,905	Hantong Metal Component Sdn. Bhd.
Radlinskeho 17 052 01 Spisska Nova Ves Slovak Republic	Office/factory	Freehold	5,253	CFM Slovakia s.r.o.
Lot no.83 & 84 Jalan PKNK 1/8 Kawasan Perusahaan Sungai Petani LPK, Taman Ria Jaya, 08000 Sungai Petani, Kedah, Malaysia	Office/factory	Leasehold	8,391	Hantong Metal Component (Penang) Sdn. Bhd.
Batu 14 ¾ Jalan Sungai Tiram, Johor Darul Takzim Malaysia	Vacant land	Freehold	-	Hantong Metal Component Sdn. Bhd.

(d) Net cash outflow for purchase of property, plant and equipment

	GROUP	
	2021 \$'000	2020 \$'000
Aggregate cost of property, plant and equipment acquired	254	527
Less: Additions to right-of-use assets (Note 20(A))	(66)	(286)
Net cash outflow for purchase of property, plant and equipment	188	241

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

12. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	22,577	22,577
Less: Impairment losses	(11,921)	(11,221)
	10,656	11,356
Movements in the impairment losses are as follows:		
Balance at beginning of the financial year	11,221	10,132
Additional impairment loss	700	1,089
Balance at end of the financial year	11,921	11,221

(a) Details of the subsidiaries held by the Company are:

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EQUITY INTEREST	
			2021 %	2020 %
<i>Held by the Company</i>				
Cheong Fatt Holdings Pte. Ltd. ⁽²⁾	Singapore	Warehousing and logistics services	100	100
Hantong Metal Component Sdn. Bhd. ⁽¹⁾	Malaysia	Manufacturing of metal plates and metal stamping	100	100
Hantong Metal Component (Penang) Sdn. Bhd. ⁽¹⁾	Malaysia	Manufacturing of metal plates and metal stamping	100	100
CFM Slovakia s.r.o. ⁽⁵⁾	Slovak Republic	Manufacturing of metal plates and metal stamping	100	100
CFM (USA), Inc. ⁽⁴⁾	The United States of America	Dormant	100	100
Dalian CFM Precision Tooling Co., Ltd ⁽³⁾	The People's Republic of China	Manufacturing and fabricating engineering tools	100	100
CFM Infratrade Pte. Ltd. ⁽²⁾	Singapore	Trading and supplying disposable and wearable for use in clean room, bio-medical, laboratories and hospitals	100	100

(1) Audited by independent member firms of Baker Tilly International in the respective countries.

(2) Audited by Baker Tilly TFW LLP, Singapore.

(3) Audited by Huanyu Certified Public Accountants, The People's Republic of China.

(4) Not required to be audited by law of country of incorporation.

(5) Audited by Crowe Horwath, Slovakia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Company level - Impairment review of investment in subsidiaries

- (i) During the financial year, management performed an impairment test for the investment in CFM Infratrade Pte. Ltd. ("CFM Infratrade") due to reduced profits in the financial year and the negative impact of the COVID-19 pandemic on its operations. The recoverable amount of the investment in CFM Infratrade has been determined based on a value in use calculation using cash flow projections approved by management covering a five-year period and taking into consideration of the COVID-19 pandemic and difficult market conditions. The forecasted revenue growth rate and pre-tax discount rate applied to the cash flow projections are 6.0% and 13.0% respectively. The forecasted terminal growth rate used to extrapolate cash flow projections beyond the five-year period is 0%. An impairment loss of \$500,000 (2020: \$Nil) is recognised for the financial year ended 30 June 2021 to reduce the carrying amount to its recoverable amount of \$1,433,000 (2020: \$1,933,000).

With regards to the assessment of value in use, a reasonably possible 2% increase/decrease in forecasted revenue would increase/decrease the recoverable amount by \$114,000. A reasonably possible 0.5% increase/decrease in gross profit margin would increase/decrease the recoverable amount of investment in CFM Infratrade by \$95,000.

- (ii) During the financial year, management performed an impairment test for the investment in Hantong Metal Component Sdn. Bhd. ("HTJB") due to loss incurred in the financial year and the negative impact of the COVID-19 pandemic on its operations. The recoverable amount of the investment in HTJB has been computed based on fair value less costs of disposal ("FVLCD"). The FVLCD is determined based on the fair valuation of HTJB taking into account the fair values of underlying assets and liabilities of HTJB, which mainly comprises freehold land and building. An impairment loss of \$200,000 (2020: \$415,000) is recognised for the financial year ended 30 June 2021 to reduce the carrying amount to its recoverable amount of \$644,000 (2020: \$844,000). The fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

13. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	GROUP		COMPANY	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance at beginning of the financial year	362	355	45	55
Tax (credit)/charge to profit or loss	(37)	1	-	(10)
Exchange differences	13	6	-	-
Balance at end of the financial year	338	362	45	45
Representing:				
<i>Non-current</i>				
Deferred tax assets	-	(7)	-	-
Deferred tax liabilities	338	369	45	45
	338	362	45	45

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

13. DEFERRED TAX (CONT'D)

Net deferred tax liabilities as at 30 June relate to the following:

	GROUP		COMPANY	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Excess of net carrying amount over tax written down value of property, plant and equipment	324	321	-	-
Other temporary differences	14	41	45	45
	338	362	45	45

14. INVENTORIES

	GROUP	
	2021 \$'000	2020 \$'000
Raw materials	1,459	1,011
Work-in-progress	638	528
Finished goods	1,444	1,329
	3,541	2,868

Raw materials, consumables and changes in finished goods and work-in-progress included as cost of sales during the financial year amounted to \$15,423,000 (2020: \$12,964,000).

Inventories are stated at net realisable value after deducting inventories write-down of \$93,000 (2020: \$231,000) (Note 7), and inventories write-off of \$108,000 (2020: \$78,000) (Note 7).

