ANNUAL REPORT 2022

OUR MISSION

An integrated team in diverse markets working to provide seamless aviation & logistic solutions

CONTENTS

CORPORATE **PROFILE**

OUR BUSINESS

The A-Sonic Group is engaged in two areas of businesses, aviation and logistics. We currently operate in 28 cities in 15 countries, spanning four (4) continents in Asia, North America, Europe, and Sub-Continent India.

AVIATION BUSINESS

We are engaged in the purchase and sale of aircraft and aircraft engines.

LOGISTICS BUSINESS

We are engaged in providing supply chain management services. We specialize in various aspects of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

OUR **PRESENCE**

01 Singapore
02 Sydney, Australia
03 Toronto, Canada
04 Beijing, PRC
05 Dalian, PRC
06 Fuzhou, PRC
07 Guangzhou, PRC
08 Nanjing, PRC
09 Ningbo, PRC
10 Qingdao, PRC
11 Shanghai, PRC
12 Shenzhen, PRC
13 Tianjin, PRC
14 Xiamen, PRC
15 Hong Kong
16 Seoul, Korea
17 Kuala Lumpur, Malaysia
18 Penang, Malaysia
19 Johor Bahru, Malaysia
20 Rotterdam, Netherlands
21 Colombo, Sri Lanka
22 Taipei, Taiwan
23 Bangkok, Thailand
24 Dubai, UAE
25 London, United Kingdom
26 Los Angeles, USA
27 New York, USA
28 Ho Chi Minh, Vietnam

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Janet LC Tan
(Chief Executive Officer)

Tan Lay Yong Jenny
(Executive Director)

Irene Tay Gek Lim
(Executive Director)

Yam Mow Lam
(Independent Non-Executive Director)

Gurbachan Singh
(Lead Independent Non-Executive Director)

Dr Wang Kai Yuen
(Independent Non-Executive Director)

COMPANY SECRETARIES

Grace CP Chan *(LLB (Hons), ACIS)*
Hue Su Li *(CA)*
Lew Mei Teng *(CA)*
Chow Si Ying *(CA)*

AUDIT & RISK MANAGEMENT COMMITTEE

Yam Mow Lam *(Chairman)*
Gurbachan Singh
Dr Wang Kai Yuen

NOMINATING COMMITTEE

Gurbachan Singh *(Chairman)*
Janet LC Tan
Yam Mow Lam

REMUNERATION COMMITTEE

Gurbachan Singh *(Chairman)*
Yam Mow Lam
Dr Wang Kai Yuen

REGISTERED OFFICE

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SHARE REGISTRAR

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AUDITORS

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Chartered Accountants of Singapore
600 North Bridge Road
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Singapore 188778
Tel: +65 63362828

Partner-in-charge:
Mr Khor Boon Hong
(With effect from financial year ended 31 December 2021)

PRINCIPAL BANKERS

United Overseas Bank Limited
DBS Bank Limited

CEO'S **MESSAGE**

Striving to Create Value For Shareowners

DEAR FELLOW SHAREOWNERS

Consider the market mayhem in 2022, and what is ahead this 2023 year:

- Higher-for-longer inflation and rates;
- Market volatility;
- Potential debt crisis; and
- Geopolitical fault lines.

An indeed turbulent and volatile 2022 year impacted by several factors, but we managed to remain in the positive zone.

Despite a decline of US$80.867 million or 17.6% in our Group's "Turnover" to US$378.781 million in financial year ("FY") 2022 from US$459.648 million in FY 2021, we ended on a positive note. We posted "Profit Attributable to Equity Holders of the Company" of US$4.878 million (or equivalent to S$6.720 million).

In FY 2022, our Group's "Turnover" decreased largely attributable to lower (US$101.732 million) contribution from logistics business activities in The People's Republic of China ("PRC"), (including Hong Kong S.A.R.). The 29.8% contraction in "Turnover" in the above mentioned region in FY 2022, compared to FY 2021, was largely due to a reduction in cargo volume, and declining freight rates, as a result of the protracted Covid-19 lock down policy. The contraction occurred in the second six (6) months ended 31 December 2022.

The contraction in "Turnover", and the compression of our earnings margin, resulted in lower earnings. Our "Profit Attributable to Equity holders of the Company" declined 26.3% to US$4.878 million (equivalent to S$6.720 million) in FY 2022, compared to US$6.617 million (equivalent to S$8.887 million) in FY 2021.

Our financial position, measured by consolidated "Net Tangible Assets (Excluding Non-Controlling Interest), or "Net Book Value", strengthened 5.5% to US$44.610 million (equivalent to S$59.911 million) as at 31 December 2022.

Notwithstanding the economic challenges in FY 2022, we rewarded shareholders with one (1) new bonus share for every four (4) existing shares in 2022. An additional 17.781 million new bonus shares were listed and quoted on 29 August 2022.

In addition, on 26 February 2023, we announced another issue of one (1) new bonus share for every five (5) existing shares, based on the shareholders' mandate granted at the Annual General Meeting on 28 April 2022. These 17.781 million new bonus shares are entitled to the upcoming dividend payout in relation to FY 2022 results. This dividend is expected to be paid in May 2023.

As mentioned in my previous messages, we are striving to create greater value for you.

In a challenging environment moving ahead, at least two (2) major factors are expected to have significant impact on business activity in 2023: (i) weaker demand; and (ii) high cost of borrowing. With the wider economic challenges through trade, investment, labour, and technology flows, we must stay agile to respond to the potential headwinds ahead.

Come what may, your encouragement and loyalty, will spur us to strive for a more economically sustainable A-Sonic for tomorrow.

Thank you for standing by us.

JANET TAN
Chief Executive Officer

BOARD OF **DIRECTORS**

MS JANET LC TAN

Ms Janet LC Tan is the promoter founder and Chief Executive Officer. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for the A-Sonic Aerospace and its subsidiaries ("A-Sonic Group"). She is a sibling of Ms Tan Lay Yong Jenny.

She has over 20 years of extensive experience in the aviation industry.

MS TAN LAY YONG JENNY

Ms Jenny Tan is the co-founder and the Executive Director. Her responsibilities include overall operational, administrative management, information technology systems and human resources of the aerospace engineering-related business. She has a Bachelor of Science degree from the National University of Singapore. She is a sibling of Ms Janet LC Tan.

MS IRENE TAY GEK LIM

Prior to joining the group, **Ms Irene Tay Gek Lim** was from the financial services industry. She graduated with degrees in accounting and law from Monash University, Australia, and post-graduate studies in law and banking from the National University of Singapore and University of Southampton, United Kingdom, respectively. Her responsibilities include overseeing the logistics business unit under the branding "A-Sonic Logistics".

BOARD OF **DIRECTORS**

MR GURBACHAN SINGH

Mr Gurbachan Singh started his career as a legal officer with the Inland Revenue Department (Ministry of Finance) in 1977. He was appointed as a judicial officer at the Subordinate Courts in 1986. Between 1991 to December 2013, he was the Partner and later the Managing Partner of a large law firm. Currently, he runs a law firm, GSM Law LLP where he is the Managing Partner.

He is a member of the STEP and Singapore Chartered Tax Professional (SCTP). He was also a Director of Tax Academy of Singapore and Honorary Tax Advisor to the Real Estate Developers' Association of Singapore (REDAS).

He graduated with a Bachelor of Law degree from National University of Singapore (the then University of Singapore) in 1977.

MR YAM MOW LAM

Mr Yam Mow Lam is an Independent Director of A-Sonic Aerospace Limited, a Fellow of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of Chartered Accountants of Singapore. He is the partner of Robert Yam & Co.. He also sits on the board of directors in Bright Vision Hospital.

With more than 45 years of public accounting practice, his knowledge and experience in various business sectors and industries are a valuable contribution to the Group. He has an MBA (Investment & Finance) from the University of Hull, UK. He is also a Chartered Valuer and Appraiser of Singapore (NTU).

DR WANG KAI YUEN

Dr Wang Kai Yuen retired from Fuji Xerox Singapore Software Centre in December 2009. He was the Member of Parliament for Bukit Timah Constituency from December 1984 to April 2006. He served as the Chairman of Feedback Unit, Chairman for the AIDS Business Alliance, Chairman of the Singapore Trust Council as well as the President of the Singapore Badminton Association. He graduated from the University of Singapore with a First Class Honours degree in Electrical and Electronic Engineering.

Dr Wang Kai Yuen holds a PhD in engineering from Stanford University. He received a Friend of Labour Award in 1988 for his contributions to the Singapore labour movement.

FINANCIAL **PERFORMANCE**

A-Sonic Aerospace Limited and its subsidiaries (the "**A-Sonic Group**" or the "**Group**") are engaged in two areas of businesses, aviation and logistics. We operate in 28 cities in 15 countries, spanning four (4) continents in Asia, North America, Europe and Sub-Continent India. Our staff strength was approximately 650 personnel as at 31 December 2022.

Our aviation business relates to the purchase and sale of aircraft and aircraft engines.

Our logistics business relates to supply chain management services and logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

FINANCIAL HIGHLIGHTS

Consider the market mayhem in 2022, and what is ahead this 2023 year:

- Higher-for-longer inflation and rates;
- Market volatility;
- Potential debt crisis; and
- Geopolitical fault lines.

An indeed turbulent and volatile 2022 year impacted by several factors, but we managed to remain in the positive zone.

Our Group's "Turnover" declined US$80.867 million (17.6%) to US$378.781 million in the financial year ("FY") ended 31 December 2022 ("FY 2022"), compared to US$459.648 million for FY 2021. The contraction in our Group's Turnover in FY 2022 was attributable to US$101.732 million lower "Turnover" contribution from our logistics business activities in The People's Republic of China ("PRC") (including Hong Kong S.A.R.). This constituted a 29.8% decline in "Turnover" in the above mentioned region in FY 2022, compared to FY 2021. The decrease in "Turnover" from this region, was primarily due to a reduction in cargo volume, and lower freight rates, resulting from the protracted Covid-19 lock down restrictions.

We noted an unusual trend in our Group's "Turnover" in FY 2022. Additionally, the trend in FY 2022, compared to FY 2021:

(i) In FY 2022, our Group's "Turnover" in the first six (6) months ended 30 June 2022 ("1H 2022") actually grew US$29.384 million (15.3%) to US$221.960 million, compared to the corresponding period in 2021 ("1H 2021");

(ii) In FY 2022, our Group's "Turnover" in the second six (6) months ended 31 December 2022 ("2H 2022") declined US$65.139 million (29.3%), compared to 1H 2022. This was unusual as our second half tends to normally record a higher "Turnover" owing to preparations for various festive occasions, including Thanksgiving, Christmas, New Year, and Chinese Lunar New Year.

This trend was contrary to that observed in FY 2021. Our Group's "Turnover" grew US$74.496 million (38.7%) in 2H 2021, compared to 1H 2021; and

FINANCIAL **PERFORMANCE**

(iii) "Turnover" in 2H 2022 declined US$110.251 million (41.3%), compared to 2H 2021.

Despite a decline of US$80.867 million (17.6%) in our Group's "Turnover" in FY 2022, we ended on a positive earnings note in FY 2022. We posted "Profit Attributable to Equity Holders of the Company" of US$4.878 million (equivalent to S$6.720 million) in FY 2022. However, this represented a decline of US$1.739 million (26.3%), compared to that achieved in FY 2021. The decline in earnings was largely attributable to:

(i) lower "Turnover" generated from North Asia as elaborated above; and

(ii) a decline in gross profit margin generated from our operations in North Asia owing to: (a) a decrease in "Turnover" resulting from the reduction cargo volume and a lower freight rates; and (b) the lock down in various cities in the PRC (including Hong Kong S.A.R.) which resulted in additional freight procurement costs that compressed the gross profit margins.

Two of our business units achieved "Profit Before Tax" in FY 2022:

(i) Our logistics business unit operating under the "A-Sonic Logistics" brand name registered. "Profit Before Tax" of US$6.204 million in FY 2022, down 2.5% compared to US$6.363 million in FY 2021; and

(ii) Our logistics business unit operating under the "UBI Logistics" brand name registered. "Profit Before Tax" of US$0.599 million in FY 2022, down 89.4% compared to US$5.674 million in FY 2021, for the reasons elaborated above.

Our aviation business incurred "Loss Before Tax" of US$0.510 million in FY 2022, compared to "Loss Before Tax" of US$1.387 million in FY 2021.

INCOME STATEMENT

Revenue

FY 2022 vs FY 2021

Our "Total Revenue" comprises "Turnover" and "Other Income". Our "Total Revenue" declined 17.6% (US$80.894 million) to US$380.031 million in FY 2022, from US$460.925 million in 2021. "Total Revenue" decreased US$80.894 million in FY 2022, substantially owing to a decline of US$82.185 million in our logistics "Turnover" to US$377.425 million, compared to US$459.610 million in FY 2021. Our logistics "Turnover" nose dived primarily attributable to a contraction in both, business volume and lower freight rates, particularly in the PRC (including Hong Kong S.A.R.) in the second six (6) months ended 31 December 2022 ("2H 2022").

In the first six (6) months of 2022 ("1H 2022"), our logistics "Turnover" actually grew 14.6% to US$220.684 million, compared to US$192.572 million in first six (6) months of 2021 ("1H 2021"). In contrast, however, in 2H 2022, our logistics "Turnover":

(i) declined US$110.297 million (41.3%) to US$156.741 million, compared to US$267.038 million in 2H 2021; and

(ii) declined US$63.943 million (29.0%), compared to US$220.684 million in 1H 2022. The sharp decline in our logistics "Turnover" in 2H 2022, pared our growth in 1H 2022, and led to a decline in our Group's "Turnover" in FY 2022, compared to FY 2021.

The steep decline in our logistics "Turnover", particularly, in 2H 2022, was largely attributable to the lower "Turnover" in PRC (including Hong Kong S.A.R.), which contracted US$101.732 million (29.8%) to US$239.561 million, compared to US$341.293 million in FY 2021.

Total Costs and Expenses

FY 2022 vs FY 2021

Two (2) costs items constituted approximately 98.0% of our "Total Costs and Expenses" in FY 2022:

(i) "Freight charges" and "Purchases of goods and consumables used"

"Freight charges" are costs incurred resulting from our logistics business unit. "Freight charges" constituted approximately 92.0% (US$344.154 million) of our "Total Costs and Expenses" in FY 2022. "Freight charges" decreased US$73.448 million (17.6%) to US$344.154 million in FY 2022, compared to US$417.602 million in FY 2021. This was in line with our 17.6% contraction in our Group's "Turnover" over the corresponding period.

FINANCIAL **PERFORMANCE**

Our aviation business unit incurred "Purchases of goods and consumables used" which amounted to US$0.902 million in FY 2022. This resulted from the sale of an aircraft. In contrast, there was no such cost in FY 2021, in the absence of a sale.

(ii) "Staff costs"

"Staff costs" constituted approximately 5.7% (US$21.263 million) of our "Total Costs and Expenses" in FY 2022. Our "Staff costs" decreased US$2.566 million (10.8%) to US$21.263 million in FY 2022, compared to US$23.829 million in FY 2021. In FY 2021 however, we noted that, "Staff costs" constituted 5.3% of our "Total Costs and Expenses. The increase of 0.4 percentage point in FY 2022 compared to FY 2021, was largely owing to staff annual increments and the inflationary wage pressures.

The remaining three (3) costs (excluding "Freight charges"; "Purchases of goods and consumables used"; and "Staff costs"), were largely "Depreciation of property, plant and equipment", "Finance costs" and "Other operating expenses". The latter three (3) cost items aggregated US$7.633 million, and constituted approximately 2.0% of our "Total Costs and Expenses" in FY 2022. In contrast, these same three (3) costs items amounted to US$8.947 million in FY 2021. The aforesaid decline of US$1.314 million was attributable to lower "Other operating costs" in FY 2022. "Other operating costs" declined US$1.665 million (23.0%) to US$5.583 million in FY 2022, primarily due to:

(i) Our subsidiary in North Asia incurred US$0.772 million to upgrade IT and computer systems in FY 2021. This was however absent in FY 2022;

(ii) US$0.486 million difference in foreign exchange currency. In FY 2022, we recorded a forex gain of US$0.099 million, compared to a forex loss of US$0.387 million in FY 2021;

(iii) Our subsidiary in North Asia had a reduction of US$0.166 million in rental expenses in FY 2022, compared to FY 2021; and

(iv) US$0.120 million reduction in legal and professional fees in FY 2022.

However, the reduction in "Other operating expenses" was primarily offset by higher (US$0.306 million) "Depreciation of property, plant and equipment". This item increased to US$1.948 million in FY 2022, compared to US$1.642 million in FY 2021, largely owing to an additional "right-of-use assets" relating to leasehold office units. In FY 2022, the rental renewal rates were higher than in FY 2021.

Gross Profit

FY 2022 vs FY 2021

Our "Gross profit" was computed based on "Turnover" less "Changes in inventories", Purchases of goods and consumables used" and "Freight charges". "Gross profit" decreased US$8.321 million (19.8%) to US$33.725 million in FY 2022, compared to US$42.046 million in FY 2021. The decrease in "Gross profit" in FY 2022 compared to FY 2021 was largely due to the decrease of US$8.737 million in logistics "Gross Profit". However the decrease was pared by the increase of US$0.416 million in the aviation "Gross profit".

Profit Before Tax and Net Profit Attributable to Equity Holders of the Company

FY 2022 vs FY 2021

"Profit Before Tax" was down US$4.357 million (40.9%) to US$6.293 million in FY 2022, compared to US$10.650 million in FY 2021. We noted an unusual trend in FY 2022, compared to FY 2021:

(i) Firstly, we actually recorded 34.6% higher "Profit after tax before deducting non-controlling interest" of US$5.441 million in 1H 2022, compared to US$4.042 million in 1H 2021;

Secondly, our Group recorded a decrease of US$4.997 million (98.8%) in "Profit after tax before deducting non-controlling interests" to US$61,000 in 2H 2022, compared to US$5.058 million in 2H 2021.

