ellipsiz

forward solutions

FOSTERING **SUSTAINABLE FUTURE**

ANNUAL REPORT 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chng Hee Kok
(Chairman and Independent Director)
Kelvin Lum Wen-Sum
(Chief Executive Officer and Executive Director)
Amos Leong Hong Kiat
(Independent Director)
Clement Leow Wee Kia
(Independent Director)
Iris Wu Hwee Tan
(Non-Independent Non-Executive Director)
Adrian Lum Wen-Hong
(Non-Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

Amos Leong Hong Kiat (Chairman)
Chng Hee Kok
Clement Leow Wee Kia
Iris Wu Hwee Tan

NOMINATING COMMITTEE

Clement Leow Wee Kia (Chairman)
Chng Hee Kok
Amos Leong Hong Kiat
Kelvin Lum Wen-Sum

REMUNERATION COMMITTEE

Clement Leow Wee Kia (Chairman)
Chng Hee Kok
Amos Leong Hong Kiat

COMPANY SECRETARIES

Chow Ching Sian
Johnie Tan Wee Liang

COMPANY REGISTRATION NO.

199408329R

REGISTERED OFFICE

54 Serangoon North Avenue 4
#05-02
Singapore 555854
Tel: (65) 6518 2200
Fax: (65) 6269 2638
Email: ir@ellipsiz.com
Website: www.ellipsiz.com

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01 Singapore 068902

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Yong Kok Keong
(effective from the financial year ended
30 June 2020)

PRINCIPAL BANKERS

CIMB Bank Berhad, Singapore Branch
Citibank, N.A., Singapore Branch
DBS Bank Ltd
United Overseas Bank Limited

CONTENTS

VISION

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in

MISSION

To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions

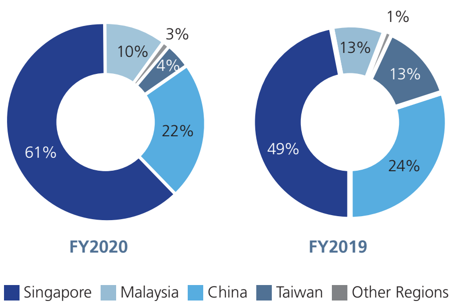
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE	2020 $' mil	2019 $' mil
RESULTS		
Revenue	54.2	50.2
Gross profit	13.2	12.8
Profit/(Loss) for the year[1]	2.2	(0.5)
Interim dividend per Share (cents)	–	0.50
Final dividend per Share (cents)	0.50[2]	1.00
Final special dividend per Share (cents)	–	1.00
FINANCIAL POSITION		
Total assets	135.2	130.3
Total liabilities	16.6	13.4
Shareholders' equity	111.8	116.4
FINANCIAL RATIOS		
Gross profit margin (%)	24.3	25.6
Loss per Share (cents)	(0.41)	(0.31)
NAV per Share (cents)	67.11	69.67
Return on equity (%)	(0.6)	(0.4)
Current ratio (times)	6.0	7.4

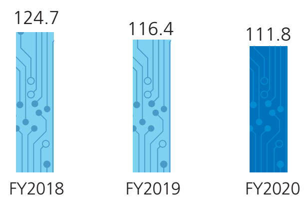
[1] Please refer to the Financial Review Section on pages 15 and 16 for details.

[2] Final dividend per Share is subject to Shareholder's approval at the annual general meeting to be held on 27 October 2020.

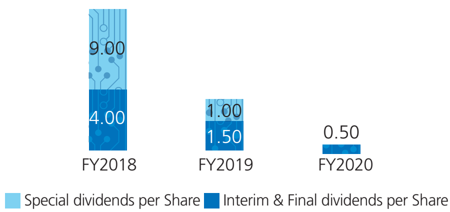
REVENUE BY REGION



SHAREHOLDERS' EQUITY ($ MILLION)



TOTAL DIVIDEND PAYOUT (CENTS)



LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

Financial year 2020 ("FY2020") was a tumultuous year with the heightened geopolitical tensions between the United States and China, and the unprecedented COVID-19 pandemic impacting economies worldwide severely. Ellipsiz, like many other organisations, have to cope with the challenges and adapt to the new norm amid the pandemic.