The Group had recognised a reversal of \$237,000 (2020: \$13,000) (Note 7) as the inventories were sold above their carrying amounts. The reversal was included in cost of sales.

15. TRADE RECEIVABLES

	GROUP		COMPANY	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
External parties	5,084	3,295	-	3
Related party	-	67	-	-
	5,084	3,362	-	3
Less: Impairment allowance for trade receivables				
External parties	-	(82)	-	-
Related party	-	(67)	-	-
	5,084	3,213	-	3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

15. TRADE RECEIVABLES (CONT'D)

Movements in impairment allowance for trade receivables are as follows:

	GROUP	
	2021 \$'000	2020 \$'000
Balance at beginning of the financial year	149	221
Amount written off against allowance	(149)	(22)
Allowance made for the financial year (Note 7)	-	2
Reversal of impairment for allowance (Note 7)	-	(52)
Balance at end of the financial year	-	149

16. OTHER RECEIVABLES AND PREPAYMENTS

	GROUP		COMPANY	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deposits	93	104	-	-
Prepayments	48	248	1	5
Sundry debtors	34	38	4	-
	175	390	5	5
Less: Impairment allowance for other receivables	(3)	(3)	-	-
	172	387	5	5

Movements in impairment allowance for other receivables are as follows:

	GROUP	
	2021 \$'000	2020 \$'000
Balance at beginning and end of the financial year	3	3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2021 \$'000	2020 \$'000
<i>Current assets</i>		
Receivables due from subsidiaries (non-trade)	449	700
Loans to subsidiaries		
- interest at 6.0% per annum	21	240
- interest-free	-	86
	470	1,026
<i>Current liabilities</i>		
Amount due to a subsidiary	(336)	(4)

Current assets

The non-trade receivables amounting to \$449,000 (2020: \$700,000) are unsecured, interest-free and repayable on demand.

During the financial year ended 30 June 2021 and 30 June 2020, the Company has agreed to waive the interest charges on certain loans to subsidiaries. These loans amounted to \$21,000 (2020: \$240,000) at the balance sheet date.

Loans to subsidiaries are unsecured and repayable on demand.

Current liabilities

The amount due to a subsidiary is non-trade in nature, unsecured, interest-free and payable on demand.

18. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash and bank balances	3,119	3,813	161	147
Fixed deposits	211	84	-	-
	3,330	3,897	161	147

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	2021 \$'000	2020 \$'000
Cash and bank balances	3,119	3,813
Fixed deposits	211	84
	3,330	3,897
Fixed deposits pledged	(211)	(84)
	3,119	3,813

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

18. CASH AND BANK BALANCES (CONT'D)

Group

Fixed deposits amounting to \$211,000 (2020: \$84,000) are pledged with financial institutions as securities for loans and credit facilities granted to the Group.

At the balance sheet date, the fixed deposits earn interest of 2.10% (2020: 3.10%) per annum and mature within 10 to 12 months (2020: 10 to 12 months).

19. BORROWINGS

		GROUP		COMPANY	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current					
<i>Unsecured</i>					
Bank loan II	(b)	-	487	-	487
<i>Secured</i>					
Bank loan I	(a)	210	153	-	-
Bank loan III	(c)	108	89	-	-
Bankers' acceptances	(d)	337	338	-	-
		655	1,067	-	487
Non-current					
<i>Secured</i>					
Bank loan I	(a)	4,072	4,227	-	-
Bank loan III	(c)	911	1,044	-	-
		4,983	5,271	-	-
		5,638	6,338	-	487

Details of the borrowings are as follows:

- (a) Bank loan I bears interest at 0.95% (2020: 0.95%) per annum below the Enterprise Base Rate ("EBR"). The EBR as at 30 June 2021 is 5.85% (2020: 5.85%) per annum. This construction loan has been converted into mortgage loan on 1 January 2016, which is repayable over 20 years.

The mortgage loan is secured by:

- (i) Fixed and floating charge on all present and future property at 4 Ang Mo Kio Avenue 12 Singapore 569498, including assets and liabilities of a subsidiary;
 - (ii) Undertakings in connection with the operations of the leasehold property as approved by Housing Development Board;
 - (iii) Corporate guarantee by the Company; and
 - (iv) First legal mortgage of a property of two directors of the Company.
- (b) In 2020, bank loan II bore interest at 2.28% per annum. The loan is fully settled during the financial year.
- (c) Bank loan III bears interest at 3.40% (2020: 4.85%) per annum and is repayable in 180 monthly instalments commencing August 2015. It is secured by a first charge over the subsidiary's leasehold land and building with a net carrying amount of \$1,296,000 (2020: \$1,336,000) and fixed deposits of a subsidiary.
- (d) Bankers' acceptances bear interest at 2.67% to 3.23% (2020: 2.85% to 4.73%) per annum and are secured by a first and legal charge over the subsidiary's freehold land and building with a net carrying amount of \$858,000 (2020: \$868,000) and a corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

19. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	LEASE LIABILITIES (NOTE 20) \$'000	FINANCE LEASE LIABILITIES \$'000	BORROWINGS \$'000
Balance at 1 July 2019	-	120	6,812
On adoption of SFRS(I) 16 on 1 July 2019			
- Reclassification of finance lease liabilities	120	(120)	-
- Recognition of lease liabilities	2,536	-	-
Changes from financing cash flows:			
- Repayment	(159)	-	(464)
- Interest paid	(90)	-	(228)
Non-cash changes:			
- Interest expense	90	-	228
- Addition	286	-	-
Effect of changes in foreign exchange rates	(1)	-	(10)
Balance at 30 June 2020	2,782	-	6,338
Changes from financing cash flows:			
- Repayment	(198)	-	(695)
- Interest paid	(88)	-	(205)
Non-cash changes:			
- Interest expense	88	-	205
- Addition	66	-	-
- Lease modification	7	-	-
Effect of changes in foreign exchange rates	6	-	(5)
Balance at 30 June 2021	2,663	-	5,638

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

20. LEASES

(A) THE GROUP AS A LESSEE

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- (i) The Group leases various motor vehicles, machinery and equipment and office equipment and also makes annual lease payments for leasehold land. The right-of-use of these assets are classified as property, plant and equipment (Note 11).
- (ii) In addition, the Group leases certain other office equipment. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 28(B).