This was unusual as our second half normally tends to record stronger performance owing to higher business volumes relating to preparations for various festive occasions, including Thanksgiving, Christmas, New Year, and Chinese Lunar New Year. The trend was contrary to that observed in FY 2021;

FINANCIAL PERFORMANCE

(ii) Thirdly, the decline in our Group's "Profit before tax" in FY 2022, compared to FY 2021 was attributable to lower earnings contribution from our logistics business in the PRC (including Hong Kong S.A.R.). The deterioration in earnings performance was due to three key factors:

 (a) reduction in cargo volume resulting from the weaker economic condition;

 (b) lower freight rates owing to the greater supply of carrier space, despite lower volume cargo; and

 (c) compressed gross profit margins due to the protracted lock down in various cities in the PRC (including Hong Kong S.A.R.) which resulted in additional freight procurement costs; and

(iii) Fourthly, the Group's weaker "Profit before tax" in FY 2022, was largely attributable to the US$101.732 million decline in "Turnover" contributed from our logistics business activities in the PRC (including Hong Kong S.A.R.), particularly in the second half of 2022. This was primarily due to the contraction in the economy in that region as a result of the protracted Covid-19 lock down restrictions.

Despite a 40.9% decline in "Profit before tax", our "Profit attributable to equity holders of the Company" (which excludes "Non-controlling interests") faired better, and contracted less. We posted "Profit Attributable to Equity Holders of the Company" of US$4.878 million (equivalent to S$6.720 million) in FY 2022, compared to US$6.617 million in FY 2021. The decline was 26.3%, mainly because of the weaker financial performance attributable to our partially owned subsidiary in the PRC, particularly in the second half of 2022.

Excluding aviation business unit losses of US$0.510 million in FY 2022, our logistics business unit's "Profit Attributable to Equity Holders of the Company" was US$5.388 million in FY 2022.

BALANCE SHEET

Non-current assets

"Non-current assets" increased US$0.314 million (4.6%) to US$7.106 million as at 31 December 2022 ("end FY 2022"), compared to US$6.792 million as at 31 December 2021 ("end FY 2021"). The increase was due to:

(i) In FY 2022, a portion (US$0.564 million) of our "Property, plant and equipment" was reclassified from "Leasehold office; Building on freehold land and freehold land" to "Investment property". The reclassification was in line with the accounting standards (SFRS(I) 40) owing to the change of use. We had downsized our aviation office space, and leased out a portion of the office unit to a third party for rental income. As a result, the item "Investment property" of US$0.564 million was recorded as at 31 December 2022, but was absent in 2021 year.

 Owing to the above reclassification to "Investment property" from "Property, plant and equipment", the latter declined to US$6.150 million as at end FY 2022, compared to US$6.489 million as at end FY 2021. The decline was, however, partially offset by US$0.225 million increase in "right-of-use" relating to leased office units and motor vehicles to conduct our logistics business; and

(ii) An increase of US$0.095 million in our "Investment in associated companies" to US$0.292 million as at end FY 2022, compared to US$0.197 million as at end FY 2021. This was largely in part due to better performance of certain associated companies.

Current assets

Our "Current assets" decreased US$11.093 million (11.1%) largely due to:

(i) US$22.104 million reduction in "Trade and other receivables" to US$34.844 million as at end FY 2022, from US$56.948 million as at end FY 2021. The contraction was in line with our lower "Turnover" in FY 2022, particularly in our 2H 2022, compared to the corresponding periods in 2021; and

(ii) US$0.902 million reduction in "Inventories" to zero as at end FY 2022, compared to US$0.902 million as at end FY 2021. The absence of "Inventories" as at end FY 2022 was due to the sale of an aircraft in FY 2022.

FINANCIAL **PERFORMANCE**

The above reductions were however pared by the following increases:

(i) "Cash and cash equivalents" was up US$8.618 million to US$48.056 million as at end FY 2022, from US$39.438 million as at end FY 2021. This increase was in part due to:

(a) monies collected from our earlier "Trade and other receivables", and pending future working capital deployment for our logistics business. This working capital would be required for prompt payments to air and ocean carriers, and other service providers; and

(b) monies that would subsequently be utilised to pay our vendors or service providers classified under "Trade and other payables".

(ii) "Contract assets" was up US$3.161 million to US$5.683 million as at end FY 2022, from US$2.522 million as at end FY 2021. This increase was largely attributable to services that one of our subsidiaries had provided to customers, but were not billed yet as at end FY 2022.

(iii) "Tax recoverable" doubled to US$0.265 million to US$0.530 million as at end FY 2022, primarily due to timing difference, particularly in countries where corporate taxes were paid in advance.

Non-current liability

"Lease liabilities" increased US$0.942 million to US$1.404 million as at end FY 2022 due to leases relating to office units and motor vehicles deployed in our logistics business unit. The increase was attributable to higher rentals for leased office units, and additional heavy vehicles leased to conduct our container haulage business.

FINANCIAL **PERFORMANCE**

Current liabilities

"Current liabilities" decreased US$14.480 million to US$48.822 million as at end FY 2022, from US$63.302 million as at end FY 2021, substantially due to a decline of US$14.572 million in "Trade and other payables" over the corresponding period. "Trade and other payables" contracted in tandem with lower "Turnover" in FY 2022, particularly with the sharp decline in "Turnover" in 2H 2022 as elaborated under the section entitled "Revenue" at page 8.

Net asset and Equity

Excluding "Non-controlling interests", our "Equity attributable to equity holders of the Company" was up US$2.333 million (5.5%) to US$44.610 million. The increase was due to:

(i) Narrower (US$2.144 million) "Accumulated losses" to US$0.171 million as at end FY 2022, compared to US$2.315 million as at end FY 2021. Lower "Accumulated losses" was due to our earnings in FY 2022; and

(ii) Higher (US$0.749 million) "Share capital" due to net proceeds raised from the issuance of new shares in April 2022, as a result of the conversion of the Company's warrants.

The Group's bank gearing based on "Total bank borrowings" to "Equity attributable to equity holders of the Company" was zero as at end FY 2022, compared to 0.2% as at end FY 2021.

CASH FLOW

FY 2022 vs FY 2021

"Net cash generated from operating activities" was US$12.112 million in FY 2022, compared to US$12.647 million in FY 2021 largely due to:

(i) The "Operating cash flow before working capital changes" generated cash amounted to US$7.682 million in FY 2022, compared to US$12.318 million in FY 2021;

(ii) Cash generated from "Receivables" in FY 2022 was US$19.610 million, compared to US$18.734 million cash used in "Receivables" in FY 2021;

(iii) Cash used in "Payables" in FY 2022 was US$14.665 million, compared to US$20.199 million cash generated from "Payables" in FY2021; and

(iv) "Income tax paid" in FY 2022 was US$0.869 million while US$1.164 million was paid in FY 2021.

"Net cash generated from investing activities" amounted to US$0.027 million in FY 2022, compared to "Net cash used in investing activities" of US$0.601 million in FY 2021. The "Net cash generated from investing activities" was mainly due to "Proceeds from disposal of property, plant and equipment" of US$0.293 million and "Interest received" of US$0.196 million offset by the "Purchase of property, plant and equipment" of US$0.462 million in FY 2022. Whilst in FY 2021, the "Net cash used in investing activities" in FY 2021 was mainly due to "Purchase of property, plant and equipment" of US$0.838 million.

"Net cash used in financing activities" amounted to US$3.513 million in FY 2022, compared to US$3.583 million in FY 2021. The "Net cash used in financing activities" was largely attributed to "Repayment of lease liabilities", "Dividend paid" and "Proceeds on issue of bonus warrants" of US$1.326 million, US$2.793 million and US$0.749 million respectively in FY 2022. Whilst in FY 2021, the "Net cash used in financing activities" was largely attributed to "Repayment of bank borrowings", "Increased in bank and fixed deposit pledged", "Repayment of lease liabilities" and "Dividend paid" of US$1.678 million, US$0.413 million, US$0.993 million and US$0.442 million respectively.

CORPORATE **GOVERNANCE STATEMENT**

A-Sonic Aerospace Limited ("A-Sonic") is committed to high standards of corporate governance and endorses the principles and provisions of the *Code of Corporate Governance issued on 6 August 2018 ("2018 Code")* to protect the interests of its shareholders and taking into account the interests of its stakeholders. This report describes the Company's corporate governance processes and activities with specific reference to the 2018 Code. The Company has adhered to the provisions that underpin the principles set out in the 2018 Code to such extent and as best as it can. In areas which the Company has not adhered to, the Company has adopted the "comply or explain" requirement.

PRINCIPLE 1 : THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "Board") oversees the overall management of the Group, approves the Group's broad policies, strategies and financial objectives. Apart from discharging their statutory and fiduciary responsibilities both individually and collectively, the other principal roles of the Board include:

(a) provides entrepreneurial leadership and ensure necessary financial and human resources are in place for the Company and Group to meet its objective;

(b) oversees the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy and effectiveness of such processes and framework;

(c) reviews management performance;

(d) nominates its directors for appointments to the various Board committees;

(e) identifies key stakeholders of the Group, evaluates their impact and identifies material issues;

(f) sets sustainability strategy and reviews the effectiveness of sustainability strategy and seek area of improvement; and

(g) sets the tone for A-Sonic on values and ethics.

The Company has established policy on conflicts of interest to guide directors in their dealings with any conflict of interest. Where a director has a conflict of interest, or it appears that a director might have a conflict of interest, in relation to any matter, that director should immediately declare his/her interest at a meeting of the directors or send a written notice to the Company containing details of his/her interest and the conflict, and recuse himself/herself from participating in any discussion and decision on the matter.

Upon appointment to the Board, each director will receive a Directors' guidebook which sets out the director's duties and responsibilities and the Board governance policies and practices. The Director's guidebook will be maintained by the company secretary. In line with best practices in corporate governance, a newly appointed director will sign a letter of engagement stating the role of the Board and non-executive directors. A director will be expected to allocate adequate time to address the Company's corporate affairs.

The Company has an orientation program in place for incoming directors to familiarize them with the Company's business and governance practices. To keep pace with regulatory changes, the directors are provided with information, updates and appropriate training from time to time including any changes in legislation and financial reporting standards, government policies, regulations and guidelines from SGX-ST that affect the Company and/or the directors in discharging their duties.

CORPORATE **GOVERNANCE STATEMENT**

Briefings and updates provided for directors in FY2022 included:

* The external auditors briefed and updated the Audit & Risk Management Committee ("ARMC") on the changes to accounting standards and developments in issues with a direct impact on financial statements as well as governance standards;

* The Chief Executive Officer ("CEO") updated the Board at each Board meeting on the Group's business and strategic developments; and

* The Executive Directors updated the operational and risk management issues to the Board.

As an established practice, the Company has set approval limits for operating and capital expenditure, the procurement of goods and services and the acquisition and disposal of investments. The Board will approve transactions above certain threshold limits while delegating the approval for transactions below the threshold limits to the CEO. The matters that require the specific review and approval of the Board are:

(a) material acquisition or divestment proposals;

(b) matters involving potential conflict of interest for a substantial shareholder or a director;

(c) corporate or financial restructuring;

(d) corporate announcements to the public;

(e) half yearly and yearly financial results;

(f) related parties transactions; and

(g) share issuances, dividend distribution, share buy-back and other returns to shareholders.

In 2022, the Board comprised three executive directors and three non-executive directors, with relevant and diverse experience to contribute effectively to the Group. All of the three non-executive directors were independent directors. The Board conducted regular scheduled meetings. Ad hoc meetings were also convened when circumstances required. To facilitate the attendance and participation of directors at Board meetings, the Company's Constitution provides for directors to participate in Board meetings by telephone conference or video conference.

The Board is supported by the ARMC, the Nominating Committee ("NC") and the Remuneration Committee ("RC") for effective discharge of their responsibilities. These committees were formed in August 2003 with written terms of reference and are chaired by independent directors. The terms of reference of the various Committees are described in this report.

CORPORATE **GOVERNANCE STATEMENT**

Three Board meetings, three ARMC meetings, one RC meeting and one NC meeting were conducted during the 2022 financial year. The attendance of the Board members for each meeting is set out in the table below:–

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Board of Directors[1]				
1. Janet LC Tan	3/3			
2. Tan Lay Yong Jenny	3/3			
3. Irene Tay Gek Lim	3/3			
4. Yam Mow Lam	3/3			
5. Gurbachan Singh	3/3			
6. Wang Kai Yuen[3]	2/3			
Audit & Risk Management Committee[2]				
1. Yam Mow Lam		3/3		
2. Gurbachan Singh		3/3		
3. Wang Kai Yuen[3]		2/3		
Nominating Committee[2]				
1. Gurbachan Singh			1/1	
2. Janet LC Tan			1/1	
3. Yam Mow Lam			1/1	
Remuneration Committee[2]				
1. Gurbachan Singh				1/1
2. Yam Mow Lam				1/1
3. Wang Kai Yuen[3]				0/1

(1) *The composition of the Board of Directors in 2022*
(2) *The composition of the respective committees in 2022*
(3) *Dr Wang Kai Yuen, the independent non-executive director, was newly appointed on 13 May 2022 to replace the Late Mr Choh Thian Chee Irving who had ceased his directorship on the date of his demise on 27 February 2022*

The management is required to provide adequate and timely information to the Board on affairs and issues that require the Board's attention.

It is the Board's responsibility to provide timely and full disclosure of material information to shareholders in compliance with statutory requirements. The Board is updated on a half yearly and yearly basis, and as and when required. The Group's half year and full year financial results are announced within legally prescribed periods. In communicating and disseminating the Group's consolidated financial results showing the segmental results, the Company aims to present a balanced and understandable assessment of the Group's performance, position and prospects.

The Board ensures compliance with the Listing Rule of SGX-ST. In this regard, each director has signed an undertaking in the form set out in Appendix 7.7 of the Listing Manual to comply to their best of their abilities with the Listing Rules and to use their best endeavors to procure that the Company shall so comply.

CORPORATE **GOVERNANCE STATEMENT**

In order to fulfill their responsibilities, Board members are provided with complete and timely information such as the Board papers, financial results and supporting documents pertaining to the agenda, prior to Board meetings. In addition, the Board is also furnished with relevant information at all times to enable the Board to make informed decisions to discharge their duties and responsibilities. Board members have separate and independent access to the management team and company secretaries. The Board may seek and obtain independent professional advice as and when necessary to enable it or the independent directors to discharge their responsibilities effectively at the Company's expense. Company secretaries attend all board meetings, ensuring Board procedures are complied with. Company secretaries assist the Board in the following:

(i) to ensure Board procedures are followed and compliance with the Company's Constitution, the Companies Act, the Securities and Futures Act and the SGX-ST Listing Manual;

(ii) to ensure good information flows within the Board and its board committees and between Management and non-executive directors;

(iii) to advise the Board on all governance matters; and

(iv) to facilitate orientation and assist with professional development as required.

The appointment and removal of company secretary is subject to approval of the Board.

PRINCIPLE 2 : BOARD COMPOSITION AND GUIDANCE

The Board comprised three (50%) executive directors and three (50%) non-executive directors. All of the three non-executive directors were independent directors. In this regard, half of the Board is considered independent. In addition, the Board has a balance of gender comprising three (50%) male members and three (50%) female members. The Company does not have nominee director.

Provision 2.2 of 2018 Code recommends that independent directors make up a majority of the Board where the Chairman is not independent and Provision 2.3 recommends that non-executive directors make up a majority of the Board. During the 2022 financial year, neither the independent directors nor the non-executive directors made up majority of the Board. This varied from Provisions 2.2 and 2.3 of the 2018 Code. However, the Company is of the view that the intent of Principle 2 of the 2018 Code is met as the independent non-executive directors comprised half of the Board and the diversity of thoughts of these directors enable them to make decisions in the best interests of the Company.

Key information regarding the directors is given in the "Board of Directors" section of the annual report. The independence of each director is reviewed annually by the NC. The NC adopts the 2018 Code of Corporate Governance ("2018 Code") definition of what constitutes an independent director in its review.

2018 Code further requires the independence of any director who has served on the Board beyond nine years from the date of first appointment to be particularly rigorously reviewed. The basis of determination by the NC takes into account the annual confirmation of independence (the "Confirmation") completed by each independent director. Each independent director is required under the Confirmation to critically assess his independence and to confirm whether he considers himself independent.

CORPORATE **GOVERNANCE STATEMENT**

In addition to the preceding paragraph, we have also compiled with Listing Rule 210 (5)(d) which proved that: "A director will not be independent under any of the following circumstances: (i) if he/she is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years; (ii) if he/she has an immediate family member who is, or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer; and (iii) a director who has been a director of the company for an aggregate period of more than 9 years. Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer."

The non-executive directors of the Company: (1) Mr Yam Mow Lam; (2) Mr Gurbachan Singh; and (3) Dr Wang Kai Yuen, are independent as (i) none of them is employed or has been employed by the Company or any of its related corporations in the current or any past three financial years and (ii) none of them has any immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any past three financial years. Hence, the Company has complied with Listing Rule 210 (5)(d) in assessing the independence of the non-executive directors.

During Board meetings, the non-executive directors participate actively in discussions on key matters pertaining to the Group. They give constructive comments and suggestions to help develop the Group's strategic and business plans. They review the performance of Management in meeting goals and objectives and evaluate their performance.

The NC is of the view that the current Board comprises members who have the relevant core competencies to achieve the Group's objectives. The NC constantly examines the size of the Board with a view to determine its impact and its effectiveness.

The NC, in carrying out its duties of evaluating the optimal composition and renewal process of the Board, will consider candidates who bring diversity of background and industry or related expertise and experience. In identifying potential candidates and making recommendations of Board appointments to the Board, the NC's considerations include achieving an appropriate level of diversity in the Board composition having regard to diversity factors such as age, ethnicity and educational, business and professional background of its members. Gender diversity and representation is also considered an important aspect of diversity.

The Board values the benefits that diversity in work experience can bring to the Board in its deliberations by avoiding groupthink and fostering constructive debate. Diversity enhances the Board's decision-making capability, and provides the Company the opportunity to benefit from all available talent and perspectives, which is essential to the effective governance of the business and for long-term sustainable growth.