Despite these headwinds, the Group achieved revenue of $54.2 million in FY2020, an 8% increase over financial year 2019 ("FY2019"). Gross profit was $13.2 million, 3% higher than FY2019. The improved performance was mainly due to consolidation of the results of Axis-Tec Pte Ltd which was acquired during the year. Revenue and gross profit of the Group's core distribution and services solutions ("DSS") business had remained stable and was comparable to last year.

The Group recorded an overall net profit of $2.2 million in FY2020 compared to a net loss of $0.5 million in FY2019. This mainly arose from $11.8 million of fair value gain on the land in Bintan, Indonesia acquired during the year, $0.4 million of governments grants, subsidies and rebates, and lower share of loss of the vending solutions business by $1.8 million as the Group had accounted for 6 months of the loss of the joint venture in FY2020 versus 12 months in FY2019. These upsides were partially offset by the recognition of an impairment loss of $11.3 million on the restructuring of the vending solutions business.

YEAR IN REVIEW

During the year, the Group diversified its business activities whilst continuing to expand its core business.

We acquired a piece of land located at Berakit in Bintan, Indonesia and extended our footprint into the property sector. The Group is exploring various tourism related concepts as the land presents a variety of potential tourism-related options which we can capitalise on in the long term.

As part of our strategy to strengthen and expand our foothold in the semiconductor and electronics industry, we acquired a 51% interest in Axis-Tec Pte Ltd. Axis-Tec is in the business of providing precision engineering solutions for automation in the semiconductor and electronics industry. With Axis-Tec's capabilities in providing innovative solutions to customers, the Group is able to broaden its existing distribution supply chain. In time to come, the Group aims to design and develop its own product portfolio to become an original equipment manufacturing solutions provider. We believe that this will provide the Group with growth potential in the electronics industry that would in turn enhance returns for shareholders.

In addition to growing our business through acquisitions, we also continued to expand and diversify our principal base and had during the year, inked contracts with two new principals, Dynamic Test Solutions Asia Pte Ltd and EXFO Inc. We however lost one of our key principals, Keysight Technologies Singapore (Sales) Pte Ltd, when the manufacturer's representative and service provider agreement ceased with effect from 1 May 2020. The Group's DSS division had approximately 38% reduction in headcount following the cessation of this agreement and a restructuring exercise to rightsize its operations. The expected annual cost savings from the reduced headcount is approximately 26% of DSS' FY2020 total overheads. We expect this cessation to have an impact on the DSS' performance in FY2021. Nevertheless, the Group will continue to strive for growth organically through tying up with potential new principals.

As part of our continuous review of the Group's operations and performance, we had restructured the vending solutions business and exited from the loss-making joint venture in Kalms Investment

LETTER TO SHAREHOLDERS

Pte Ltd to operate vending solutions business independently of Kalms in nine Southeast Asian countries. The vending solutions business is currently carried out through an investment in Indovend Pte Ltd which focuses in the Indonesia market and we had started exploring opportunities to tie up with strategic partners. The progress was delayed due to COVID-19 pandemic with governments imposing stringent measures such as lockdowns and closures of borders, and businesses adopting a cautious outlook.

SHARE BUY-BACK

Pursuant to the mandate given by shareholders in October 2019, the Company purchased 459,900 of its own shares through on-market purchases during the financial year and held them as treasury shares.

DIVIDEND

In view of the current market situation and uncertainties ahead posed by COVID-19, the Board considers it all the more necessary to remain prudent, and is recommending a final dividend of 0.5 cent per share to be paid subject to the approval by shareholders at the forthcoming Annual General Meeting in October 2020.

CONTINUING OUR SUSTAINABILITY JOURNEY

The Group continues to build on its sustainable business(es) and will seek actively and regularly to engage our key stakeholders. We shall also further embed sustainable practices within our business and continue to improve on our sustainability performance.

Since the outbreak of COVID-19 at the beginning of 2020, our top priority is to ensure the well-being of our stakeholders during these challenging times. We stocked up on necessary items such as masks and hand sanitisers for our employees and made changes to our work processes to ensure the safety and well-being of our people and the community, as well as to safeguard business continuity for our customers.