Information about leases for which the Group is a lessee is presented below:

	GROUP	
	2021	2020
	\$'000	\$'000
<i>Amounts recognised in balance sheet</i>		
<i>Carrying amount of right-of-use assets classified within property, plant and equipment</i>		
Leasehold land and building	3,811	3,995
Machinery and equipment	19	18
Motor vehicles	63	94
Office equipment	-	4
	3,893	4,111
<i>Carrying amount of lease liabilities</i>		
Current	272	273
Non-current	2,391	2,509
	2,663	2,782
<i>Additions to right-of-use assets</i>		
Leasehold land and building	66	286
<i>Amounts recognised in profit or loss</i>		
<i>Depreciation charge for the financial year</i>		
Leasehold land and building	255	253
Machinery and equipment	-	7
Motor vehicles	31	32
Office equipment	3	6
	289	298
<i>Lease expense not included in the measurement of lease liabilities</i>		
Lease expense - short term leases (Note 7)	73	130
Interest expense on lease liabilities	88	90

Total cash flow for leases during the financial year amounted to \$359,000 (2020: \$379,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

20. LEASES (CONT'D)

(B) THE GROUP AS A LESSOR

Nature of the Group's leasing activities - Group as a lessor

The Group leased out its leasehold building to various third parties for monthly lease payments. The leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasehold building are disclosed in Note 5.

Maturity analysis of lease payments - the Group as a lessor

Undiscounted lease payments from the operating leases to be received after the balance sheet date are as follows:

	GROUP	
	2021	2020
	\$'000	\$'000
Less than one year	261	282

21. CONTRACT LIABILITIES

Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers:

	GROUP			COMPANY		
	2021	2020	1.7.2019	2021	2020	1.7.2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables (Note 15)	5,084	3,213	4,706	-	3	7
Contract liabilities	282	353	216	-	-	-

There were no significant changes in the contract liabilities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

22. OTHER PAYABLES

	GROUP		COMPANY	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Sundry creditors	237	155	55	24
Accrued operating expenses	1,457	994	90	108
Amounts due to directors	-	290	-	290
Accrual for directors' fee	57	62	58	62
	1,751	1,501	203	484

The amounts due to directors were non-trade in nature, unsecured, interest-free and repayable on demand.

23. SHARE CAPITAL

	GROUP AND COMPANY	
	2021	2020
	\$'000	\$'000
Issued and fully paid capital		
201,535,276 ordinary shares with no par value	22,963	22,963

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

24. ACCUMULATED LOSSES

GROUP

Included in accumulated losses of the Group is an amount of \$318,000 (2020: \$318,000) relating to legal reserve fund of a subsidiary. In accordance with the Slovak Commercial Code applicable to the subsidiary in the Slovak Republic, the subsidiary is required to make appropriation to a legal reserve fund based on a minimum amount of 5% of net profit annually, until the legal reserve fund exceeds at least 10% of the registered share capital. This fund can be used for covering the subsidiary's losses only and thus not available for dividend distribution to shareholders. No appropriation was made during the financial years ended 30 June 2020 and 2021 as the legal reserve fund is at least 10% of the registered share capital of the subsidiary.

	COMPANY	
	2021	2020
	\$'000	\$'000
Balance at beginning of the financial year	(11,634)	(9,673)
Loss and total comprehensive loss for the financial year	(809)	(1,961)
Balance at end of the financial year	(12,443)	(11,634)

25. CONTINGENT LIABILITIES

(A) GUARANTEES

	COMPANY	
	2021	2020
	\$'000	\$'000
Corporate guarantees provided by the Company to financial institutions for banking facilities granted to subsidiaries	7,125	7,294
Amount utilised by the subsidiaries	4,619	4,719

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results and the accumulated losses of the Company for the financial years ended 30 June 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

25. CONTINGENT LIABILITIES (CONT'D)

(B) LEGAL CLAIM

Group

As disclosed during the financial year ended 30 June 2013, an ex-parte injunction has been granted by the High Court of Malaya on 30 June 2013 and served on Hantong Metal Component (Penang) Sdn. Bhd. ("HTPG"), a wholly-owned subsidiary of the Company on 2 July 2013.

The legal suit was concluded on 4 April 2018 and was in favour of T-Net International (H.K.) Co. Limited (formerly known as Showa International (HK) Co. Limited ("Showa")). In 2018, the Group has recognised liabilities amounted to \$599,000. On 11 July 2018, the amount has been paid to Showa's solicitor which was placed in an interest-bearing fixed deposit account.

On 4 April 2018, HTPG applied for appeal to Court of Appeal and on 29 January 2020, the Court of Appeal set aside the decision of the High Court. Showa proceeded to file application at Federal Court to seek leave to appeal to Federal Court.

HTPG has received the Grounds of Judgement from the Court of Appeal and is currently preparing the defense for the next hearing date. The Court Registrar has now fixed the matter for Hearing on 10 January 2022.

The Company will make further announcements as and when there are material developments in this matter. At the date of these financial statements, the directors had assessed that no additional liabilities need to be accrued.