In line with the board diversity policy, our current Board comprises six (6) members who collectively possess entrepreneurial, management experience, financial, accounting, legal, regulatory background, and risk management. The current board component is equally balanced in gender diversity.

The Board has appointed one of its independent directors, Mr Gurbachan Singh, Chairman of the NC and RC, as the lead independent director. The lead independent director acts as the leader of the independent directors at board meetings in raising queries and pursuing matters; and leads meetings of independent directors without the presence of the executive directors. After the meeting among the independent directors, the lead independent director provides verbal feedback to the Chairman and the feedback are recorded for further actions.

CORPORATE **GOVERNANCE STATEMENT**

PRINCIPLE 3 : CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms Janet LC Tan is both the Chairman of the Board ("Chairman") and the CEO of the Group. Provision 3.1 of 2018 Code recommends that the Chairman and Chief Executive Officer are separate persons. However, the Company varied from this provision. The Board is of the view that it is not necessary to separate the roles of the Chairman and the CEO given the current corporate structure and scope of the Group's operations. There is also a balance of power and authority with the various committees chaired by independent directors.

As a Chairman, Ms Janet LC Tan's responsibilities are as follows:

(a) leads Board to enable the Board to discharge its duties effectively, and to maintain and enhance the Group's standards of corporate governance;

(b) sets the agenda and ensure that sufficient information and time are available to discuss all items on the agenda;

(c) promotes openness and debate by all directors at the Board meetings;

(d) facilitates effective communication with shareholders; and

(e) encourages constructive relations within Board.

The CEO is responsible for the day-to-day management of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management and in developing the business of the Group.

As the CEO and Chairman is the same person, the Board has appointed one of its independent directors, Mr Gurbachan Singh, Chairman of the NC and RC, as the lead independent director. The lead independent director acts as a bridge between independent directors and the Chairman and is also available to shareholders if they have concerns relating to matters which contact through the normal channels of Chairman/CEO or executive directors has failed to resolve, or where such contact is inappropriate.

PRINCIPLE 4 : BOARD MEMBERSHIP

The Company's Constitution requires one-third of the directors to retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting (AGM). Every director must retire from office and may submit himself for re-nomination and re-election at least once every three years. The Company has no alternate directors on its Board.

In 2022, the NC comprised three members, two of whom were independent directors. The Chairman is Mr Gurbachan Singh who is the lead independent director. Other members of the NC are Mr Yam Mow Lam and Ms Janet LC Tan. The terms of reference of the NC include:

(a) to make recommendations to the Board on the re-nomination and re-election of directors, having regard to each director's contribution and performance;

(b) to review on an annual basis whether a director is independent;

(c) to review whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company; and

(d) to make recommendations to the Board on new appointments to the Board.

CORPORATE GOVERNANCE STATEMENT

The NC will review the range of skills, expertise, attributes and composition of the Board. It is the responsibility of the NC to identify whether there is a need for an additional director to join the Board or an existing director is required to retire from office. The NC will shortlist candidates with the appropriate profile for nomination or re-nomination. In the evaluation of the performance and contribution of a director, the NC will consider factors such as attendance, participation, requisite skills, and related knowledge of the director.

Key information regarding the directors is disclosed on page 3: "Corporate Information" 5: "Board of Directors" and 97: "Additional Information on Directors Seeking Re-Election" of this annual report, respectively.

In line with 2018 Code, the NC introduced the peer assessment of independence of each director who has served the Board beyond nine years. The peer assessments considered, amongst others, the contribution by the director, the uniqueness of his skills and participation at meetings. Having carried out their review for FY 2022 and taking into account the view of the NC, the Board determined that Mr Yam Mow Lam, who was appointed on 29 July 2003, be considered independent notwithstanding that he has served on the Board beyond nine years. Mr Yam Mow Lam has contributed effectively by providing impartial and autonomous views, advice and judgement. He has continued to demonstrate strong independence in character and mind.

In assessing the independence of the director who has served beyond nine years, the Board has carried out a particularly rigorous review and has assessed in accordance to the 2018 Code's definition. The Board has taken into consideration of the following factors in assessing the independence of Mr Yam Mow Lam:

(a) he is able to exercise independent judgement in the best interest of the Company as they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers;

(b) he is able to develop the significant insights into the Group's business and operations over the years and continuing to provide invaluable contribution objectively to the Board as a whole; and

(c) he contributes to the Board in terms of professionalism, integrity, objectively and ability to exercise independent character and judgement in their deliberation in the interests of the Company.

Therefore, the Board continued to deem Mr Yam Mow Lam as Independent Director.

2018 Code requires listed companies to disclose the principal commitments and board representations on other listed companies that their directors may hold, in the annual report. The NC has set the guidelines on the maximum number of board appointment in listed companies that a director can hold to ensure that directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each director cannot have more than nine listed board representations including the Company. Nevertheless, as the number of board representations should not be the only measure of a director's commitment and ability to contribute effectively, the NC takes the view that if a director wishes to hold board representations that are more than the maximum stated per the guidelines, the request must be made to the Chairman of the Board for approval.

CORPORATE **GOVERNANCE STATEMENT**

List of directorships or chairmanships held as at date of this annual report or the past 3 years in other listed companies

Name of Director	Company	Date of Appointment	Date of Resignation/ Retirement
Gurbachan Singh	GSM Law LLP	24 April 2014	–
Yam Mow Lam	Robert Yam & Co PAC	11 April 1973	–
	Bright Vision Hospital	26 September 2011	–
Wang Kai Yuen	China Aviation Oil (Singapore) Corporation Ltd	28 April 2008	24 April 2019
	Ezion Holdings Limited (delisted on 24 June 2022)	28 July 2000	22 February 2022
	ComfortDelgro Corporation Limited	18 February 2003	29 April 2022
	Cosco Shipping International (Singapore) Co., Ltd.	2 May 2001	–
	Hong Lai Huat Group Limited	1 May 2006	–
	Emas Offshore Limited (delisted on 02 August 2021)	26 April 2007	–

PRINCIPLE 5 : BOARD PERFORMANCE

The NC will review and evaluate the performance of the Board as a whole once a year, taking into consideration attendance record at meetings of the Board and Board Committees, and the contribution of each individual director to the effectiveness of the Board. The assessment criteria covers areas such as board composition, information management, board processes, managing board's performance, effectiveness of Board Committees, director's development, and risk management.

Each director completes the Board evaluation questionnaire that encumbers areas mentioned above. The completed questionnaires are submitted directly to the company secretary who will collate the responses and present to the NC. The NC will analyze the report and presents its findings to the Board. The Board will discuss the findings and agree on the appropriate actions to address the issues. The Chairman will follow up on the actions required.

After considering the results and action items from the 2021 Board and Board Committee evaluation report, the NC decided to use the same evaluation questionnaire for 2022.

In respect of individual directors, an evaluation is also carried out on an annual basis. For FY 2022, the Board Chairman evaluated each individual director based on an appraisal framework as a guide. The evaluation criteria include director's duties, contributions and conduct.

The outcome of the evaluation is that each director pulls his or her weight, and contributes to Board deliberations. Each one of them participates actively and is fully engaged in Board deliberations. Additionally, directors work well with one another, and with Management, contributing to the overall smooth functioning of the Board. Whilst collegial, deliberations at meetings were open, constructive, robust, and conducted on a professional as well as on a respectful basis. Management has also provided positive feedback on the performance and contributions of each individual director, noting that the relationship between the Board and Management is healthy and good. Directors are also generally accessible to Management outside the formal environment of Board and/or Board Committee meetings. As with the outcome for the Board and Board Committee evaluations, there are no concerns or issues affecting any director requiring attention or follow-up work.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6 : PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC makes recommendation to the Board on the framework of remuneration for the directors and key executives of the Company and its subsidiaries. Separate service agreements have been established for the executive directors.

In 2022, the RC comprised three members, all of whom were independent directors. The Chairman is Mr Gurbachan Singh. Other members of the RC are Mr Yam Mow Lam and Dr Wang Kai Yuen.

The terms of reference of the RC include:

(a) to make recommendations to the Board on the framework of remuneration for the directors and key executives;

(b) to review remuneration packages of group employees who are immediate family members of any of the directors or substantial shareholders of the Company;

(c) to make recommendations to the Board on specific remuneration packages for each executive director and the CEO of the Company and its subsidiaries;

(d) to review all benefits and performance incentive schemes and compensation packages for the directors and key executives of the Company and its subsidiaries; and

(e) to review annual remuneration of Board and key management personnel to be disclosed in the Company's Annual Report.

Currently, the RC does not deem it necessary to seek expert advice on remuneration of all directors, as they are of the view that remuneration is in line with our industry peers.

On an annual basis, the RC reviews the Company's legal obligation in the event of termination of an executive director or key management personnel. Such contracts of service shall contain fair and reasonable termination clauses.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

Remuneration of Executive Directors

The RC ensures the level and structure of remuneration is aligned with the long-term interest of the Company and the Group, and is appropriate to attract, retain and motivate the directors to provide good stewardship of and to run the Company successfully. Remuneration for executive directors comprises a base salary, and performance bonus tied to the Group's and individual's performance.

The Company's remuneration framework for its key executives comprises fixed pay and short-term and long-term incentives. The Company advocates performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the country/station's and individual key executive's performance.

The Company measures the performance of executive directors and key executives based on the financial performance of each subsidiary and non-financial indicators such as quality of earning streams indicated by customer base of that subsidiary.

The RC has the discretion not to award and forfeit the incentives component of the remuneration of the executive directors or key executives, in the event that any misstatement of financial statements or misconduct resulting in financial loss to the Company.

CORPORATE **GOVERNANCE STATEMENT**

Remuneration of Non-Executive Directors

Our three (3) non-executive directors, who incidentally are also all independent directors, each has no service agreement (except for the letter of appointment) with the Company. Their terms in office are specified in the Constitution. When reviewing the structure and level of directors' fees for the non-executive directors, the RC takes into consideration the non-executive directors' respective roles and responsibilities in the Board, Board Committees, and the frequency of Board and Board Committee meetings.

The RC is mindful that the remuneration for non-executive directors should not be excessive so as not to compromise or reasonably be perceived to compromise their independence. None of our RC members is involved in deliberating and deciding in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

The Board concurred with the RC that the proposed directors' fees for the non-executive directors for the year ended 31 December 2022 was appropriate and not excessive, having regards to the level of contribution by each of the directors, effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of each non-executive director.

The RC recommended directors' fees for non-executive directors for the Board's approval. The framework for determining the non-executive directors' fees for the financial year ended 31 December 2022 remained the same as for the previous financial year.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

Disclosure on Directors' Remuneration

The following table shows the composition (in percentage terms) of the remuneration of directors of the Company for the financial year ended 31 December 2022:

Directors	Remuneration band S$	Fees %	Salaries %	Provident fund %	Bonus %	Allowances/ Benefits %	Total %
Chief Executive Officer(1)	750,000 to 1,000,000	5.1%	40.7%	2.8%	50.9%	0.5%	100.0%
Executive Director(2)	750,000 to 1,000,000	3.5%	43.9%	2.3%	43.4%	6.9%	100.0%
Executive Director(3)	300,000 to 400,000(4)	10.8%	18.5%	6.6%	56.3%	7.8%	100.0%
Independent Director(5)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director(6)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director(7)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director(8)	Below 250,000	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Notes:

Directors
(1) *Janet LC Tan, first appointed as director on 3 March 2003 and last re-elected on 26 June 2020. Ms Janet LC Tan is a substantial of shareholder of the Company. She is a sibling of Ms Tan Lay Yong Jenny, who is also a director of the Company. Refer to Note (3) below.*
(2) *Irene Tay Gek Lim, first appointed as director on 20 May 2004 and last re-elected on 28 April 2022.*
(3) *Tan Lay Yong Jenny, first appointed as director on 3 March 2003 and last re-elected on 27 April 2021. She is a sibling of Ms Janet LC Tan, who is a director, Chief Executive Officer, Chairman, and a substantial shareholder of the Company.*
(4) *In accordance to Provision 8.2 in Code of Corporate Governance 2018, Ms Tan Lay Yong Jenny is an immediate family member of Ms Janet LC Tan. Refer to Note (3) above. Accordingly, the band indicated is no wider than S$100,000.*
(5) *Yam Mow Lam, first appointed as director on 29 July 2003 and last re-elected on 26 June 2020.*
(6) *Gurbachan Singh, first appointed as director on 29 April 2016 and last re-elected on 28 April 2022.*
(7) *Wang Kai Yuen, first appointed as director on 13 May 2022.*
(8) *The Late Choh Thian Chee Irving, who first appointed as director on 29 July 2003 and last re-elected on 27 April 2021, had ceased his directorship on the date of his demise on 27 February 2022.*

CORPORATE **GOVERNANCE STATEMENT**

The Company has not fully disclosed the remuneration of each individual director and the CEO as the Board believes that such disclosure is not in the best interest of the Company, given the confidentiality and sensitivity nature of the remuneration matter and the highly competitive business environment the Group operates in.

Ms Tan Lay Yong Jenny who is the sister of the CEO/substantial shareholder, Ms Janet LC Tan has annual remuneration exceeded S$100,000 in 2022. Disclosure on Ms Tan Lay Yong Jenny's remuneration is made in the above table under the section on "Disclosure on Directors' remuneration".

Disclosure on five top-earning key executives' remuneration

The bonuses for the Group's senior management were determined after taking into account the achievement of specified individual and organizational keys performance index set for FY 2022.

The table below shows the gross remuneration of the five top-earning executives for the financial year ended 31 December 2022:

Key Executives	Remuneration band S$	Salaries %	Commission/ bonus %	Defined contribution plan %	Allowances/ benefits %	Total %
Executive(1)	500,000 to 750,000	89.2%	0.0%	0.0%	10.8%	100.0%
Executive(2)	250,000 to 500,000	29.8%	47.4%	3.0%	19.8%	100.0%
Executive(3)	250,000 to 500,000	70.4%	29.6%	0.0%	0.0%	100.0%
Executive(4)	250,000 to 500,000	15.5%	80.5%	4.0%	0.0%	100.0%
Executive(5)	250,000 to 500,000	100.0%	0.0%	0.0%	0.0%	100.0%

Notes:

Key executives
(1) Zhao Xiwang; (2) Goh Ah Koi; (3) Yeo Chai Ying Josephine; (4) Liu Shanshan; (5) Chim Kiam Choong

The Company has not disclosed the remuneration as the Board believes that such disclosure is not in the best interest of the Company, given the confidentiality and sensitivity nature of the remuneration matter among staff and the highly competitive business environment the Group operates in. The Board is of the view that disclosure of specific information may affect the retention of competent personnel in a competitive industry where poaching of executives is prevalent.

CORPORATE **GOVERNANCE STATEMENT**

PRINCIPLE 9 : RISK MANAGEMENT AND INTERNAL CONTROLS

The Company's risk management and internal control structures consist of policies and procedures established to provide reasonable assurance to safeguard the assets of the Group against material misstatement, risks or loss. The Company's risk management and internal controls include the following:

(i) accounting and finance functions, including funding and liquidity risks;

(ii) operational risks arising from:

   (a) potential inadequate or weak internal processes, people or systems, or from external events;

   (b) credit risk of customers;

   (c) risk concentration;

   (d) geographical or country risk exposures; and

   (e) compliance of rules, regulations, or by-law;

(iii) information technology risks arising from weak controls. Our policy and procedures include preventive steps and measures taken, and procedures for remedial actions; and

(iv) reputational risks which are the risks relating to our shareholder value in the event of adverse publicity. This may in turn affect our business relationships with all stakeholders, including shareholders, staffs, customers, and service providers. Reputational risks tend to occur when the other risks are poorly managed.

The Company has instituted a risk management and internal control framework, policies and systems to cover each of the above items in the preceding paragraph. The framework defines the roles and responsibilities of both business and support units. The design and implementation of risk management and internal control system are managed and reviewed by senior management. Key documentation, including delegation of authority, control process and operational procedures are disseminated to staff.

Our Audit & Risk Management Committee ("ARMC"), the composition and duties and responsibilities which are elaborated in Principle 10 on page 25 of this annual report, has the overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. The identification and day-to-day management of risks rest with Management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within an acceptable risk tolerance.

Periodic internal assessments in key areas of the Group's operations are conducted by Management to evaluate the adequacy and effectiveness of the risk management and internal control systems. The results of these assessments will be reported to ARMC. The significant risks in the Group's business, including mitigating measures, are reviewed by ARMC on a regular basis.

For the financial year ended 31 December 2022, the CEO and senior members of the Group's finance team had provided representation to the external auditors and ARMC on the integrity of the financial statements and on the adequacy and effectiveness of the risk management and internal control systems, addressing each of the risks items specified in the opening paragraph of this Principle.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 10 : AUDIT COMMITTEE

In 2022, our Audit Committee was renamed as the "Audit & Risk Management Committee" ("ARMC"). Our ARMC comprised three (3) members, all of whom were independent and non-executive directors. The Chairman is Mr Yam Mow Lam. Other members of the ARMC are Dr Wang Kai Yuen and Mr Gurbachan Singh. Mr Gurbachan Singh has related expertise particularly in corporate taxation which requires a fair understanding in financial matters. With their collective wealth of experience and expertise on accounting and financial management, the members of the ARMC are appropriately qualified to discharge their responsibilities competently. The terms of reference of the ARMC include:

(a) to review the financial statements and recommend to the Board for approval;

(b) to review the scope and results of the external audits and the independence and objectivity of the external auditors;

(c) to review the audit plans of the external auditors;

(d) to review the external auditors' reports;

(e) to nominate the external auditors for re-appointment;

(f) to review interested person transactions;

(g) to review financial results before announcements;

(h) to review adequacy and effectiveness of the internal audit function; and

(i) to review adequacy and effectiveness of risk management policies and internal control systems established by the Company. Further details on our risk management and internal controls are elaborated in Principle 9 on page 24 of this annual report.

The ARMC also reviews the significant financial reporting issues and assessments on the integrity of the financial statements of the Company and all corporate announcements.