26. KEY MANAGEMENT PERSONNEL COMPENSATION

Total key management personnel compensation is analysed as follows:

	GROUP	
	2021	2020
	\$'000	\$'000
Salaries and bonus	631	666
Directors' fees	57	62
Contributions to defined contribution plan	47	41
Other short-term benefits	21	24
	756	793

Included in the above are remuneration paid to the directors of the Company totalling \$347,000 (2020: \$362,000). The remuneration paid to a director of two subsidiaries is \$35,000 (2020: \$17,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

27. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products in the respective markets. The Group has four reportable operating segments as follows:

- | | | | |
|------|---------------------------------|---|--|
| i) | Metal stamping | - | manufacturing of metal plates and metal stamping |
| ii) | Tooling | - | manufacturing and fabricating of engineering tools and die |
| iii) | Components and parts and others | - | trading of other components and parts, and warehousing and service logistic business |
| iv) | Cleanroom products | - | trading of disposables and wearables for use in cleanroom, bio-medical, laboratories and hospitals |

The segment information provided to management for the reportable segments are as follows:

	METAL STAMPING		TOOLING		COMPONENTS AND PARTS AND OTHERS		CLEANROOM PRODUCTS		CONSOLIDATED	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue										
- Sales to external customers	16,958	13,313	1,300	952	560	518	1,876	2,632	20,694	17,415
Segment result	1,098	116	(12)	315	364	228	333	365	1,783	1,024
Unallocated expenses									(837)	(963)
Finance costs									(293)	(318)
Profit/(loss) before tax									653	(257)
Tax expense									(236)	(446)
Profit/(loss) before tax									417	(703)
Group assets and liabilities										
Segment assets	14,452	12,445	67	68	8,208	8,793	1,262	1,722	23,989	23,028
Unallocated assets									166	155
Total assets									24,155	23,183
Segment liabilities	3,900	2,722	80	79	-	-	237	263	4,217	3,064
Unallocated liabilities									9,028	9,749
Total liabilities									13,245	12,813

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

27. SEGMENT INFORMATION (CONT'D)

	METAL STAMPING		TOOLING		COMPONENTS AND PARTS AND OTHERS		CLEANROOM PRODUCTS		CONSOLIDATED	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other segment information										
Capital expenditure	171	175	-	17	3	24	14	25	188	241
Depreciation of property, plant and equipment	500	460	4	2	557	562	32	43	1,093	1,067
Loss on disposal of property, plant and equipment	-	-	-	-	1	-	1	-	2	-

Segment results

Performance of each segment is evaluated based on segment profit which is measured differently from the net profit/(loss) before tax in the consolidated financial statements. Corporate and finance expenses are not allocated to segments as these are managed on a Group basis.

Segment assets

The amounts provided to Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than corporate assets and deferred tax assets which are classified as unallocated assets.

Corporate assets included assets from investment holding company.

Segment liabilities

The amounts provided to Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than corporate liabilities, deferred tax liabilities, income tax payables, lease liabilities and borrowings which are classified as unallocated liabilities.

Corporate liabilities included liabilities from investment holding company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

27. SEGMENT INFORMATION (CONT'D)

Geographical information

The revenue and non-current assets by geographical segments are based on the geographical location of customers and assets.

	SINGAPORE		MALAYSIA		UNITED STATES OF AMERICA		SLOVAK REPUBLIC		REST OF EUROPE*		OTHERS**		GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	2,825	3,395	4,861	4,932	2,507	1,680	2,695	1,968	5,101	3,594	2,705	1,846	20,694	17,415
Non-current assets	8,085	8,566	2,094	2,288	-	-	1,629	1,651	-	-	220	306	12,028	12,811
Other geographical information:														
Capital expenditure	17	50	101	147	-	-	69	17	-	-	1	27	188	241

* Rest of Europe comprises of Czech Republic, Germany, Hungary, Italy, Netherland, Poland, Portugal, Romania and Switzerland.

** Others comprise Indonesia, South Korea and The People's Republic of China.

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding financial instruments, and deferred tax assets.

Revenue is derived from three (2020: one) external customers who contributed more than 10% of the Group's revenue and are attributable to the segments as detailed below:

Attributable segments	GROUP	
	2021	2020
	\$'000	\$'000
Customer 1 Metal Stamping and Tooling	3,546	4,432
Customer 2 Metal Stamping and Tooling	2,101	-
Customer 3 Metal Stamping	2,129	-
	7,776	4,432

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments at their carrying amounts as at balance sheet date are:

	GROUP		COMPANY	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
At amortised costs	8,517	7,249	631	1,176
<i>Financial liabilities</i>				
At amortised costs	12,122	11,720	532	973

(B) FINANCIAL RISK MANAGEMENT

The Group, in its normal course of business, is exposed to credit risk, interest rate risk, foreign currency risk and liquidity and cash flow risk. The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risk.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risks as compared to previous financial year.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial asset presented on the balance sheets, except for a notional amount of \$7,125,000 (2020: \$7,294,000) relating to corporate guarantees provided by the Company to financial institutions for banking facilities extended to subsidiaries as disclosed in Note 25(A).

The Group's and the Company's major classes of financial assets are cash and bank balances, and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

The credit risk for trade receivables and amounts due from subsidiaries based on the information provided to key management is as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
By geographical areas				
Singapore	449	408	2	128
Malaysia	1,030	709	153	368
Slovak Republic	1,431	855	-	-
The People's Republic of China	1,462	762	315	533
Others	712	479	-	-
	5,084	3,213	470	1,029
By types of debtors				
Subsidiaries	-	-	470	1,026
Non-related parties				
- Multi-national companies	3,559	1,084	-	-
- Other companies	1,525	2,129	-	3
	5,084	3,213	470	1,029

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

DESCRIPTION OF EVALUATION OF FINANCIAL ASSETS	BASIS FOR RECOGNITION AND MEASUREMENT OF ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- historical and current payment patterns of the debtors; and
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available).