In addition, the Chairman of the ARMC is a practising member of the Institute of Chartered Accountants of Singapore and keeps himself abreast of the changes to accounting standards and issues. The ARMC meets with the external auditors without the presence of the Management, once a year.

The ARMC oversees the scope, adequacy and results of external audit, and the independence and objectivity of the external auditors annually. For the financial year under review, the ARMC has reviewed all non-audit services provided by the Company's external auditors and is satisfied with their independence and objectivity. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 8 of the Notes to the Financial Statements on page 66 of this annual report.

The Company's external auditors, Baker Tilly TFW LLP, are registered with and regulated by the Accounting and Corporate Regulatory Authority. The ARMC has recommended to the Board the re-appointment of Baker Tilly TFW LLP as the Company's external auditors at the forthcoming AGM.

Having regard to the above, the Company has complied with Listing Manual Rule 712 in relation to the appointment of its external auditors.

CORPORATE **GOVERNANCE STATEMENT**

The Company has also complied with Listing Manual Rule 715 (1) and (2); and Rule 716 (1) and (2) with regard to the appointment of auditors for its Singapore incorporated subsidiaries and associated companies; and in the appointment of auditors for its significant foreign-incorporated subsidiaries and associated companies.

None of the Company's ARMC members is a former partner of the Company's existing audit firm, in the last 2 years of his cessation as a partner of the auditing firm, nor does he has any financial interest in the auditing firm.

The ARMC has expressed authority to investigate any matter within its terms of reference. In addition, the ARMC has full access to Management and may invite any director or executive officer to attend its meetings to adequately discharge its investigating functions. The ARMC may seek co-operation from Management and full support of resources to perform its functions.

The ARMC has established procedures for the staff of the Company and its subsidiaries to raise any improprieties of any employee, or any improprieties in matters relating to financial or corporate affairs, or any other matters of the Company or its subsidiaries in good faith and confidence without fear of reprisals or concerns to the ARMC directly. These procedures are implemented to ensure that an independent investigation of such matters will be conducted, and that appropriate remedial action be taken. Details of the Whistle-blowing Policy can be found in the Staff Handbook.

The Board ensures that the management maintains a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The ARMC conducts annual review to assess the adequacy and appropriateness of the internal audit capabilities within the Group. The ARMC has discretion from time to time to outsource internal audit function to independent third parties, depending on circumstances of each situation. The internal audit function is conducted by qualified accountants with audit experience. The internal auditors conduct their duties based on internationally recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unrestricted access to the Group's accounting records, documents, properties and personnel. The internal auditors' duties encompass reviewing the Company's material internal controls consisting of financial, operational and compliance controls as well as risk management. The internal audit reviews all areas of operations. The internal auditor has direct access and reports directly to the ARMC as the ARMC oversees the internal audit function. The ARMC reviews the adequacy and effectiveness of the internal audit function at least once a year. The ARMC will also meet with the internal auditors at least once a year.

The Company's internal audit function was carried out by an external independent audit firm during the financial year ended 31 December 2022. During the financial year, the internal auditor conducted an audit on one of its subsidiaries. The independent audit firm's scope of audit includes: (i) evaluating the adequacy and effectiveness of the subsidiary's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets; and (ii) reviewing whether the subsidiary comply with laws and regulations and adhere to established policies. The detailed report on the summary of the internal audit findings was issued to the ARMC. The external auditors of the Company also have access to the internal audit report.

The ARMC reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, the risk management policies and systems established by the Company. Having regard to the above, the Board, with the concurrence of the ARMC, was of the opinion that the internal controls, addressing the financial, operational, compliance and information technology risks of the Company, were adequate as at 31 December 2022, to meet the needs of the Group in its current business environment. This is based on the internal controls established and maintained by the Company; the regular reviews performed by management; and the work performed by the internal and external auditors.

CORPORATE **GOVERNANCE STATEMENT**

The internal audit and the internal controls systems put in place by management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls systems against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

The ARMC also reviews the assurance provided by the CEO and senior members of the Group's finance team on the integrity of the financial statements and financial records and is satisfied that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

PRINCIPLE 11 : SHAREHOLDERS' RIGHTS AND CONDUCT OF GENERAL MEETINGS

In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act 1967, all shareholders are treated 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's policy is to give shareholders a balanced and understandable assessment of its performance, position and prospects. These include the following:

(i) Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant, rules and procedures governing such meetings, for instance, how to vote, are clearly communicated.

(ii) The Company ensures that there are separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Shareholders are given the opportunity to raise questions and clarify any issue before the resolutions are to be passed.

(iii) The attendance of directors at the General Meeting held during the 2022 year was as follows:

Board of Directors	Annual General Meeting on 28 April 2022
Janet LC Tan	√
Tan Lay Yong Jenny	√
Irene Tay Gek Lim	√
Yam Mow Lam	√
Gurbachan Singh	√

The Company's Constitution permits a shareholder to appoint not more than two proxies to attend, speak and vote at general meetings in his/her stead.

The external auditors and members of the ARMC, NC and RC are present at the AGM to address any questions raised by the shareholders.

A copy of the Company's notice of annual general meeting ("AGM"), proxy form, annual report and letter to shareholders are posted on the Company's website (www.asonic-aerospace.com) and released via SGXNET.

CORPORATE **GOVERNANCE STATEMENT**

(iv) Provision 11.4 of the Code provides for a Company's Constitution to allow for absentia voting at general meetings of shareholders. However, the authentication of shareholders' identity information and other related integrity issues still remain a concern. For the time being, the Company does not implement voting in absentia by mail or electronic means. Despite the deviation from Provision 11.4 of the Code, each shareholder nevertheless has the opportunity to communicate his/her view even when he/she is not in attendance. Pursuant to the Company's Constitution, a shareholder may appoint up to two proxies to attend, speak and vote at all general meetings on his/her behalf in the event that he/she is unable to attend the meetings.

(v) All resolutions at AGM are put to vote by poll. This allows greater transparency and a more equitable participation by shareholders. The results of votes by poll are announced at the AGM, and after the AGM via SGXNET. In addition, minutes of general meetings are prepared, including comments and queries from shareholders and responses from the Board and Management. The minutes are published on the Company's corporate website and via the release of announcement through SGXNET as soon as practicable.

(vi) The Company currently does not have a fixed dividend policy. The dividend paid each year will depend on factors that include the Group's performance and its business plans to achieve sustainable economic long term growth. In the event there is a declaration of dividends, details of dividend payment will be disclosed via the release of the announcement through SGXNET.

PRINCIPLE 12 : ENGAGEMENT WITH SHAREHOLDERS

In addition to the timely public announcements made on SGXNET, the Company maintains a website (www.asonic-aerospace.com) to bring public awareness to the Group. The shareholders and public can provide feedback to the Company via the electronic mail address or the registered address. Calls and emails requesting for information are attended to promptly.

The Company discloses information timely on SGXNET and all information channels where applicable. In the event of inadvertent disclosure made to a select group, the Company will immediate make the same disclosure to all others promptly. In this regard, the Company has not encountered any inadvertent disclosure to any select group.

In 2022, the Company reported its financial results half yearly and these results were published via SGXNET. It is the policy of the Company to disclose all price-sensitive information promptly and adequately, and release all price sensitive information through SGXNET. In addition to these half yearly results announcements, the Company also announces material corporate developments that would have a bearing on investor decisions via SGXNET.

At relevant and appropriate occasions, our senior management team may conduct investor briefings and presentations, including: (i) roadshows; (ii) press releases; and (iii) webinars with investment research firms to keep investors apprised of the Company and the Group's corporate developments and financial performance.

The aim of such engagements is to provide shareholders and investors relevant information to enable them to have a better understanding of the Company and the Group's businesses and performance.

The Company communicates with its shareholders and the investment community through the timely release of announcements to SGXNET. In addition, the directors regularly interact directly with shareholders and investors, during the Annual General Meeting, and Extraordinary General Meetings where applicable. The Company also responds to enquiries from investors, analysts, fund managers and the press.

Based on the current size and operations of the Group, the Board is of the view that the current practices and the disclosure of information to shareholders as set out above is in line with the intention of Principle 12. Further, shareholders can send questions to the Company's email at corporate@asonic-aerospace.com and the Company will respond to such questions.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 13 : ENGAGEMENT WITH STAKEHOLDERS

The Company is publishing the sustainability report for the financial year ended 31 December 2022 on its own website (www.asonic-aerospace.com). Upon hosting the publication on the website, an announcement will be made on SGXNET. The Company identifies its stakeholders and describes the sustainability approach and engagement with these stakeholders in its sustainability report. A summary of the sustainability report is provided in this annual report.

The Company maintains a website (www.asonic-aerospace.com) to bring public awareness to the Group. The public can provide feedback to the Company via the electronic mail address or the registered address. Calls and emails requesting for information are attended to promptly.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. There is no interested person transaction conducted for the financial year ended 31 December 2022.

DEALINGS IN SECURITIES

The Group has procedures in place prohibiting dealings in the shares of the Company by its officers while in possession of price sensitive information. The Company and its subsidiaries' officers are not allowed to deal in the shares of the Company during the period of one month prior to the announcement of half year and full year results. The Company's directors and its officers, and of its subsidiaries are prohibited from dealing with the Company's securities on short-term considerations. Directors and officers are also expected to observe insider-trading laws at all times.

CORPORATE **GOVERNANCE STATEMENT**

Summary of Disclosures

Express disclosure requirements in the Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018.

Principles and provisions of the 2018 Code	**Page Reference in A-Sonic Annual Report 2022**
Provision 1.2 The induction, training and development provided to new and existing directors.	Page 13 & 14
Provision 1.3 Matters that require Board approval.	Page 14
Provision 1.4 Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Page 15 to 27
Provision 1.5 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings.	Page 15
Provision 2.4 The board diversity and progress made towards implementing the board diversity policy, including objectives.	Page 16 & 17
Provision 3.1 Relationship between the Chairman and the CEO if they are immediate family members.	Page 18
Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	Page 19
Provision 4.4 Where the Board considers a director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the director's relationship and the reasons for considering him or her as independent should be disclosed.	Page 19
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties are disclosed.	Page 19 & 20, "Board of Directors"
Provision 5.2 How the assessments of the Board, its Board committees and each director have been conducted, including the identity of any facilitator and its connection, if any, with the Company or any of its directors.	Page 20
Provision 6.4 The Company discloses the engagement of any remuneration consultants and their independence.	Page 21

CORPORATE **GOVERNANCE STATEMENT**

Principles and provisions of the 2018 Code	**Page Reference in A-Sonic Annual Report 2022**
Principle 8 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation.	Page 21 & 22
Provision 8.1 The Company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	Page 21 to 23
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Page 22
Provision 8.3 The Company discloses all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company, and also discloses details of employee share schemes.	Page 22 & 23
Provision 9.2 Whether the Board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Page 24
Provision 10.1 The Company should publicly disclose, and clearly communicate to employees, the existence of a whistleblowing policy and procedures for raising concerns.	Page 26
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	Page 27
Provision 12.1 The steps taken to solicit and understand the views of shareholders.	Page 27 & 28
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Page 29

SUSTAINABILITY **MANAGEMENT**

At A-Sonic, we believe that sustainability is the foundation of good management practices, and serves to guide us:

(i) to achieve long-term economic value for our business;

(ii) to conduct our business ethically; and

(iii) how our actions and solutions help people – our employees, customers, suppliers, and the community.

The three pillars that motivate and inspire us in our sustainability efforts are:

(i) Performance – Provide solutions to our customers and leverage on innovative technology to develop sustainable long-term economic value for our business;

(ii) Ethical Conduct – Integrity of our employees; and

(iii) People – Cultivate inclusion and holistic wellness of our staff members, their families and the community.

STAKEHOLDRERS

A-Sonic has identified the following as our stakeholders: employees, customers, suppliers, investors and community in which we operate on an on-going, pragmatic basis.

Our stakeholders provide us with valuable insights for improving our business and sustainability strategy through a range of engagement activities – including collaboration on industry initiatives, customer and supplier site visits as well as updates, supplier audits and assessment, international conference participation, employee sessions and feedbacks, annual and extraordinary general meetings with investors, and more.

Based on relative importance to sustainable development and to A-Sonic's business success, the following issues have been identified to be material for the purpose of this report.

ECONOMIC PERFORMANCE

Economic performance is defined as our most material aspect because, like most companies, our economic success enables the execution of our sustainability strategies.

Our primary role in society is to build an integrated team in diverse markets working to provide seamless aviation and logistics solutions. We currently operate in 28 cities in 15 countries, spanning four (4) continents in Asia, North Americas, Europe and Sub-Continent India.

Climate change presents both opportunity and risk to the economic performance of our business. We aim to achieve two goals: (i) economic cost savings; and (ii) reduce our impact on the environment, hence climate change.

ETHICAL CONDUCT

Fundamental to our sustainability is to conduct our business with integrity and protect our reputation. We strive daily to earn our trust from our employees, customers and suppliers. We adopt strong measures to prevent corruption and comply with applicable laws and regulations.

The senior management of A-Sonic executives set a tone of compliance and ethical conduct from the top. A-Sonic is committed to comply with the applicable law and regulation wherever we operate.

SUSTAINABILITY MANAGEMENT

EMPLOYEES

The value that continues to guide us as we grow A-Sonic enterprise is the corporate culture that we build together. Our culture aspires us to make lives better, and at the same time, be pragmatic, to be profitable. While we work hard, push ourselves, we must enjoy our work and have fun. We look to each and every employee to incorporate our sustainability principles into their work.

Our priority is to promote from within the group as a means of engaging and retaining our people, as well as bringing valuable external experience and continuity to our business. We aim to promote from within means that we emphasize on developing our people within their current positions of greater responsibility.

We believe that the process of building a diverse workforce begins with recruiting talented people regardless of their race, religion, gender identity, nationality or age. We reward base on merits and performance.

We adopt a holistic wellness approach for our employees. Our holistic programme focuses on three critical aspects:

(i) physical health and safety;

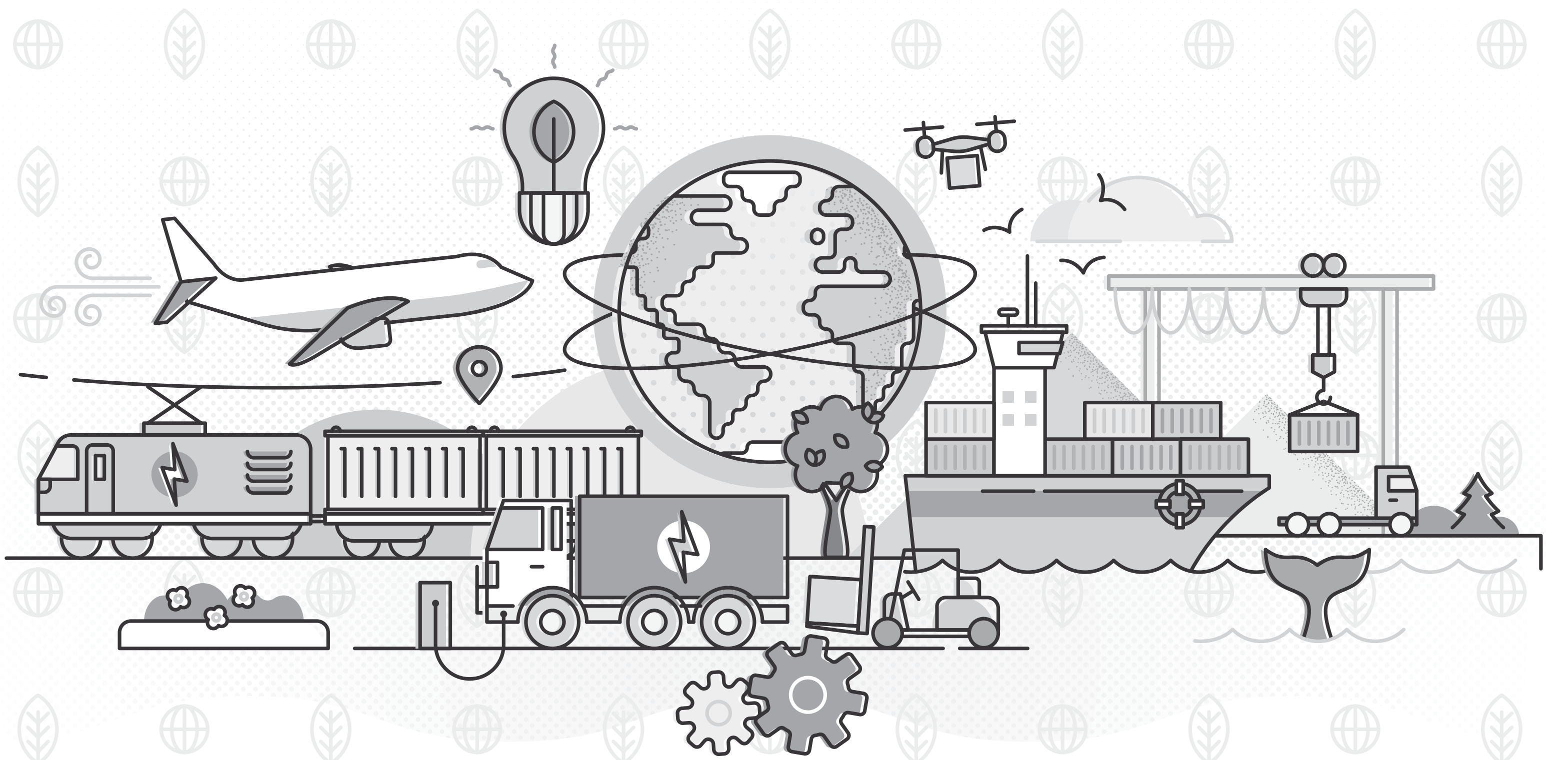
(ii) work-life balance; and

(iii) financial wellness.

We strive to recruit good people and retain them with us for the long-term. Our approach to training and development is one of shared responsibility among the company, individual employees, and their managers.

For more information on A-Sonic's sustainability efforts, the full version of the Sustainability Report is available at www.asonic-aerospace.com by 11 Apr 2023.