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

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

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Movements in credit loss allowance

Movements in allowance for expected credit losses are as follows:

	TRADE RECEIVABLES	OTHER RECEIVABLES
	\$'000	\$'000
GROUP		
2021		
Balance as at 1 July 2020	149	3
Receivables written off as uncollectible	(149)	-
Balance at 30 June 2021	-	3
2020		
Balance as at 1 July 2019	221	3
Receivables written off as uncollectible	(22)	-
Loss allowance recognised in profit or loss during the year on:		
Lifetime ECL		
- credit impaired (Note 7)	2	-
- reversal of impairment of allowance (Note 7)	(52)	-
Balance at 30 June 2020	149	3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade receivables and other financial assets at amortised cost

The Group has applied the simplified approach in SFRS(I) 9 to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

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

The table below details the credit quality of the Group's financial assets:

		12-MONTH OR LIFETIME ECL	GROSS CARRYING AMOUNT \$'000	LOSS ALLOWANCE \$'000	NET CARRYING AMOUNT \$'000
GROUP					
2021					
Trade receivables	Lifetime ECL		5,084	-	5,084
Other receivables	Not applicable (Exposure limited)		106	(3)	103
Cash and bank balances	Not applicable (Exposure limited)		3,330	-	3,330
2020					
Trade receivables	Lifetime ECL		3,362	(149)	3,213
Other receivables	Not applicable (Exposure limited)		142	(3)	139
Cash and bank balances	Not applicable (Exposure limited)		3,897	-	3,897

The expected credit loss on other receivables and cash and bank balances are immaterial at 30 June 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade receivables and other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Company's financial assets:

		GROSS CARRYING AMOUNT \$'000	LOSS ALLOWANCE \$'000	NET CARRYING AMOUNT \$'000
	12-MONTH OR LIFETIME ECL			
COMPANY				
2021				
Amounts due from subsidiaries	12-month ECL	470	-	470
Cash and bank balances	Not applicable (Exposure limited)	161	-	161
2020				
Trade receivables	Lifetime ECL	3	-	3
Amounts due from subsidiaries	12-month ECL	1,026	-	1,026
Cash and bank balances	Not applicable (Exposure limited)	147	-	147

The expected credit loss on the Company's financial assets is immaterial at 30 June 2021 and 30 June 2020.

Financial guarantees

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries are financially able to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

Interest rate risk

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate risk exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 30 June 2021, there were no such arrangements, interest rate swap contracts or other derivative instruments that were outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

The following table sets out the carrying amounts, by maturity of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	GROUP		COMPANY	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<i>Within one year-variable rates</i>				
Borrowings	655	1,067	-	487
<i>More than one year-variable rates</i>				
Borrowings	4,983	5,271	-	-

The Group's and the Company's certain borrowings are variable-rate financial instruments. No disclosure of the impact of a reasonably possible 100 basis point increase/decrease is made as insignificant.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily United States Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), Malaysian Ringgit ("MYR"), Singapore Dollar ("SGD") and Indonesian Rupiah ("INR"). There is no formal hedging policy with respect to foreign currency exposure. The Group's exposure to foreign currency risk is not significant.

At the balance sheet date, the Company has the following financial assets which are denominated in USD:

	2021 \$'000	2020 \$'000
Cash and bank balances	76	14
Amounts due from subsidiaries	22	241
Net financial assets denominated in foreign currencies	98	255

No disclosure of the impact of a reasonably possible 10% change in USD:SGD rate is made as it is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity and cash flow 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 exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage the liquidity risk by maintaining a level of cash and cash equivalents to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	REPAYABLE ON DEMAND OR WITHIN 1 YEAR \$'000	WITHIN 2 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL \$'000
Group				
2021				
Trade payables	2,184	-	-	2,184
Other payables	1,664	-	-	1,664
Borrowings	886	2,150	3,937	6,973
Lease liabilities	288	673	2,759	3,720
	5,022	2,823	6,696	14,541
2020				
Trade payables	1,210	-	-	1,210
Other payables	1,390	-	-	1,390
Borrowings	1,292	2,191	4,857	8,340
Lease liabilities	300	777	2,848	3,925
	4,192	2,968	7,705	14,865
Company				
2021				
Other payables	196	-	-	196
Amount due to a subsidiary	336	-	-	336
	532	-	-	532
2020				
Other payables	482	-	-	482
Amount due to a subsidiary	4	-	-	4
Borrowings	487	-	-	487
	973	-	-	973

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

28. FINANCIAL INSTRUMENTS (CONT'D)

(B) FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity and cash flow risk (cont'd)

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

	COMPANY	
	2021	2020
	\$'000	\$'000
<i>Repayable on demand or not later than 1 year</i>		
Financial guarantee contract (Note 25(A))	4,619	4,719

The Company does not consider it probable a claim will be made against the Company under the intragroup financial guarantee.

29. FAIR VALUES OF ASSETS AND LIABILITIES

Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets and liabilities not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, current amounts due from subsidiaries, cash and bank balances, trade and other payables, amounts due to subsidiaries and borrowings approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of non-current borrowings approximate their fair values as these financial instruments bear interest rates which approximate the market interest rates at the balance sheet date. These fair value measurement for disclosure purpose are categorised in Level 3 of the fair value hierarchy.

Assets and liabilities not carried at fair value but which fair values are disclosed

The recoverable amount of an investment in a subsidiary of the Company has been computed based on fair value less costs of disposal. The basis of determining fair value less costs of disposal is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return on capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2021 and 2020.

As disclosed in Note 24, a subsidiary of the Group is required to make appropriation to a legal reserve fund. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 30 June 2021 and 2020.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total financial liabilities, less cash and bank balances. Total capital is calculated as equity plus net debt. Equity includes equity attributable to equity holders of the Company less legal reserve fund.

	GROUP	
	2021	2020
	\$'000	\$'000
Net debt	8,792	7,823
Equity	10,592	10,052
Total capital	19,384	17,875
Gearing ratio	45%	44%

31. SUBSEQUENT EVENTS

The Company had on 3 June 2021 entered into a Sale and Purchase Agreement (the "SPA") with Wang Xinmeng, Gao Hong and New Energy Industry Sweden AB (collectively, the "Vendors") and SING-SWE MM Biotechnology Pte. Ltd. (the "Target"), in relation to the proposed acquisition of 51% of the issued share capital of the Target (the "Proposed Acquisition"). Under the SPA, the Company shall acquire 51 ordinary shares in the capital of the Target from the Vendors, representing 51% of the total issued ordinary share capital of the Target, for an aggregate consideration of up to \$6,120,000. Upon completion of the Proposed Acquisition, the Company will own 51% of the Target and the Target will become a subsidiary of the Company.