FINANCIAL **CONTENTS**



DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 42 to 96 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (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:

Janet LC Tan
Tan Lay Yong Jenny
Irene Tay Gek Lim
Yam Mow Lam
Gurbachan Singh
Wang Kai Yuen

Arrangement to enable directors to acquire benefits

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 object 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' interest 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:

	Number of ordinary shares Shareholdings registered in name of director or nominee		
The Company Name of Directors	**At 1.1.2022**	**At 31.12.2022**	**At 21.1.2023**
Janet LC Tan	33,532,733	54,230,000	54,333,000
Irene Tay Gek Lim	775,600	1,297,562	1,297,562
Yam Mow Lam	23,750	37,108	37,108

By virtue of Section 7(4) of the Act, the director, Janet LC Tan is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (cont'd)

Janet LC Tan, by virtue of her interest of not less than 20% of the issued share capital of the Company is deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group:

	Description of interests	At 1.1.2022	At 31.12.2022
A-Sonic Express Logistics (India) Private Limited	Ordinary shares	4,100,000	4,100,000
A-Sonic Logistics (UK) Ltd	Ordinary shares	102,000	102,000
UBI Logistics Limited	Ordinary shares	71,600	71,600
UBI (HK) International Limited	Ordinary shares	5,100	5,100
UBI Logistics (HK) Limited	Ordinary shares	5,100	5,100
UBI Logistics (Australia) Pty Ltd	Ordinary shares	38,250	38,250
UBI Logistics (China) Limited	Registered capital (Renminbi)	15,408,120	15,408,120
CALS Logistics, Inc.	Ordinary shares	255	255
Ultra Air Cargo Inc.	Ordinary shares	51	51

Share options

During the financial year, there were:

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

ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee during the financial year and at the date of this statement are:

Yam Mow Lam (Chairman)
Gurbachan Singh
Wang Kai Yuen

The Audit and Risk Management Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967. Their functions are detailed in the Corporate Governance Statement contained in the Annual Report.

The Audit and Risk Management Committee 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.

DIRECTORS' STATEMENT

Independent auditor

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

On behalf of the Directors

Janet LC Tan
Director

Irene Tay Gek Lim
Director

6 April 2023

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 42 to 96, which comprise the balance sheets of the Group and of the Company as at 31 December 2022, 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 and the statement of changes in equity of the Company 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 and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

(Refer to Note 2(b) for accounting policy related to revenue recognition and Note 4 for the disclosure related to revenue).

Description of key audit matter

Revenue is one of the key elements in the financial statements used as a measure of financial performance of an entity. The Group's revenue of approximately US$379 million for the financial year ended 31 December 2022 comprises substantially revenue from the logistics segment, representing revenue from the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services. Given the significance of revenue, we identified revenue recognition as a key audit matter which require significant auditor's attention as significant level of effort is required to audit the occurrence and accuracy of the revenue amount.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Revenue recognition (cont'd)

Our audit procedures to address key audit matter:

We obtained an understanding of the revenue cycle process and discussed with management to understand and assess the appropriateness of the Group's revenue recognition policy. We performed test of design and implementation of the relevant key internal controls and test of effectiveness of controls for the significant class of revenue transactions. On a sample basis, we have also tested the occurrence and accuracy of the revenue recorded by performing test of details to verify whether the revenue amount is properly recorded and the performance obligations are fulfilled. We also reviewed 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 2022, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of 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.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

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 Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

6 April 2023

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group	
		2022	2021
	Note	**US$'000**	US$'000
Revenue			
Turnover	4	**378,781**	459,648
Other income:			
– Interest income		**196**	34
– Others	5	**1,054**	1,243
Expenses			
Purchases of goods and consumables used		**(902)**	–
Freight charges		**(344,154)**	(417,602)
Staff costs	6	**(21,263)**	(23,829)
Depreciation of property, plant and equipment	11	**(1,938)**	(1,642)
Depreciation of investment property	12	**(10)**	–
Finance costs:			
– Interest on			
– Lease liabilities	22	**(101)**	(53)
– Bank borrowings	24	**(1)**	(4)
Net impairment gain/(loss) on financial assets	7	**159**	(101)
Other operating expenses	8	**(5,742)**	(7,147)
Share of results of associated companies		**214**	103
Profit before tax		**6,293**	10,650
Taxation	9	**(791)**	(1,550)
Profit for the financial year		**5,502**	9,100
Profit attributable to:			
Equity holders of the Company		**4,878**	6,617
Non-controlling interests		**624**	2,483
Profit for the financial year		**5,502**	9,100
Earnings per share attributable to equity holders of the Company (US cents per share)			
Basic	10	**4.60**	7.04
Diluted	10	**4.60**	6.37

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group	
		2022	2021
		US$'000	US$'000
Profit for the financial year		**5,502**	9,100
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(560)**	(198)
Item that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(139)**	84
Other comprehensive loss for the financial year, net of tax		**(699)**	(114)
Total comprehensive income for the financial year		**4,803**	8,986
Total comprehensive income attributable to:			
Equity holders of the Company		**4,318**	6,419
Non-controlling interests		**485**	2,567
Total comprehensive income for the financial year		**4,803**	8,986

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

BALANCE **SHEETS**

AT 31 DECEMBER 2022

	Note	Group 2022 US$'000	Group 2021 US$'000	Company 2022 US$'000	Company 2021 US$'000
Non-current assets					
Property, plant and equipment	11	**6,150**	6,489	**–**	–
Investment property	12	**564**	–	**–**	–
Investments in subsidiaries	13	**–**	–	**13,538**	13,538
Investments in associated companies	14	**292**	197	**–**	–
Fair value through other comprehensive income	15	**99**	99	**–**	–
Deferred tax assets	16	**1**	7	**–**	–
		7,106	6,792	**13,538**	13,538
Current assets					
Inventories		**–**	902	**–**	–
Trade and other receivables	17	**34,844**	56,948	**57**	7
Contract assets	18	**5,683**	2,522	**–**	–
Due from subsidiaries	19	**–**	–	**1,240**	4,131
Due from associated companies	20	**–**	131	**–**	–
Tax recoverable		**530**	265	**–**	–
Cash and cash equivalents	21	**48,056**	39,438	**7,501**	7,324
		89,113	100,206	**8,798**	11,462
Total assets		**96,219**	106,998	**22,336**	25,000
Non-current liability					
Lease liabilities	22	**1,404**	462	**–**	–
Current liabilities					
Trade and other payables	23	**46,359**	60,931	**514**	803
Contract liabilities	18	**165**	153	**–**	–
Due to subsidiaries	19	**–**	–	**612**	1,670
Due to associated companies	20	**270**	–	**–**	–
Bank borrowings	24	**–**	74	**–**	–
Provisions for liabilities	25	**160**	265	**–**	–
Lease liabilities	22	**794**	947	**–**	–
Tax payable		**1,074**	932	**–**	–
		48,822	63,302	**1,126**	2,473
Total liabilities		**50,226**	63,764	**1,126**	2,473
Net assets		**45,993**	43,234	**21,210**	22,527
Equity					
Share capital	26	**52,507**	51,758	**52,507**	51,758
Accumulated losses		**(171)**	(2,315)	**(31,297)**	(29,231)
Foreign currency translation reserve		**(7,726)**	(7,166)	**–**	–
Equity attributable to equity holders of the Company		**44,610**	42,277	**21,210**	22,527
Non-controlling interests		**1,383**	957	**–**	–
Total equity		**45,993**	43,234	**21,210**	22,527

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Group						
At 1 January 2022	51,758	(2,315)	(7,166)	42,277	957	43,234
Profit for the financial year	–	4,878	–	4,878	624	5,502
Other comprehensive income/(loss)						
Currency translation differences on consolidation	–	–	(560)	(560)	(139)	(699)
Total comprehensive income/(loss) for the financial year	–	4,878	(560)	4,318	485	4,803
Transaction with owner recorded directly in equity						
Issue of share capital	749	–	–	749	–	749
Dividend paid on ordinary shares	–	(2,734)	–	(2,734)	(59)	(2,793)
At 31 December 2022	**52,507**	**(171)**	**(7,726)**	**44,610**	**1,383**	**45,993**
At 1 January 2021	51,758	(8,549)	(6,968)	36,241	(1,551)	34,690
Profit for the financial year	–	6,617	–	6,617	2,483	9,100
Other comprehensive income/(loss)						
Currency translation differences on consolidation	–	–	(198)	(198)	84	(114)
Total comprehensive income/(loss) for the financial year	–	6,617	(198)	6,419	2,567	8,986
Transaction with owner recorded directly in equity						
Dividend paid on ordinary shares	–	(383)	–	(383)	(59)	(442)
At 31 December 2021	51,758	(2,315)	(7,166)	42,277	957	43,234

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

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital US$'000	Accumulated losses US$'000	Total US$'000
Company			
At 1 January 2022	51,758	(29,231)	22,527
Profit and total comprehensive income for the financial year	–	668	668
Issue of share capital	749	–	749
Dividend paid on ordinary shares (Note 28)	–	(2,734)	(2,734)
At 31 December 2022	**52,507**	**(31,297)**	**21,210**
At 1 January 2021	51,758	(31,958)	19,800
Profit and total comprehensive income for the financial year	–	3,110	3,110
Dividend paid on ordinary shares (Note 28)	–	(383)	(383)
At 31 December 2021	51,758	(29,231)	22,527

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	2021
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	**6,293**	10,650
Adjustments for:		
Bad trade debt recovered	**–**	(16)
Impairment allowance for non-trade receivables written back, net	**(2)**	(143)
Impairment allowance for amount due from associated companies written back	**(34)**	(4)
Interest income	**(196)**	(34)
Gain on disposal of property, plant and equipment	**(48)**	(34)
Derecognition of right-of-use assets	**58**	39
(Impairment allowance written back)/impairment allowance for trade receivables, net	**(123)**	196
Property, plant and equipment written off	**3**	–
Bad trade debts written off	**–**	68
Reversal of provision for restructuring costs	**(105)**	–
Depreciation of property, plant and equipment	**1,938**	1,642
Depreciation of investment property	**10**	–
Interest expenses:		
– Lease liabilities	**101**	53
– Bank borrowings	**1**	4
Share of results of associated companies	**(214)**	(103)
Operating cash flow before working capital changes	**7,682**	12,318
Inventories	**902**	–
Receivables and contract assets	**19,610**	(18,734)
Payables and contract liabilities	**(14,665)**	20,199
Effect of foreign exchange rate changes	**(548)**	28
Cash generated from operations	**12,981**	13,811
Income tax paid	**(869)**	(1,164)
Net cash generated from operating activities	**12,112**	12,647
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**293**	203
Interest received	**196**	34
Purchase of property, plant and equipment (Note 11)	**(462)**	(838)
Net cash generated from/(used in) investing activities	**27**	(601)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group	
	2022	2021
	US$'000	US$'000
Cash flows from financing activities		
Decrease/(increase) in bank and fixed deposits pledged	**33**	(413)
Repayment of bank borrowings	**(74)**	(1,678)
Repayment of lease liabilities	**(1,326)**	(993)
Dividend paid	**(2,793)**	(442)
Proceeds on issue of bonus warrants	**749**	–
Interest paid:		
– Lease liabilities	**(101)**	(53)
– Bank borrowings	**(1)**	(4)
Net cash used in financing activities	**(3,513)**	(3,583)
Net increase in cash and cash equivalents	**8,626**	8,463
Cash and cash equivalents at beginning of financial year	**38,647**	30,271
Effect of foreign exchange rate changes	**25**	(87)
Cash and cash equivalents at end of financial year (Note 21)	**47,298**	38,647

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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. 200301838G) is incorporated and domiciled in Singapore. The address of its registered office is at 10 Anson Road, #24-07 International Plaza, Singapore 079903.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 13.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in United States dollar ("US$") and are rounded to the nearest thousand (US$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 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 and 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 a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 INT SFRS(I).

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2022 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 and the Company.

b) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Details of the Group's revenue recognition policies are as follows:

i) Sale of goods

Revenue is recognised when control over a product is transferred to the customer based on the contractual terms which generally coincides with delivery of goods. Revenue from these sales is recognised based on the price specified in the contract. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis. A receivable is recognised when the goods are delivered as this is the point in time when the consideration is unconditional because only the passage of time is required before the payment is due. The Group will bill customer when the goods have been delivered and the customer is required to pay within 30 days from the invoice date.

ii) Rendering of services

Provision of logistic solutions, include international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

The Group generates revenues by purchasing transportation capacity from independent air, ocean and overland transportation providers and reselling that capacity to customers. The revenues reported also include revenues generated from the principal service as well as revenues generated from brokerage services such as customs clearance, documentation, cartage, handling and transfers and delivery of goods that are incidental to the principal service.

Revenue derived from rendering of services is recognised at a point in time generally when the services are rendered to the customer or when the goods to be shipped/delivered is transferred to the customer and the timing of which is determined by the delivery and shipping contractual terms. 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 either bill customer when the service has been performed or on a periodic basis based on agreed billing terms. The customer is required to pay within 30 to 90 days from the invoice date. Contract asset is recognised when service has been performed but not yet billed.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition (cont'd)

ii) Rendering of services (cont'd)

Warehousing services

The Group provides warehouse storage and inventory management services. Such services are recognised as revenue as the performance obligations are satisfied over time.

Other services

Revenue from other services comprises projects for delivery services and management of operations and is recognised on a monthly basis when the services are rendered and billed in accordance with contractual terms. Contract asset is recognised when service has been performed but not yet billed. Where there is advance billing to customer, a contract liability is recognised for billing in excess of revenue recognised.

iii) Interest income

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

iv) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

v) Management fee income

Management fee income is recognised when services are rendered.

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, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. 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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

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.

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. Goodwill is accounted for in accordance with the accounting policy for 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 from 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, consolidated statement of changes in equity and consolidated 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.

e) Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

e) Associated companies (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profits or losses and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

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

Where a group entity transacts with an associated company of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred.

In the Company's financial statements, investments in associated companies are carried at cost less accumulated impairment loss. On disposal of investment in associated companies, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

f) Property, plant and equipment

Property, plant and equipment are initially recognised 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.

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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

f) Property, plant and equipment (cont'd)

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.

Depreciation

No depreciation is provided on freehold land. Depreciation is calculated on a straight-line basis to allocate the depreciable amounts of other property, plant and equipment over their expected useful lives/lease terms. The estimated useful lives/lease terms are as follows:

	Years
Building on freehold land	20 – 30
Leasehold office units	2 – 50
Electrical equipment, tools and machinery	5
Computer equipment	1 – 5
Furniture, fixtures and fittings	3 – 5
Motor vehicles	2 – 10

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.

g) Investment property

Investment property is property held by the Group either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 32 years. The residual value, useful live and depreciation method of investment property are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the change arise.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to net book value and reclassified accordingly.

2 Summary of significant accounting policies (cont'd)

h) Impairment of non-financial assets excluding goodwill

At each balance sheet date, the Group assesses the carrying amounts 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 the higher of fair value less costs to sell 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 previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

i) Inventories

Inventories comprising aircraft and aircraft engines are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

j) 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 (e.g. leases of tablet and personal computers, small items of office equipment and telephones). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

j) Leases (cont'd)

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

Lease liabilities

The lease liabilities are 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 liabilities 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 liabilities are presented as a separate line in the balance sheets.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities 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 such as 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.

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 liabilities, lease payments made at or before the commencement date, initial direct costs, less any lease incentives 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 lives of the underlying assets. 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.

2 Summary of significant accounting policies (cont'd)

j) Leases (cont'd)

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

Right-of-use assets (cont'd)

The right-of-use assets are included in 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(h).

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient.

k) Income taxes

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.

Deferred 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.

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries and associated companies, 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 the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

l) 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 in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

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

i) Debt instruments

Debt instruments for the Group and the Company include cash and bank balances, trade receivables, other receivables (excluding prepayments), due from subsidiaries and due from associated companies.

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.

2 Summary of significant accounting policies (cont'd)

l) Financial assets (cont'd)

Subsequent measurement (cont'd)

i) Debt instruments (cont'd)

Amortised cost (cont'd)

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.

ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

The Group has designated certain of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

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 and contract assets 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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

l) Financial assets (cont'd)

Impairment (cont'd)

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.

m) Financial liabilities

Financial liabilities include trade and other payables (excluding accrual for unutilised leave), due to subsidiaries, due to associated companies, bank borrowings and lease liabilities. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. 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.

n) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

o) Provisions for other liabilities (cont'd)

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

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (Note 2(j)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

p) Employee benefits

Employee leave entitlement

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

q) Foreign currencies

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 that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is the Company's functional 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. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Summary of significant accounting policies (cont'd)

q) Foreign currencies (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 recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (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 taken to the foreign currency translation reserve.

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.

r) 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 in the period in which they are approved by the Company's shareholders.

s) 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.

t) Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise bank and cash balances and fixed deposits that form an integral part of the Group's cash management and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

2 Summary of significant accounting policies (cont'd)

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur 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.

v) Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; or

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

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

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

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

Contingent liabilities and assets are not recognised on the balance sheets of the Group and the Company.

w) 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.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 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.

Calculation of loss allowance

Management determines the loss allowance on receivables and contract assets by categorising them based on shared credit risk characteristics, historical loss patterns and historical payment profiles. The Group also assesses at the end of the reporting period whether there is any objective evidence that the receivables and contract balances from individual customers are credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delay in repayments.

Based on the simplified approach, there was no significant exposure to the expected credit loss on trade receivables. Details of ECL measurement and carrying values of trade receivables and contracts assets at reporting date are disclosed in Note 31(b).

4 Turnover

The principal activities of the Group are (i) sale of aircraft engines and aircraft components, (ii) provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

Turnover represents income from the sale of aircraft engines and aircraft components; and the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

	Group	
	2022	2021
	US$'000	US$'000
Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance and airport ground services	**377,480**	459,610
Sales of goods	**1,301**	38
	378,781	459,648
Timing of revenue recognition		
At a point in time		
– Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance and airport ground services	**361,510**	443,263
– Sales of goods	**1,301**	38
Over time		
- Provision of warehousing and other services	**15,970**	16,347
	378,781	459,648

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 Other income

	Group	
	2022	2021
	US$'000	US$'000
Government grants	**305**	791
Recharged expenses	**116**	49
Warehouse management system services fee	**138**	135
Other miscellaneous income	**495**	268
	1,054	1,243

The Group's government grants include the Jobs Growth Incentive ("JGI") and Jobs Support Scheme ("JSS") of US$121,272 (2021: US$20,093) and US$Nil (2021: US$392,214) respectively. The JGI supports employers to expand local hiring from September 2020 to March 2023. Under the JSS, the Singapore Government has co-funded gross monthly wages paid to each local employee.

6 Staff costs

	Group	
	2022	2021
	US$'000	US$'000
Key management personnel		
Directors of the Company:		
– Remuneration and related costs	**1,097**	1,300
– Fees	**115**	157
– Defined contribution plan	**40**	62
Other key management personnel:		
– Remuneration and related costs	**509**	445
Other staff		
– Remuneration and related costs	**17,676**	20,355
– Defined contribution plan	**1,826**	1,510
	21,263	23,829

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 Net impairment gain/(loss) on financial assets

	Group	
	2022	2021
	US$'000	US$'000
Impairment allowance for trade receivables (Note 17(a))		
– Written back	**173**	16
– Additional allowance made	**(50)**	(212)
	123	(196)
Impairment allowance for non-trade receivables		
– Third parties (Note 17(b))		
– Written back	**2**	145
– Additional allowance made	**–**	(2)
– Associated companies (Note 20)		
– Written back	**34**	4
	36	147
Bad trade debts recovered	**–**	16
Bad trade debts written off	**–**	(68)
	159	(101)

8 Other operating expenses

	Group	
	2022	2021
	US$'000	US$'000
Other operating expenses are determined after debiting/(crediting) the following:		
Auditors' remuneration		
– Auditor of the Company	**68**	64
– Other auditors – network firms	**24**	33
– Other auditors – non-network firms	**53**	49
Fees for non-audit services paid to:		
– Auditor of the Company	**6**	5
– Other auditors – network firms	**–**	4
– Other auditors – non-network firms	**3**	15
Rental expenses (Note 29)	**511**	677
Foreign currency exchange (gain)/loss	**(99)**	387
Computer & related expenses	**326**	1,008
Entertainment expenses	**560**	298
Legal and professional fees	**681**	803
Office expenses	**280**	770
Repair and maintenance of motor vehicles	**1,484**	1,110
Transport and travelling expenses	**413**	354

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 Taxation

	Group	
	2022	2021
	US$'000	US$'000
Tax expense attributable to profits is made up of:		
Current financial year		
– Income tax expense	**1,043**	1,551
Prior financial years		
– Over provision of income tax expense	**(258)**	(4)
– Under recognition of deferred tax assets (Note 16)	**6**	3
	791	1,550

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profits in the countries where the Group operates due to the following factors:

	Group	
	2022	2021
	US$'000	US$'000
Profit before tax	**6,293**	10,650
Tax at the domestic rates applicable to profits in the countries where the Group operates	**1,432**	2,143
Expenses not deductible for tax purposes	**67**	71
Income not subject to tax	**(81)**	(120)
Utilisation of unrecognised deferred tax assets	**(318)**	(369)
Over provision of tax expense in prior financial years	**(258)**	(4)
Under recognition of deferred tax assets in prior financial years	**6**	3
Change in unrecognised temporary differences	**9**	(203)
Others	**(66)**	29
	791	1,550

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 Profit per share

The calculation of the basic earnings per share was based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding, calculated as follows:

a) Basic earnings per share

	Group	
	2022	(Restated) 2021
Profit after tax attributable to equity holders of the Company (US$'000)	**4,878**	6,617
Weighted-average number of ordinary shares in issue for basic earnings per share ('000)	**106,005**	94,041
Basic earnings per share (US cents)	**4.60**	7.04

b) Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2022	(Restated) 2021
Profit after tax attributable to equity holders of the Company (US$'000)	**4,878**	6,617
Weighted average number of:		
Ordinary shares used in calculation of basic earnings per ordinary share	**106,005[3]**	94,041[1]
Potential ordinary shares issuable under exercise of warrants	**–**	9,917[2]
Weighted average number of ordinary shares outstanding for diluted earnings per share	**106,005**	103,958
Diluted earnings per share (US cents)	**4.60**	6.37

Notes:

(1) The weighted average number of ordinary shares used in calculation of 2021 basic earnings per ordinary share were computed after taking into account of a one (1) bonus share issued for every four (4) existing shares resulting in the issue of 17,781,083 shares on 25 August 2022, and another one (1) bonus share issued for every five (5) existing shares resulting in the issue of 17,781,095 shares on 9 March 2023.

(2) The potential ordinary shares used to compute the "diluted earnings per share" took into account the exercise of 12,652,246 warrants into shares on 14 April 2022 at the exercise price of S$0.08 per warrant.

(3) The weighted average number of ordinary shares used in calculation of 2022 basic earnings per ordinary share were computed after taking into account of: (i) the exercise of 12,652,246 warrants into shares on 14 April 2022; (ii) a one (1) bonus share issued for every four (4) existing shares resulting in the issue of 17,781,083 shares on 25 August 2022; and (iii) another one (1) bonus share issued for every five (5) existing shares resulting in the issue of 17,781,095 shares on 9 March 2023.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 Property, plant and equipment

	Freehold land US$'000	Building on freehold land US$'000	Leasehold office units US$'000	Electrical equipment, tools & machinery US$'000	Computer equipment US$'000	Furniture, fixtures & fittings US$'000	Motor vehicles US$'000	Total US$'000
Group								
2022								
Cost								
As at 1.1.2022	926	1,160	4,472	300	1,920	2,400	7,069	18,247
Additions	–	–	1,254	219	119	328	658	2,578
Reclassified to investment property (Note 12)	–	–	(784)	–	–	–	–	(784)
Disposal	–	–	–	(111)	(34)	(3)	(264)	(412)
Derecognition of right-of-use assets	–	–	(853)	–	–	(73)	(251)	(1,177)
Written off	–	–	–	(1)	(3)	–	–	(4)
Exchange difference	–	–	(125)	4	(56)	(121)	1	(297)
At 31.12.2022	**926**	**1,160**	**3,964**	**411**	**1,946**	**2,531**	**7,213**	**18,151**
Accumulated depreciation								
As at 1.1.2022	–	415	2,260	178	1,719	2,081	5,105	11,758
Depreciation charge	–	42	1,074	25	97	143	557	1,938
Reclassified to investment property (Note 12)	–	–	(210)	–	–	–	–	(210)
Disposal	–	–	–	(2)	(34)	(3)	(128)	(167)
Derecognition of right-of-use assets	–	–	(853)	–	–	(72)	(194)	(1,119)
Written off	–	–	–	(1)	–	–	–	(1)
Exchange difference	–	–	(58)	1	(45)	(106)	10	(198)
At 31.12.2022	**–**	**457**	**2,213**	**201**	**1,737**	**2,043**	**5,350**	**12,001**
Net carrying value								
At 31.12.2022	**926**	**703**	**1,751**	**210**	**209**	**488**	**1,863**	**6,150**
2021								
Cost								
As at 1.1.2021	926	1,160	4,137	185	1,933	2,275	7,425	18,041
Additions	–	–	1,265	117	160	223	516	2,281
Disposal	–	–	–	–	(134)	(38)	(410)	(582)
Derecognition of right-of-use assets	–	–	(929)	–	–	(64)	(328)	(1,321)
Written off	–	–	–	–	(17)	(5)	–	(22)
Exchange difference	–	–	(1)	(2)	(22)	9	(134)	(150)
At 31.12.2021	926	1,160	4,472	300	1,920	2,400	7,069	18,247
Accumulated depreciation								
As at 1.1.2021	–	373	2,419	159	1,802	2,048	5,136	11,937
Depreciation charge	–	42	746	20	92	126	616	1,642
Disposal	–	–	–	–	(135)	(38)	(240)	(413)
Derecognition of right-of-use assets	–	–	(905)	–	–	(61)	(316)	(1,282)
Written off	–	–	–	–	(17)	(5)	–	(22)
Exchange difference	–	–	–	(1)	(23)	11	(91)	(104)
At 31.12.2021	–	415	2,260	178	1,719	2,081	5,105	11,758
Net carrying value								
At 31.12.2021	926	745	2,212	122	201	319	1,964	6,489

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 Property, plant and equipment (cont'd)

a) Net cash outflow from additions of property, plant and equipment are as follows:

	Group	
	2022	2021
	US$'000	US$'000
Aggregate cost of property, plant and equipment acquired	**2,578**	2,281
Less: Additions of right-of-use assets	**(2,116)**	(1,443)
Net cash outflow for purchase of property, plant and equipment	**462**	838

b) Derecognition of right-of-use assets relates to expired and early termination of lease agreements.

c) Right-of-use assets included in property, plant and equipment are disclosed below:

	Leasehold office units US$'000	**Furniture, fixtures & fittings US$'000**	**Motor vehicles US$'000**	**Total US$'000**
Group				
Cost				
At 1.1.2021	1,840	177	497	2,514
Additions	1,265	65	113	1,443
Derecognition of right-of-use assets	(929)	(64)	(328)	(1,321)
Exchange difference	(14)	(2)	(10)	(26)
At 31.12.2021	2,162	176	272	2,610
Additions	1,254	207	655	2,116
Derecognition of right-of-use assets	(853)	(73)	(251)	(1,177)
Exchange difference	(69)	–	12	(57)
At 31.12.2022	**2,494**	**310**	**688**	**3,492**
Accumulated depreciation				
At 1.1.2021	1,211	113	302	1,626
Additions	687	48	178	913
Derecognition of right-of-use assets	(905)	(61)	(316)	(1,282)
Exchange difference	(14)	1	(6)	(19)
At 31.12.2021	979	101	158	1,238
Additions	1,034	57	141	1,232
Derecognition of right-of-use assets	(853)	(72)	(194)	(1,119)
Exchange difference	(6)	–	–	(6)
At 31.12.2022	**1,154**	**86**	**105**	**1,345**
Net carrying amount				
At 31.12.2021	1,183	75	114	1,372
At 31.12.2022	**1,340**	**224**	**583**	**2,147**

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 Investment property

	Group	
	2022	2021
	US$'000	US$'000
Cost		
At 1 January	**–**	–
Reclassified from property, plant and equipment (Note 11)	**574**	–
At 31 December	**574**	–
Accumulated depreciation		
At 1 January	**–**	–
Depreciation charge	**10**	–
At 31 December	**10**	–
Net carrying value		
At 31 December	**564**	–

The following amounts are recognised in profit or loss:

	Group	
	2022	2021
	US$'000	US$'000
Rental income	**55**	–
Direct operating expenses arising from investment property	**(28)**	–

Based on valuation estimated by the Board, the fair value of its investment property located at 10 Anson Road, Singapore 079903 is US$3,466,000. The fair value was determined based on the direct comparison with recent transactions of comparable properties within the vicinity adjusted for differences in key attributes such as property size. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

13 Investments in subsidiaries

	Company	
	2022	2021
	US$'000	US$'000
Unquoted equity shares, at cost	**10,000**	10,000
Amount due from subsidiary	**3,538**	3,538
	13,538	13,538

The amount due from subsidiary is interest-free and has no repayment terms. Management determined that the amount due from subsidiary is quasi-equity in nature and is therefore included in investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Investments in subsidiaries (cont'd)

a) Details of subsidiaries:

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2022 %	2021 %
	Held by the Company				
*	A-Sonic Aviation Solutions Pte. Ltd.	Providing retrofit solutions and the supply of aircraft systems and/or aerospace components	Singapore	**100**	100
*	A-Sonic Logistic Solutions Pte. Ltd.	Investment holding company	Singapore	**100**	100
	Held by A-Sonic Aviation Solutions Pte. Ltd.				
*	SWIFT AirCargo Private Limited	Aircraft ownership and lease/sales of aircraft and aircraft engines	Singapore	**100**	100
	Held by A-Sonic Logistic Solutions Pte. Ltd.				
*	A-Sonic SCM Private Limited	Investment holding and logistics related activities	Singapore	**100**	100
	Held by A-Sonic SCM Private Limited				
*	A-Sonic Logistics Pte. Ltd.	Logistics	Singapore	**100**	100
	Held by A-Sonic Logistics Pte. Ltd.				
#	A-Sonic Logistics (Korea) Co., Ltd	Logistics	Korea	**100**	100
**	A-Sonic Cargoplus (Malaysia) Sdn. Bhd.	Logistics	Malaysia	**100**	100
#	Express Customs Clearance (USA), Inc.	Customs clearance	USA	**100**	100
#	A-Sonic Logistics (Netherlands) B.V.	Logistics	Netherlands	**100**	100
#	A-Sonic Logistics (Australia) Pty Ltd	Logistics	Australia	**100**	100
***	A-Sonic Logistics (Vietnam) Company Limited	Logistics	Vietnam	**100**	100
***	A-Sonic Express Logistics (India) Private Limited	Logistics	India	**90**	90
**	A-Sonic Logistics (Malaysia) Sdn. Bhd.	Logistics	Malaysia	**100**	100

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Investments in subsidiaries (cont'd)

a) Details of subsidiaries (cont'd):

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2022 %	2021 %
Held by A-Sonic Logistics Pte. Ltd. (cont'd)					
***	A-Sonic Logistics (H.K.) Limited	Logistics	Hong Kong S.A.R, The People's Republic of China ("PRC")	**100**	100
***	A-Sonic Marine (H.K.) Limited	Logistics	Hong Kong S.A.R, PRC	**100**	100
#	A-Sonic Logistics (USA), Inc.	Logistics	USA	**100**	100
#	A-Sonic Logistics (R.O.C) Co. Ltd	Logistics	Republic of China	**100**	100
#	A-Sonic Logistics (UK) Ltd	Logistics	United Kingdom	**51**	51
*	A-Sonic Cargoplus Private Limited(2)	Transportation and airport ground services	Singapore	**100**	100
Held by A-Sonic Logistics (H.K.) Limited					
***	UBI Logistics Limited	Investment holding company	Hong Kong S.A.R, PRC	**72**	72
***	A-Sonic Logistics (China) Company Ltd	Logistics	PRC	**100**	100
Held by UBI Logistics Limited					
**	UBI Logistics (China) Limited	Freight forwarding	PRC	**51**	51
**	UBI (HK) International Limited	Investment holding company	Hong Kong S.A.R, PRC	**51**	51
Held by UBI (HK) International Limited					
***	UBI Logistics (HK) Limited	Logistics	Hong Kong S.A.R, PRC	**51**	51
#	UBI Logistics (Australia) Pty Ltd(1)	Logistics	Australia	**38**	38
#	CALS Logistics, Inc.	Logistics	Canada	**51**	51
#	Ultra Air Cargo, Inc.	Logistics	USA	**51**	51

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Investments in subsidiaries (cont'd)

a) Details of subsidiaries (cont'd):

Notes:

(1) The Group's subsidiary, UBI (HK) International Limited has a direct interest of 75% equity interest in UBI Logistics (Australia) Pty Ltd and management considers it a subsidiary as the Group has effective control over it.

(2) Under liquidation

Not required to be audited for the financial year ended 31 December 2022 by law of country of incorporation.

* Audited by Baker Tilly TFW LLP.

** Audited by independent member firms of Baker Tilly International in their respective countries.

*** Audited by other professional firms as follows:

Name of subsidiary	Name of auditors
A-Sonic Logistics (Vietnam) Company Limited	U & I Auditing Company Limited
A-Sonic Express Logistics (India) Private Limited	Balakrishna and Co.
A-Sonic Logistics (China) Company Ltd	Shanghai Victor Voyage Certified Public Accountants Co., Ltd
A-Sonic Logistics (H.K.) Limited	Vision A.S. Limited, CPA
A-Sonic Marine (H.K.) Limited	FastLane CPA Limited
UBI Logistics Limited	FastLane CPA Limited
UBI (HK) International Limited	Vision A.S. Limited, CPA
UBI Logistics (HK) Limited	Vision A.S. Limited, CPA

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ country of incorporation	Effective ownership interest held by NCI 2022 %	2021 %
UBI Logistics (China) Limited	PRC	**49**	49
UBI Logistics (Australia) Pty Ltd	Australia	**62**	62
UBI Logistics (HK) Limited	Hong Kong S.A.R, PRC	**49**	49

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Investments in subsidiaries (cont'd)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

Summarised Balance Sheets

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000	**2022 US$'000**	2021 US$'000
Non-current assets	**524**	864	**206**	344	**44**	287
Current assets	**24,589**	40,446	**13,175**	6,634	**14,306**	14,473
Non-current liabilities	**(34)**	(9)	**(1,178)**	(1,386)	**(6)**	–
Current liabilities	**(21,579)**	(37,447)	**(13,293)**	(6,860)	**(12,185)**	(12,596)
Net assets/(liabilities)	**3,500**	3,854	**(1,090)**	(1,268)	**2,159**	2,164
Net assets/(liabilities) attributable to NCI	**1,715**	1,888	**(676)**	(786)	**1,058**	1,060

Summarised Income Statements

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000	**2022 US$'000**	2021 US$'000
Turnover	**200,109**	285,077	**47,218**	27,330	**35,445**	54,428
Profit before tax	**113**	1,845	**112**	236	**21**	3,365
Income tax expense	**(97)**	(418)	**(14)**	–	**248**	(504)
Profit after tax from continuing operations	**16**	1,427	**98**	236	**269**	2,861
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**16**	1,427	**98**	236	**269**	2,861
Profit allocated to NCI	**8**	699	**61**	146	**132**	1,401

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Investments in subsidiaries (cont'd)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

Summarised Cash Flows

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2022	2021	**2022**	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Cash flows generated from/(used in) operating activities	**3,088**	7,379	**805**	108	**(837)**	1,130
Cash flows used in investing activities	**(69)**	(326)	**(811)**	(407)	**(2)**	–
Cash flows generated from/(used in) financing activities	**(424)**	(164)	**(217)**	326	**(38)**	(46)
Net increase/(decrease) in cash and cash equivalents	**2,595**	6,889	**(223)**	27	**(877)**	1,084

14 Investments in associated companies

The Group's investments in associated companies are summarised below:

	Group	
	2022	2021
	US$'000	US$'000
Carrying amounts:		
A-Sonic Logistics (Thailand) Co., Ltd	**62**	–
A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd.	**74**	10
A-Sonic Logistics Lanka (Private) Limited	**156**	187
	292	197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 Investments in associated companies (cont'd)

Details of associated companies are:

	Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2022 %	2021 %
	Held by A-Sonic Logistics Pte. Ltd.				
*	A-Sonic Logistics (Thailand) Co., Ltd	Logistics	Thailand	**49**	49
**	A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd.	Customs clearance	Malaysia	**49**	49
***	A-Sonic Logistics Lanka (Private) Limited	Logistics	Sri Lanka	**40**	40
#	A-Sonic Logistics (Middle East) LLC	Logistics	United Arab Emirates	**49**	49

Notes:

* Audited by TIC Asia Pacific Co., Ltd.