On 21 September 2021, the Company signed a Supplementary Agreement (the "Supplementary Agreement") with the Vendors and Target. Based on the Supplementary Agreement, the following are the amendments to the SPA: -

- Extending the Long-Stop Date from the current 30 September 2021 to 31 December 2021 or such other date as mutually agreed in writing between the parties to the SPA, or such date falling three months from the date on which the Proposed Whitewash Resolution is approved, whichever is earlier, and
- Extending the cut-off date of the Target's Net Profit After Tax ("NPAT") for the computation of the First Tranche of Consideration Shares from the current 31 July 2021 to 30 September 2021 and management accounts evincing the Target's NPAT from the date of the Target's date of incorporation up to 30 September 2021 shall be delivered to the Company no later than 15 October 2021.

The Company is in the process of conducting its legal and financial due diligence on the Target. The Proposed Acquisition is subject to, inter alia, completion of due diligence, approvals from shareholders and the SGX-ST. At the date of these financial statements, the Group is unable to reasonably estimate the full financial impact of the Proposed Acquisition on the Group's business, results of operations and cash flows for the current and next financial year ending 30 June 2022.

32. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors dated 7 October 2021.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2021

Issued and fully Paid-up Capital	:	S\$23,099,267
Number of Ordinary Shares in Issue (excluding treasury shares)	:	201,535,276
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary
Voting Rights (on a poll)	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 99	2	0.22	32	0.00
100 - 1,000	115	12.40	96,678	0.05
1,001 - 10,000	240	25.89	1,769,840	0.88
10,001 - 1,000,000	555	59.87	36,535,946	18.13
1,000,001 AND ABOVE	15	1.62	163,132,780	80.94
TOTAL	927	100.00	201,535,276	100.00

SUBSTANTIAL SHAREHOLDERS

	NO. OF ORDINARY SHARES	
	DIRECT INTEREST	DEEMED INTEREST
Ip Kwok Wing	74,319,300	61,601,150
Lim Fong Li Janet	61,601,150	74,319,300

Note:

Mr Ip Kwok Wing and Mdm Lim Fong Li Janet are deemed interested in shares held by the other by virtue of their relationship as spouses.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2021

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	IP KWOK WING	74,319,300	36.88
2	LIM FONG LI JANET	61,601,150	30.57
3	PHILLIP SECURITIES PTE LTD	5,961,831	2.96
4	UOB KAY HIAN PRIVATE LIMITED	4,629,471	2.30
5	DBS NOMINEES (PRIVATE) LIMITED	2,583,514	1.28
6	IFAST FINANCIAL PTE. LTD.	2,392,300	1.19
7	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,607,800	0.80
8	LIM EE LING DOREEN	1,580,000	0.78
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,475,600	0.73
10	NG BEE KEOW	1,400,000	0.69
11	LIM & TAN SECURITIES PTE LTD	1,226,400	0.61
12	AMY OW SHIAU LAN	1,200,000	0.60
13	CHAN MENG SOON	1,078,300	0.54
14	OCBC SECURITIES PRIVATE LIMITED	1,077,100	0.53
15	CHAN TIN JOR	1,000,014	0.50
16	RAFFLES NOMINEES (PTE.) LIMITED	989,600	0.49
17	HSBC (SINGAPORE) NOMINEES PTE LTD	820,000	0.41
18	EVOLVE CAPITAL MANAGEMENT PRIVATE LIMITED	800,000	0.40
19	TAN SIEW THIAM	700,000	0.35
20	YAP HUI MENG @ SIN HUI MENG	700,000	0.35
	TOTAL	167,142,380	82.96

PUBLIC FLOAT

Based on the information available to the Company as at 23 September 2021, Approximately 32.55% of the issued ordinary shares of the company are held by the public. Accordingly the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited Manual Section B: Rules of Catalyst.

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

CFM HOLDINGS LIMITED

(Company Registration No. 200003708R)
(Incorporated in The Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of CFM Holdings Limited (the "Company") will be held by way of electronic means on Thursday, 28 October 2021 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 June 2021 together with the Independent Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who retire pursuant to Article 107 of the Constitution of the Company, and being eligible, offered themselves for re-election.

(a) Madam Janet Lim Fong Li **(Resolution 2)**
(b) Mr. Ross Yu Limjoco **(Resolution 3)**
[See Explanatory Note (i)]
3. To approve the payment of Directors' fees of \$58,350 for the financial year ended 30 June 2021. (2020:\$61,950) **(Resolution 4)**
4. To re-appoint Messrs. Baker Tilly TFW LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares and/or convertible securities

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

- (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 one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) 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) in the capital of the Company 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 the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (a) or (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 the resolution approving the mandate.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution, for the time being, 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 6)

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

7. Authority to allot and issue shares under the CFM Performance Share Plan

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the CFM Performance Share Plan (the "Plan") and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided the total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued shares of the Company (excluding any shares held in treasury and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 7)

By Order of the Board

Tan Wee Sin
Company Secretary
Singapore,
13 October 2021

Explanatory Notes:

- (i) Madam Janet Lim Fong Li, upon re-election as a Director of the Company, will remain as the Chief Executive Officer of the Company.
- (ii) Mr. Ross Yu Limjoco, upon re-election as a Director of the Company, will remain as the Chairman of the Remuneration Committee, a member each of the Audit Committee and Nominating Committee and the Board considers him Independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.
- (iii) The Ordinary Resolution 6, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until the date 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, one hundred per centum (100%) of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the 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 the Instruments or any convertible securities, the exercise of share options or the vesting of share outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 7, if passed, will authorise the Directors of the Company to grant awards under the Plan in accordance with the provisions of the Plan and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue shares under the Plan.