** Audited by independent member firms of Baker Tilly International in Malaysia.

*** Audited by De Zoysa Associates.

\# Not required to be audited for the financial year ended 31 December 2022 by law of country of incorporation.

The activities of the associated companies are strategic to the Group's activities.

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2022 US$'000	2021 US$'000
Profit after tax from continuing operations	**454**	352
Total comprehensive income	**454**	352

The Group has not recognised its share of profit of certain associated companies totalling US$20,000 (2021: US$49,000) during the financial year because the Group's cumulative share of losses at the balance sheet date has exceeded its interest in those associated companies and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses at the balance sheet date in respect of the associated companies not recognised were US$489,000 (2021: US$601,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15 Fair value through other comprehensive income

	Group	
	2022	2021
	US$'000	US$'000
Unquoted equity shares, at fair value	**99**	99

16 Deferred tax assets

The movements in the deferred tax assets of the Group are as follows:

	Group Tax losses	
	2022	2021
	US$'000	US$'000
At 1 January	**(7)**	(10)
Charged to profit or loss for the year (Note 9)	**6**	3
At 31 December	**(1)**	(7)

At balance sheet date, the Group and the Company had unutilised tax losses as follows:

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Unutilised tax losses	**17,500**	20,300	**–**	1,624

These potential tax benefits are available for carry-forward indefinitely to set-off against future taxable income, subject to compliance with relevant provisions of the tax legislation of the respective countries in which the Group operates.

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Tax losses carry forward	**2,974**	3,444	**–**	276

Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**25,881**	48,525	**–**	1
Payment of custom duties and freight recoverable from customers	**921**	822	**–**	–
Advance payment to suppliers	**852**	1,327	**–**	–
Deposits	**4,448**	4,620	**–**	–
Prepayments	**499**	422	**3**	3
GST/VAT receivables	**1,593**	638	**–**	–
Other receivables	**650**	594	**54**	3
	34,844	56,948	**57**	7

a) Trade receivables are stated after making the following impairment allowance:

	Group	
	2022	2021
	US$'000	US$'000
At beginning of financial year	**1,573**	1,873
Loss allowance (reversed)/measured:		
Lifetime ECL		
– Simplified approach (Note 7)	**50**	212
– Write-back (Note 7)	**(173)**	(16)
	(123)	196
Receivables written off as uncollectable	**(312)**	(465)
Exchange difference	**(57)**	(31)
At end of financial year	**1,081**	1,573

b) Other receivables are stated after making the following impairment allowance:

	Group	
	2022	2021
	US$'000	US$'000
At beginning of financial year	**647**	797
Additions (Note 7)	**–**	2
Write-back (Note 7)	**(2)**	(145)
Exchange difference	**(5)**	(7)
At end of financial year	**640**	647

c) Included in deposits are amounts placed with airlines and agents amounting to US$3,910,000 (2021: US$4,175,000) as security for services rendered.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 Contract assets and contract liabilities

Contract assets relate to the Group's rights to consideration for services rendered but not billed at the reporting date on the Group's services. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. 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 assets and contract liabilities from contracts with customers.

	2022 **US$'000**	2021 US$'000	1.1.2021 US$'000
Trade receivables from contracts with customers	**25,881**	48,525	33,922
Contract assets	**5,683**	2,522	829
Contract liabilities	**165**	153	243

Contract assets increased significantly as the Group rendered services ahead of the billing.

19 Due from/(to) subsidiaries – Company

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

20 Due (to)/from associated companies

	Group	
	2022 **US$'000**	2021 US$'000
Due (to)/from:		
Trade receivables	**49**	231
Trade payables	**(88)**	(117)
Non-trade receivables	**803**	965
Less: Impairment allowance	**(724)**	(754)
Non-trade payables	**(310)**	(194)
	(270)	131

Non-trade amounts due (to)/from associated companies are unsecured, interest-free and repayable on demand.

Movements of impairment allowance are as follows:

	Group	
	2022 **US$'000**	2021 US$'000
At beginning of financial year	**754**	775
Write-back (Note 7)	**(34)**	(4)
Exchange difference	**4**	(17)
At end of financial year	**724**	754

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Bank and cash balances	**33,119**	29,484	**58**	224
Fixed deposits	**14,937**	9,954	**7,443**	7,100
Total cash and cash equivalents	**48,056**	39,438	**7,501**	7,324
Less: Bank and fixed deposits pledged	**(758)**	(791)		
Cash and cash equivalents per consolidated statement of cash flows	**47,298**	38,647		

Bank and fixed deposits amounting to US$758,000 (2021: US$791,000) are pledged to a bank as security for the issuance of banker guarantees to airlines.

22 Lease liabilities

	Group	
	2022	2021
	U$'000	US$'000
The lease liabilities are analysed as follows:		
Not more than one year	**794**	947
Later than one year but not later than five years	**1,404**	462
	2,198	1,409

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

	Group	
	2022	2021
	U$'000	US$'000
At beginning of financial year	**1,409**	959
Changes from financing cash flows:		
– Repayment	**(1,326)**	(993)
– Interest paid	**(101)**	(53)
Non-cash changes:		
– Interest expense	**101**	53
– New lease liabilities during the financial year	**2,116**	1,443
Exchange differences	**(1)**	–
At end of financial year	**2,198**	1,409

Information on leases are disclosed in Note 29.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**29,161**	39,944	**–**	–
Other payables	**2,465**	3,038	**–**	1
Accrued operating expenses	**6,854**	8,345	**514**	802
Custom duties and freight received in advance from customers	**4,916**	6,395	**–**	–
Advance from a director/shareholder of a subsidiary	**2,963**	3,209	**–**	–
	46,359	60,931	**514**	803

The advance from a director/shareholder of a subsidiary is unsecured, interest-free and is repayable on demand.

24 Bank borrowings

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Secured				
Money market loans	**–**	74	**–**	–

In the previous financial year, the money market loans of US$74,000 for the Group are covered by corporate guarantee given by the Company.

Money market loans of US$74,000 are also secured by a first deed of debenture incorporating a floating charge over receivables of the logistics services of a wholly owned subsidiary amounting to US$4,779,000.

The average interest rates per annum for the money market as at the previous financial year end was 2.21%.

Reconciliation of movements of bank borrowings to cash flows arising from financing activities:

	Group	
	2022	2021
	US$'000	US$'000
At beginning of financial year	**74**	1,755
Changes from financing cash flows:		
– Repayment	**(74)**	(1,678)
– Interest paid	**(1)**	(4)
Non-cash changes:		
– Interest expense	**1**	4
Exchange differences	**–**	(3)
At end of financial year	**–**	74

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Provisions for liabilities

	Group	
	2022	**2021**
	US$'000	**US$'000**
At beginning of financial year	**265**	265
Reversal of provision	**(105)**	–
At end of the financial year	**160**	265

The provision is mainly related to a claim filed by former employee on payment of wages. The provision made represents management's estimate of the settlement consideration after taking legal advice. At reporting date, the Group did not receive any updates after the claim was filed. The Group will reverse the provision after it reaches the statute limitations date.

26 Share capital

	Group and Company			
	2022		2021	
	No. of shares	**US$'000**	No. of shares	US$'000
Issued and fully paid capital				
At beginning of financial year	**58,479,296**	**51,758**	58,479,296	51,758
Exercise of bonus warrants	**12,652,247**	**749**	–	–
Bonus issue	**17,781,083**	**–**	–	–
At end of financial year	**88,912,626**	**52,507**	58,479,296	51,758

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

On 9 March 2023, the Company issued 17,781,095 new ordinary shares in the capital of the Company, on the basis of one new bonus share to be credited as fully paid for every five existing issued shares in the capital of the Company held by the shareholders as at 31 December 2022.

27 Contingent liabilities

At the balance sheet date, corporate guarantee given by the Company to a bank for facilities issued by the bank to the Company's subsidiary amounted to US$5,000,000 (2021: US$5,000,000).

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 Dividends

	Group and Company	
	2022	2021
	US$'000	US$'000
Final exempt dividend of 0.375 Singapore cent per share paid in respect of the previous financial year ended 31 December 2020	**–**	165
Interim exempt dividend of 0.5 Singapore cent per share paid in respect of the current financial year ended 31 December 2021	**–**	218
Final exempt dividend of 0.5 Singapore cent per share paid in respect of the previous financial year ended 31 December 2021	**258**	–
Special exempt dividend of 4.8 Singapore cent per share paid in respect of the previous financial year ended 31 December 2021	**2,476**	–
	2,734	383

The directors have proposed a final tax exempt (one-tier) dividend of 0.75 Singapore cent per share for the financial year ended 31 December 2022, subject to approval by shareholders at the Annual General Meeting to be convened.

These financial statements do not reflect these dividends payable, which if approved at the Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of 2022 profit in the financial year ending 31 December 2023.

29 Leases

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

i) The Group leases leasehold office units, furniture, fixtures and fittings and motor vehicles from non-related parties. The leases have tenure of between 2 to 5 years; and

ii) In addition, the Group leases certain furniture, fixtures and fittings, office space, copiers and motor vehicles with contractual terms of 1 month to 5 years. These leases are short-term and/or low-value items. 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 31(b).

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29 Leases (cont'd)

The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

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

Amounts recognised in profit or loss

	2022 US$'000	2021 US$'000
Depreciation charge for financial year		
Leasehold office units	**1,034**	687
Furniture, fixtures and fittings	**57**	48
Motor vehicles	**141**	178
	1,232	913
Interest expense on lease liabilities	**101**	53
Lease expense not included in the measurement of lease liabilities		
Lease expense – short-term leases	**420**	583
Lease expense – low value assets leases	**91**	94
Total (Note 8)	**511**	677

Total cash flow for leases amounted to US$1,938,000 (2021: US$1,723,000).

As at 31 December 2022, the Group has committed to US$174,000 (2021: US$492,000) for short-term leases.

30 Related parties transaction

In addition to related party information disclosed elsewhere in the financial statements, the Group had significant transactions with related parties during the financial year on terms mutually agreed by the parties concerned:

	2022 US$'000	2021 US$'000
With associated companies		
– Services rendered	**195**	250
– Interest income	**–**	2
– Freight charges	**(735)**	(395)

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31 Financial instruments

a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Fair value through other comprehensive income	**99**	99	**–**	–
Financial assets at amortised cost	**79,956**	94,110	**8,795**	11,459
Financial liabilities				
Financial liabilities at amortised cost	**48,063**	61,212	**1,126**	2,420

b) Financial risk management

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group and the Company's overall risk management framework is set by the Board of Directors of the Company which sets out the Group and the Company's overall business strategies and its risk management philosophy. The Group and the Company's overall risk management strategy seeks to minimise potential adverse effects from these financial risks on the Group's financial performance.

Foreign exchange risk

The Group and Company do not have significant foreign exchange risk exposures arising from sales, purchases and borrowings that are denominated in currency other than the respective functional currencies of Group entities.

Interest rate risk

The Group's exposure to changes in interest rate risk arises primarily from the Group's debt obligations disclosed in Note 24. The Group maintains its borrowings in both variable and fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase or decrease in interest rates by 50 basis points for variable rate borrowings is not expected to have a significant impact on the Group's profit after tax.

Credit risk

Credit risk refers to the risk that a 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, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

31 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

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

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 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group 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

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:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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 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 information (developed internally or obtained from external sources) that the debtor is unlikely to pay its creditors, including the Group, in full, as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet this criteria are generally not recoverable.

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred 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.

At the balance sheet date, the Group and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet and the amount of US$5,000,000 (2021: US$5,000,000) relating to corporate guarantees given by the Company to a bank for a subsidiary's bank facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

The Group does not have significant credit exposure except that the Group's trade receivables comprise 1 debtor (2021: Nil) that individually represented 18% of the trade receivables. There are no significant concentration credit risks for the Company other than amounts due from subsidiaries (Note 19), cash and cash equivalents and corporate guarantees as stated above.

The credit loss for cash and cash equivalents are immaterial as at 31 December 2022 and 31 December 2021.

The credit risk concentration profile of the Group's trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
By geographical areas				
Asia	**18,695**	39,106	**–**	1
Others	**7,186**	9,419	**–**	–
	25,881	48,525	**–**	1
By types of customers				
Third parties	**25,881**	48,525	**–**	1

Trade receivables, contract assets and other financial assets at amortised cost

The movements in credit loss allowance for trade receivables are disclosed in Note 17.

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to services rendered but not billed, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss for trade receivables are a reasonable approximation of the loss for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions with consideration of the current macroeconomic conditions on the ability of the customers to settle the receivables.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

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

The Group has recognised a loss allowance of 100% against all trade receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. There are no significant credit loss for trade receivables less than 120 days as historical evidence indicates that these customers will repay their debts. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

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

Group 2022	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Trade receivables	Lifetime ECL	**26,962**	**(1,081)**	**25,881**
Other receivables – third parties	Lifetime ECL	**1,290**	**(640)**	**650**
Other receivables (custom duties and freight receivables from customers and deposits)	12-month ECL	**5,369**	**–**	**5,369**
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**48,056**	**–**	**48,056**
2021				
Trade receivables	Lifetime ECL	50,098	(1,573)	48,525
Other receivables – third parties	Lifetime ECL – credit impaired	1,221	(647)	574
Due from associated companies	Lifetime ECL	131	–	131
Other receivables (custom duties and freight receivables from customers and deposits)	12-month ECL	5,442	–	5,442
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	39,438	–	39,438

31 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

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

The table below details the credit quality of the Group and Company's financial assets and contract assets (cont'd):

Company **2022**	**12-month or lifetime ECL**	**Gross carrying amount US$'000**	**Loss allowance US$'000**	**Net carrying amount US$'000**
Other receivables – third parties	12-month ECL	**54**	**–**	**54**
Due from subsidiaries	12-month ECL	**1,240**	**–**	**1,240**
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**7,501**	**–**	**7,501**
2021				
Trade receivables	12-month ECL	1	–	1
Other receivables – third parties	12-month ECL	3	–	3
Due from subsidiaries	12-month ECL	4,131	–	4,131
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	7,324	–	7,324

Financial guarantee

The Company has issued financial guarantees to a bank for bank facilities of its subsidiary (Note 27). These guarantees are subject to the impairment requirements of SFRS(I) 9 *Financial Instruments*. The Company has assessed that its subsidiary has the ability to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group 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 an adequate level of cash and cash equivalents to finance the Group's operations. The Group and the Company ensure the availability of bank credit lines to address any short-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity risk (cont'd)

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

	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
2022			
Financial liabilities			
Trade and other payables	**45,594**	**–**	**45,594**
Due to associated companies	**270**	**–**	**270**
Lease liabilities	**884**	**1,496**	**2,308**
2021			
Financial liabilities			
Trade and other payables	59,728	–	59,728
Lease liabilities	994	481	1,475
Bank borrowings	76	–	76
Company			
2022			
Financial liabilities			
Trade and other payables	**514**	**–**	**514**
Due to subsidiaries	**612**	**–**	**612**
2021			
Financial liabilities			
Trade and other payables	750	–	750
Due to subsidiaries	1,670	–	1,670

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 guarantees could be called.

	Company One year or less	
	2022 US$'000	2021 US$'000
Financial guarantee contracts	**5,000**	5,000

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32 Fair value of assets and liabilities

a) 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:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
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
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Financial instruments that are carried at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the balance sheet at the end of the reporting period:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Recurring fair value measurements				
Group				
2022				
Financial assets				
Fair value through other comprehensive income				
– Unquoted equity shares	**–**	**–**	**99**	**99**
2021				
Financial assets				
Fair value through other comprehensive income				
– Unquoted equity shares	–	–	99	99

c) Assets not carried at fair value but which fair value is disclosed

	Fair value measurements at the end of the reporting period			
	Carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
2022				
Assets				
Investment property	**564**	**–**	**–**	**3,466**

The basis of determining fair value of the investment property for disclosure at the end of the reporting period is disclosed in Note 12.

NOTES TO **THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32 Fair value of assets and liabilities (cont'd)

d) Financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets and financial liabilities (except for financial assets at fair value through other comprehensive income and lease liabilities) recorded in the financial statements of the Group and the Company approximate their fair values due to the relatively short-term maturity of these financial instruments.

33 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to the shareholders and buy back issued shares. The directors of the Company consider that the capital structure of the Group and the Company comprises share capital and reserves. The Group's overall strategy remains unchanged from 2021.

The Group and the Company are in compliance with all externally imposed capital requirement for the financial years ended 31 December 2022 and 31 December 2021.