The total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued Shares of the Company (excluding any shares held in treasury and subsidiary holdings) on the day shareholders approve the Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST.

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE COMPANY'S ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") to be convened, 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. The Company will not be issuing printed copies of this notice of AGM (the "Notice"), proxy forms, and annual reports to its shareholders and members. Instead, the Notice, proxy forms, and annual report are accessible by electronic means via the Company's website at <https://cfmholdings.com/> and on SGX website at <https://www.sgx.com/securities/company-announcements>.

PARTICIPATION IN THE ANNUAL GENERAL MEETING ("AGM") VIA LIVE WEBCAST OR LIVE AUDIO FEED

1. Due to the current Covid-19 measures in Singapore, the AGM will be held by way of electronic means and shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representative (in the case of shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM by accessing the site <https://rebrand.ly/CFM-Holdings-Limited-AGM-2021> by 10.00 a.m. on Tuesday, 26 October 2021 ("Registration Deadline") for verification of their status as shareholders (or corporate representatives of such shareholders("Pre-registration").
2. Upon successful verification, each such shareholder or its corporate representative will receive an email by 10.00 a.m. on Wednesday, 27 October 2021. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings.
3. Shareholders or their corporate representative must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline but do not receive an email by 10.00 a.m. on Wednesday, 27 October 2021 may contact the Company for assistance at (65) 6481 2888 or email us at irc@cfmholdings.com.

VOTING BY PROXY

1. Shareholders may only exercise their voting rights at the AGM via proxy voting.

Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the Proxy Form, a shareholder should specifically direct the Chairman on how he is to vote for or vote against or abstain from voting on each resolution to be tabled at the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

2. The instrument appointing the Chairman of the AGM as proxy must be
 - (1) Deposited at the registered office of the Company at 4 Ang Mo Kio Avenue 12, CFM Building, Singapore 569498, or
 - (2) Sent by email to irc@cfmholdings.com.

not less than forty-eight (48) hours before the time appointed for holding the Meeting of the Company.

In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to irc@cfmholdings.com.

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least -seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP (seventy-two (72) hours before the AGM) will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the AGM, the Chairman of the Meeting who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on Tuesday, 19 October 2021), to ensure that their votes are submitted.

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

All documents and information relating to the business of the AGM (including the Annual Report and Proxy Form) have been published on the Company's website at <https://cfmholdings.com/> and the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies will not be sent to shareholders.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

Shareholders will not be able to ask questions during the live webcast or live audio feed, therefore it is important for shareholders to register and submit their questions in advance of the AGM.

Shareholders may submit questions related to the resolutions to be tabled at the AGM via email to irc@cfmholdings.com. Questions must be submitted not less than seventy-two (72) hours before the time appointed for the holding of the AGM (i.e. **by 10:00 a.m. on Monday, 25 October 2021**) so that relevant and substantial queries may be addressed during the AGM proceedings. Any relevant and subsequent queries (after 25 October 2021) received will be addressed before or during the AGM through the publication of the minutes of the AGM on SGXNet and the Company's website.

Shareholders or their corporate representative must state his/her full name and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

The Company shall address relevant and substantial questions before or during the AGM, and publish the minutes of the AGM on the SGXNet, and the Company's website within one (1) month after the date of AGM.

NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Due to the constantly evolving COVID-19 situation, the Company will closely monitor the situation and reserve the right to change our arrangements for the AGM at short notice. Shareholders should check SGXNET and the Company's website. The Company apologises for any inconvenience caused and seek the understanding and cooperation of all Shareholders in enabling the Company to hold its AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

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

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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Madam Janet Lim Fong Li and Mr. Ross Yu Limjoco are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 October 2021 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Catalyst Rule 720(5) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F is set out below:

	MADAM JANET LIM FONG LI	MR. ROSS YU LIMJOCO
Date of Appointment	28 April 2000	19 July 2019
Date of last re-appointment	26 October 2018	25 October 2019
Age	64	51
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Madam Janet Lim Fong Li for re-appointment as Executive Director/Chief Executive Officer of the Company.</p> <p>The Board have reviewed and concluded that Madam Janet Lim Fong Li possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Ross Yu Limjoco for re-appointment as Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company.</p> <p>The Board have reviewed and concluded that Mr Ross Yu Limjoco possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director / Chief Executive Officer	Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MADAM JANET LIM FONG LI	MR. ROSS YU LIMJOCO
Working experience and occupation(s) during the past 10 years	28 April 2000 - present : Chief Executive Officer of CFM Holdings Limited	<p>October 2021 - present: North Star Security Pte Ltd, Chief Financial Officer</p> <p>August 2020 - January 2021 BS Group (Asia) Pte Ltd, Group Chief Financial Officer</p> <p>April 2016 to June 2020: Assurance and M&A Director, Nexia TS Advisory Pte. Ltd.</p> <p>May 2014 to present: Director, TMS Capital Advisory Ltd and Anchorage Consulting Private Limited</p> <p>November 2012 to May 2014: Chief Financial Officer, PSL Holdings Limited</p> <p>February 2003 to October 2012: Director/ Head of Business Advisory, BDO LLP/ BDO Advisory Pte. Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest : 61,601,150; and deemed interest 74,319,300 (held by Mr Ip Kwok Wing, husband of Madam Janet Lim Fong Li and substantial shareholder of CFM Holdings Limited)	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Wife of Mr Ip Kwok Wing, substantial shareholder of the CFM Holdings Limited and Executive Chairman	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MADAM JANET LIM FONG LI	MR. ROSS YU LIMJOCO
Other Principal Commitments* Including Directorships# (for the last 5 year)	<p>Other Principal Commitments</p> <p>Past Directorships (for the last 5 years)</p> <ul style="list-style-type: none"> • CFM F&B Pte. Ltd. • Hantong Metal Component (KL) Sdn Bhd • Systematic Franchising Pte. Ltd. <p>Present Directorships</p> <ul style="list-style-type: none"> • CFM Holdings Limited • Cheong Fatt Holdings Pte Ltd • CFM infratrade Pte Ltd • Hantong Metal Components Sdn Bhd • Hantong Metal components (Penang) Sdn Bhd • PT Hantong Precision Manufacturing Batam 	<p>Other Principal Commitments</p> <p>Chief Financial Officer, North Star Security Pte Ltd</p> <p>Past Directorships (for the last 5 years)</p> <ul style="list-style-type: none"> • 8Telecom Inti Holdings Co Ltd, • Hubei Zhonglianhuan Energy Investment Management Inc. (China Company) (subsidiary of Ipco International Limited - listed in Singapore) • IPCO Constructors Private Limited • Friendship Bridge Holding Company Private Limited • Nueviz Investments Private Limited • Gulf Asia Holdings Ltd (Incorp in Labuan) • JC Canyon Insurance Services Pte Ltd • Prospect 33 Pte Ltd • Ministry of Nano Technology Pte Ltd • Myanmar Imperial Marble & Granite Pte Ltd (Struck Off) • Sino Gas Holdings Pte Limited • Kennemer Holdings Pte. Ltd. • Renaissance United Limited <p>Present Directorships</p> <ul style="list-style-type: none"> • MH Development Ltd Listed on Main board of Hong Kong Exchange and Clearing Limited (fka Camsing International Holdings Ltd) • Anchorage Consulting Private Limited • TMS Capital Advisory Ltd (Incorp in BVI) • EMFrequency Solutions Pte Ltd • Weinstenier Private Limited • Thalesmead Global Pte Ltd • A Best Trade Private Limited • Quantaplex Solutions Pte Ltd • CFM Holdings Limited • China Supply Chain Holdings Limited (Listed on Main board of Hong Kong Exchange and Clearing Limited) • Ouhua Energy Holdings Limited (Incorp in Bermuda)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MADAM JANET LIM FONG LI	MR. ROSS YU LIMJOCO
		<ul style="list-style-type: none"> - A15 Pte Ltd - Beacon Management Advisory Private Limited - Codelco Singapore Pte. Ltd. - DWS Offshore Pte. Ltd. - Global Payments and E-commerce Distribution Pte. Ltd. - GSC (SEA) Pte. Ltd. - Kennemer Eco Solutions Pte. Ltd. - Lyncamobile Pte. Ltd. - MBA Consult Pte. Ltd. - Papuruhato Trading Private Limited - QTIA Global Pte. Ltd. - Singapore King-Label Holding Pte. Ltd. - YSH Technology Private Limited.
<p>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.</p>		
(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
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MADAM JANET LIM FONG LI	MR. ROSS YU LIMJOCO
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MADAM JANET LIM FONG LI	MR. ROSS YU LIMJOCO
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MADAM JANET LIM FONG LI		MR. ROSS YU LIMJOCO
Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>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.</p> <p>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).</p>	N.A.	N.A.

CFM HOLDINGS LIMITED

Company Registration No. 200003708R
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the AGM in person. Instead, alternative arrangements set out in the Notice of AGM have been put in place to allow members to participate at the AGM.
2. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint Chairman of the AGM as their proxy to do so on their behalf.
3. For investors who have used their CDF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CDF or SRS investors who wish to appoint the Chairman of the AGM as their proxy to vote on their behalf should contact their respective Agents Banks or SRS Operators at least seven (7) working days by 10.00 a.m. on 19 October 2021, before the AGM to specify voting instructions and to ensure that their votes are submitted.

I/We, _____ (Name) _____ NRIC no./Passport No./Company No.
of _____ (Full Address)

being a *member/members of CFM Holdings Limited (the "Company"), hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") of the Company as "my/our proxy to attend and vote for *me/us on *my/our behalf at the AGM of the Company, to be held by way of electronic means on Thursday, 28 October 2021 at 10:00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against or abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder.

Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please tick (✓) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

If you wish the Chairman of the AGM as your proxy to abstain from voting a resolution, please tick (✓) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.

NO.	RESOLUTIONS RELATING TO:	FOR	AGAINST	ABSTAIN
1	Directors' Statement and Audited Financial Statements for the year ended 30 June 2021 together with the Independent Auditors' Report thereon			
2	Re-election of Madam Janet Lim Fong Li as a Director			
3	Re-election of Mr. Ross Yu Limjoco as a Director			
4	Approval of Directors' fees amounting to \$58,350 for the financial year ended 30 June 2021			
5	Re-appointment of Messrs. Baker Tilly TFW LLP as the Company's Auditors			
6	Authority to Issue New Shares			
7	Authority to Grant Awards and to Allot and Issue Shares under the CFM Performance Share Plan			

Dated this _____ day of _____, 2021

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of member(s)
or Common Seal of Corporate Shareholder



* Delete where inapplicable

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), 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. In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her proxy to vote on his/her behalf at the AGM if such shareholder wishes to exercise his/her voting rights at the AGM. This proxy form has been made available on SGXNET at <https://www.sgx.com/securities/company-announcements> and may be accessed at and the Company's website at <https://cfmholdings.com/>. A printed copy of this proxy form will NOT be sent to shareholders.
3. CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on Tuesday, 19 October 2021), to ensure that their votes are submitted.
4. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
5. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at 4 Ang Mo Kio Avenue 12, CFM Building, Singapore 569498 or sent by email to irc@cfmholdings.com not less than forty-eight (48) hours before the time appointed for holding the AGM (i.e. by 10:00 a.m. on Tuesday, 26 October 2021). **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**
6. The instrument appointing the Chairman of the AGM must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the 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.
7. 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 Singapore Companies Act, Cap. 50.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM 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 or proxies. 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 seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 October 2021.



CFM HOLDINGS LIMITED

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