34 Segment information

For management purpose, the Group is organised into 2 business segments based on their products and services as follows:

i) Aviation
ii) Logistics

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment of each segment. Reportable segments' turnover, profit before tax, interest income and finance costs are measured in a manner consistent with that in the consolidated statement of profit or loss and statement of comprehensive income. The amounts provided to the management with respect to reportable segments' assets and liabilities are measured in a manner consistent with that of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34 Segment information (cont'd)

Business segments – Group

Reportable segments are as follows:

	Aviation		Logistics		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Turnover from reportable segments	**1,356**	38	**377,425**	459,610	**378,781**	459,648
Interest income	**99**	9	**97**	25	**196**	34
Finance costs	**–**	(3)	**(102)**	(54)	**(102)**	(57)
Depreciation of property, plant and equipment	**(26)**	(39)	**(1,912)**	(1,603)	**(1,938)**	(1,642)
Depreciation of investment property	**(10)**	–	**–**	–	**(10)**	–
Share of results of associated company	**–**	–	**214**	103	**214**	103
Taxation expense	**–**	33	**(791)**	(1,583)	**(791)**	(1,550)
Reportable segment (loss)/profit	**(510)**	(1,354)	**6,012**	10,454	**5,502**	9,100
Other material non-cash items						
Impairment allowance for non-trade receivables, net	**–**	–	**(2)**	(143)	**(2)**	(143)
Impairment allowance for trade receivables, net	**10**	–	**(133)**	196	**(123)**	196
Bad trade debts written off	**–**	–	**–**	68	**–**	68
Impairment allowance for amount due from associated companies written back	**–**	–	**(34)**	(4)	**(34)**	(4)
Reversal of provision for restructuring costs	**–**	–	**(105)**	–	**(105)**	–
Segment assets	**8,770**	9,546	**86,918**	97,180	**95,688**	106,726
Unallocated assets					**531**	272
Total assets					**96,219**	106,998
Segment assets include:						
Investment in associated companies	**–**	–	**292**	197	**292**	197
Additions to non-current assets	**–**	1	**2,577**	2,280	**2,577**	2,281
Segment liabilities	**674**	977	**48,478**	61,781	**49,152**	62,758
Unallocated liabilities					**1,074**	1,006
Total liabilities					**50,226**	63,764

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34 Segment information (cont'd)

Geographical information – Group

Turnover information is derived based on the country of domicile of the member entities of the Group, whereas non-current assets information is based on the geographical location of the assets.

The geographical information derived using the above basis is as follows:

	Turnover for reportable segments	
	2022	2021
	US$'000	US$'000
The People's Republic of China (including Hong Kong S.A.R)	**239,561**	341,293
United States of America	**38,590**	37,392
Australia	**49,177**	28,689
Singapore	**27,555**	28,263
Other countries	**23,898**	24,011
	378,781	459,648

	Non-current assets for reportable segments	
	2022	2021
	US$'000	US$'000
Singapore	**3,366**	3,116
USA	**2,379**	1,745
Other countries	**1,261**	1,825
	7,006	6,686

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding fair value through other comprehensive income and deferred tax assets.

Information about major customer

The Group did not have any single customer contributing 10% or more to its turnover for the financial year ended 31 December 2022 and 31 December 2021.

35 Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors dated 6 April 2023.

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

The following additional information on Ms Janet LC Tan and Mr Yam Mow Lam, each of whom is seeking re-election as a Director at the Annual General Meeting of the Company on 26 April 2023, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Janet LC Tan**	**Yam Mow Lam**
Date of first appointment as Director	3 March 2003	29 July 2003
Date of last re-election as a Director	26 June 2020	26 June 2020
Age	62	76
Country of Residence	Singapore	Singapore
The Board's comments on the re-election	Ms Janet LC Tan is the promoter founder and Chief Executive Officer of the Company. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for the A-Sonic Aerospace and its subsidiaries ("A-Sonic Group").	Mr Yam Mow Lam has more than 45 years of public accounting practice. His knowledge and experience in various business sectors are a valuable contribution to the Group.
Whether appointment is executive, and if so, the area of responsibility	Setting the overall long-term business direction, developing business strategies, and implementing growth strategies for the A-Sonic Group.	Non-executive Independent
Job Title	Chairman and Chief Executive Officer	Managing Director
Professional qualifications	Full Technological Certificate for Electrical Engineering Technician from City and Guilds of London Institute	Master of Business Administration (Investment & Finance), University of Hull, UK Fellow of the Institute of Chartered Accountants in England and Wales Practising member of the Institute of Chartered Accountants of Singapore Chartered Valuer and Appraiser of Singapore (NTU)
Working experience and occupation(s) during the past 10 years	Promoter founder and Chief Executive Officer of A-Sonic Group since 2003 to present.	Partner of Robert Yam & Co. from 1977 to 2018. Managing Director of Robert Yam & Co. PAC from 2019 to present.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 65,577,200 A-Sonic shares	Direct interest of 44,529 A-Sonic shares

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Name of Director	**Janet LC Tan**	**Yam Mow Lam**
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	Sibling of Tan Lay Yong Jenny, who is a Director of the Company.	NIL
Conflict of interest (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships – Past (for the last 5 years)	Chairman and Chief Executive Officer of A-Sonic Group	Bright Vision Hospital (Director) Robert Yam & Co PAC (Managing Director)
Disclose the following matters concerning the director: (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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Name of Director	Janet LC Tan	Yam Mow Lam
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Name of Director	Janet LC Tan	Yam Mow Lam
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, 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	No	No
(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	No	No

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Name of Director	Janet LC Tan	Yam Mow Lam
(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	No	No
(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**

The following additional information on Dr Wang Kai Yuen, whom is seeking re-election as a Director at the Annual General Meeting of the Company on 26 April 2023, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Dr Wang Kai Yuen**
Date of first appointment as Director	1 March 2008
Date of last appointment as a Director	13 May 2022
Age	75
Country of Residence	Singapore
The Board's comments on the re-election	Dr Wang Kai Yuen has experience as an independent director on public listed companies in Singapore and he was previously an independent director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive Independent
Job Title	Non-executive Independent Director
Professional qualifications	Bachelor of Electrical and Electronic Engineering, University of Singapore PhD in engineering, Stanford University
Working experience and occupation(s) during the past 10 years	Extensive corporate governance experience having served in 6 or more SGX public listed companies as Independent Director, oftentimes in leading positions such as Chairman of the Board, Chairman of Audit and Risk Committee.
Shareholding interest in the listed issuer and its subsidiaries	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	NIL
Conflict of interest (including any competing business)	NIL
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships – Past (for the last 5 years)	China Aviation Oil (Singapore) Corporation Ltd Ezion Holdings Limited (delisted on 24 June 2022) ComfortDelgro Corporation Limited Cosco Shipping International (Singapore) Co., Ltd. Hong Lai Huat Group Limited Emas Offshore Limited (delisted on 02 August 2021)

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Name of Director	Dr Wang Kai Yuen
Disclose the following matters concerning the director: (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
(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
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(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
(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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Name of Director	Dr Wang Kai Yuen
(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
(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
(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
(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	No
(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	No
(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	No
(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
(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

ANALYSIS OF **SHAREHOLDINGS**

AS AT 16 MARCH 2023

SHARE CAPITAL

Issued and Fully Paid-Up Capital	:	S$73,463,830.17
Class of shares	:	Ordinary shares
Voting rights	:	On poll – 1 vote for each ordinary share
Number of Subsidiary Holdings[1]	:	0

DISTRIBUTION OF SHAREHOLDINGS AS AT 16 MARCH 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	937	18.59	45,967	0.04
100 – 1,000	1,897	37.65	793,044	0.75
1,001 – 10,000	1,741	34.55	5,848,623	5.48
10,001 – 1,000,000	458	9.09	21,149,701	19.82
1,000,001 and above	6	0.12	78,856,386	73.91
TOTAL	**5,039**	**100.00**	**106,693,721**	**100.00**

Note:

1 "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967 of Singapore.

PUBLIC FLOAT

The Company has complied with Rule 723 of the Listing Manual issued by SGX-ST. As at 16 March 2023, approximately 37.04% of the Company's ordinary shares listed on the SGX-ST were held in the hands of the public.

ANALYSIS OF **SHAREHOLDINGS**

AS AT 16 MARCH 2023

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	JANET LC TAN	65,577,200	61.46
2	DBS NOMINEES PTE LTD	5,015,619	4.70
3	CITIBANK NOMINEES SINGAPORE PTE LTD	4,000,253	3.75
4	MAYBANK SECURITIES PTE. LTD.	1,567,359	1.47
5	IRENE TAY GEK LIM	1,557,074	1.46
6	ABN AMRO CLEARING BANK N.V.	1,138,881	1.07
7	RAFFLES NOMINEES (PTE) LIMITED	873,963	0.82
8	TEO CHOR KOK	712,809	0.67
9	ENG KOON HOCK	600,000	0.56
10	PHILLIP SECURITIES PTE LTD	599,814	0.56
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	495,311	0.46
12	OCBC SECURITIES PRIVATE LTD	472,706	0.44
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	445,812	0.42
14	TOH KHAI WEI	421,874	0.40
15	KOH PECK HOON	388,754	0.36
16	CHIAN SHIAN ANN @ CHIAM YEOW ANN	386,169	0.36
17	OCBC NOMINEES SINGAPORE PTE LTD	372,662	0.35
18	UOB KAY HIAN PTE LTD	320,470	0.30
19	KHOO THOMAS CLIVE	274,998	0.26
20	IFAST FINANCIAL PTE LTD	230,901	0.22
	TOTAL	**85,452,629**	**80.09**

SUBSTANTIAL SHAREHOLDER

	Direct interest		Deemed interest		Total	
Name of shareholder	**No. of shares**	**%**	**No. of shares**	**%**	**No. of shares**	**%**
JANET LC TAN	65,577,200	61.46	–	–	65,577,200	61.46

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Creative Box, Level 6, Singapore Chinese Cultural Centre, 1 Straits Boulevard, Singapore 018906 on Wednesday, 26 April 2023 at 3.00 p.m. to transact the following business:–

Routine Business

1 To receive and adopt the financial statements of the Company for the year ended 31 December 2022 together with the directors' statement and auditors' report thereon.

(Resolution 1)

2 To declare a final one-tier tax exempt dividend of 0.75 Singapore cent per share for the financial year ended 31 December 2022.

(Resolution 2)

3 To approve directors' fees of S$164,807.00 for the financial year ended 31 December 2022 (2021: S$200,000.00).

(Resolution 3)

4(a) To re-elect Ms Janet LC Tan, a director who will retire by rotation pursuant to regulation 91 of the Constitution of the Company and who, being eligible, will offer herself for re-election. *[See Explanatory Note (a)]*

(Resolution 4(a))

4(b) To re-elect Mr Yam Mow Lam, a director who will retire by rotation pursuant to regulation 91 of the Constitution of the Company and who, being eligible, will offer himself for re-election. *[See Explanatory Notes (a) and (b)]*

(Resolution 4(b))

5 To re-elect Dr Wang Kai Yuen, a director who will cease to hold office pursuant to regulation 97 of the Constitution of the Company and who, being eligible, will offer himself for re-election. *[See Explanatory Notes (a) and (c)]*

(Resolution 5)

6 To re-appoint Baker Tilly TFW LLP as auditors of the Company and to authorise the directors to fix their remuneration.

(Resolution 6)

Special Business

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

7 Authority to allot and issue shares

(a) That pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company at any time upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF **ANNUAL GENERAL MEETING**

(b) notwithstanding the authority conferred by the shareholders may be ceased to be in force, issue shares in pursuance of any Instruments made or granted by the directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time this resolution is passed, after adjusting for:

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

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

(cc) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

and adjustments in accordance with (aa) or (bb) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution; and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. *[See Explanatory Note (d)]*

(Resolution 7)

8 Renewal of Share Buyback Mandate

That:

(a) for the purposes of the Companies Act 1967 ("Companies Act"), the exercise by the directors of the Company ("Directors") of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) market purchase(s) ("Market Purchase") on the Singapore Exchange Securities Trading Limited (" SGX-ST"); and/or

(ii) off-market purchase(s) ("Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

NOTICE OF **ANNUAL GENERAL MEETING**

(b) unless varied or revoked by the shareholders of the Company (the "Shareholders") in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding,

(i) in the case of a Market Purchase, 105% of the Average Closing Market Price; and

(ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Highest Last Dealt Price;

"Maximum Limit" means the number of issued Shares representing 10% of the total number of issued Shares of the Company as at the date of the passing of this Resolution;

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchase is made;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"day of making of the offer" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading of securities.

(d) any Director be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. *[See Explanatory Note (e)]*

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9 To transact any other business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

HUE SU LI/GRACE CP CHAN
COMPANY SECRETARIES

Singapore,
11 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:–

(a) Detailed information on the directors who are proposed to be re-elected can be found under the sections entitled "Board of Directors", "Corporate Governance Statement" and "Additional Information on Directors Seeking Re-election" of the Company's Annual Report 2022.

(b) Mr Yam Mow Lam, if re-elected as a director, will remain as the Chairman of the Audit & Risk Management Committee, a member of the Remuneration Committee and Nominating Committee and will be considered as an Independent Director.

(c) Dr Wang Kai Yuen, if re-elected as a director, will remain as a member of the Audit & Risk Management Committee and Remuneration Committee and will be considered as an Independent Director.

(d) The ordinary resolution set out in item 7 above, if passed, will empower the directors from the date of the above meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities which the directors may issue under this resolution would not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed.

(e) The ordinary resolution in item 8 above, if passed, will renew the Share Buyback Mandate authorising the directors of the Company, from time to time, to buy back shares of the Company by way of market purchase(s) and/or off-market purchase(s) subject to and in accordance with the prescribed rules and regulations governed by the Companies Act 1967, the Listing Manual and such other laws and regulations as may for the time being applicable. Please refer to Letter to Shareholders dated 11 April 2023 for details.

Notes:–

A. Physical Meeting

1. The Annual General Meeting ("AGM") will be held at Creative Box, Level 6, Singapore Chinese Cultural Centre, 1 Straits Boulevard, Singapore 018906. The Notice of AGM is available on SGXNET and the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html.

2. The Annual Report 2022 and the Letter to Shareholders dated 11 April 2023 (in relation to the proposed renewal of the share buyback mandate) may be accessed at SGXNET and the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html.

B. Submission of Proxy Form

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   The proxy form is available on SGXNET and the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be (i) if submitted by post, deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 or (ii) if submitted electronically, email to GPD@mncsingapore.com by 3.00 p.m. 23 April 2023, not less than 72 hours before the time appointed for holding the AGM, and in default the instrument of proxy shall be treated as invalid.

NOTICE OF **ANNUAL GENERAL MEETING**

4. CPF and SRS investors:

   (a) may attend the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2023.

C. Submission of Questions

1. The Board strongly encourages shareholders to submit questions in advance of the AGM to ensure the directors can address as many questions as possible. Pre-submitted questions can be emailed to corporate@asonic-aerospace.com or by post to the Company at A-Sonic Aerospace Limited, 10 Anson Road #24-07, International Plaza, Singapore 079903. All questions must reach us by **3.00 p.m. on 18 April 2023**.

2. When sending in your questions via email, please also provide us with the following details:

   - your full name;
   - your NRIC/Passport number;
   - your email address; and
   - the manner in which you hold shares in A-Sonic (e.g., via CDP, CPF or SRS).

3. The Company will endeavor to address all substantial and relevant questions received from shareholders prior to or during the AGM. A summary of the responses to those questions will be posted on the Company's website and on SGX website.

RECORD DATE AND PAYMENT DATE FOR DIVIDEND

NOTICE IS HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on 10 May 2023 for the purpose of determining members' entitlements to the final one-tier tax exempt dividend to be approved by members at the Company's annual general meeting to be held on 26 April 2023.

Duly completed transfers received by the Company's Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 10 May 2023 will be registered before entitlements to the dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 May 2023 will be entitled to the dividend.

The dividend, if approved at the Company's annual general meeting, will be paid on 25 May 2023.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, or submitting any question prior to the AGM in accordance with the Notice of AGM dated 11 April 2023, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: (i) processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof); (ii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; (iii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

A-SONIC AEROSPACE LIMITED
(Incorporated In The Republic Of Singapore)
Company Registration No. 200301838G

PROXY FORM

This Proxy Form has been made available on the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html and on the SGXNET.

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, 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. CPF/SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have queries regarding their appointment as proxies. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes by 5.00 p.m. on 14 April 2023.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of Annual General Meeting dated 11 April 2023.

I/We ______________________________ NRIC/Passport/Co. Reg. No. ______________

of ____

being a member/members of A-Sonic Aerospace Limited hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Creative Box, Level 6, Singapore Chinese Cultural Centre, 1 Straits Boulevard, Singapore 018906 on Wednesday, 26 April 2023 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions	For	Against	Abstain
Ordinary Business				
1	To receive and adopt the financial statements of the Company for the year ended 31 December 2022 together with the directors' statement and auditors' report thereon			
2	To declare a final one-tier tax exempt dividend			
3	To approve directors' fees			
4(a)	To re-elect Ms Janet LC Tan as director			
4(b)	To re-elect Mr Yam Mow Lam as director			
5	To re-elect Dr Wang Kai Yuen as director			
6	To re-appoint Baker Tilly TFW LLP as auditors and to authorise the directors to fix their remuneration			
Special Business				
7	To authorise the directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967			
8	To approve the proposed renewal of the Share Buyback Mandate			

Note: Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the relevant resolution, please tick (√) in the relevant box provided. Alternatively, if you wish to exercise some of your votes "For" or some of your votes "Against" the relevant resolution, and/or to abstain from voting on the relevant resolution, please indicate the number of shares in the boxes provided. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from the voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

Dated this __________ day of ________________ 2023

Total Number of Shares held	
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s) or Common Seal of Corporate Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(c) CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 April 2023.

This proxy form is available on SGXNET and the Company's website at the URL https://www.asonic-aerospace.com/index.php/investor-relations.html.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3 A proxy need not be a member of the Company.

4 The instrument appointing a proxy or proxies must be (i) if submitted by post, deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 or (ii) if submitted electronically, email to GPD@mncsingapore.com by 3.00 p.m. 23 April 2023, not less than 72 hours before the time appointed for holding the AGM, and in default the instrument of proxy shall be treated as invalid.

5 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer of the corporation.

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

9 The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A-SONIC AEROSPACE LIMITED
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