Over the past few months, we have embraced digital collaboration tools to support a digital way of working. We aim to accelerate our digital transformation to enable the Group to strive towards a paperless environment and at the same time increasing efficiency of workflow.

LOOKING AHEAD

The on-going US-China trade dispute and the COVID-19 pandemic continues to pose uncertainties in our business and markets. The Group will continue to stay lean and build on its skilled and adaptable workforce to respond to the ever-changing operating environment.

We will continue to pursue appropriate opportunities in creating value and delivering long-term sustainable returns for our shareholders.

A NOTE OF APPRECIATION

On behalf of my fellow Board members, I would like to express our heartfelt appreciation to our shareholders, business partners, principals and customers for their unwavering support and confidence. We will work together with our various stakeholders to overcome difficulties we might all face in the months ahead.

To our management and staff, a big thank you for your dedication and commitment to the Group, and willingness to make adjustments during this challenging times. Last but not least, my appreciation to my fellow Board members for their wise counsel and commitment all this while.

We will get through this together. Stay healthy, and keep safe.

CHNG HEE KOK
Chairman and Independent Director

BOARD OF DIRECTORS

CHNG HEE KOK
Chairman and Independent Director

Date of last election:
18 October 2018

Board Committee:
Audit and Risk Committee (Member)
Nominating Committee (Member)
Remuneration Committee (Member)

Mr Chng Hee Kok was appointed Chairman and Independent Director of the Company on 1 September 2015.

Mr Chng was formerly a Member of Parliament of Singapore from 1984 to 2001. His business experience and leadership positions spanned across manufacturing, property development, hotel management, trading, entertainment and food & beverage industries. He was the Chief Executive Officer of Yeo Hiap Seng Ltd, Scotts Holdings Ltd, Hartawan Holdings Limited, HG Metals Manufacturing Limited and LH Group Limited. He held past directorships at Public Utilities Board, Sentosa Development Corporation and Singapore Institute of Directors.

Mr Chng graduated from the University of Singapore with a First-Class Honours Degree in Mechanical Engineering and was awarded Institute of Engineers Singapore Gold Medal and Mobil Silver Medal. He also holds a Master of Business Administration degree from the National University of Singapore, and completed the Program for Executive Development at IMD – Lausanne Switzerland.

Current directorship(s) in other listed company(ies)

- Full Apex (Holdings) Limited
- Luxking Group Holdings Limited
- United Food Holdings Limited
- The Place Holdings Limited
- BlackGold Natural Resources Limited
- Metech International Limited
- KTL Global Ltd

BOARD OF DIRECTORS

KELVIN LUM WEN-SUM

Chief Executive Officer and Executive Director

Date of last election :
25 October 2019
Board Committee :
Nominating Committee (Member)

Mr Kelvin Lum has been an Executive Director of the Company since 1 March 2016 and was appointed the Chief Executive Officer with effect from 8 August 2018.

Mr Lum is responsible for the formulation and implementation of the overall business and corporate strategies of the Group. He oversees the management of the Group and is actively involved in its day-to-day operations. As part of his wide-ranging tasks, he is also responsible for spearheading the growth of the business, ensuring its sustainability, and developing strategic partnerships and alliances.

His deep understanding of the local and regional business landscape coupled with business savvy, provide him with insights to assess and evaluate new opportunities. Furthermore, his intimate knowledge of the diverse business functions, gives him the leadership perspective to ensure that the business units are aligned with the Group's overall strategy and mission.

Prior to joining the Company, Mr Lum was the Managing Director of LCD Global Investments Ltd[1] where he oversaw the group's strategic investments and global operations.

[1] LCD Global Investments Ltd is now known as AF Global Limited

Mr Lum currently serves as a Non-Independent Non-Executive Director of Lum Chang Holdings Limited. He also sits on the School Management Committees of Nanyang Primary School and Nanyang Kindergarten, and is a director of Nanyang Girls' High School Ltd.

Mr Lum holds a Bachelor of Commerce from the University of Western Australia.

Current directorship(s) in other listed company(ies)

– Lum Chang Holdings Limited

BOARD OF DIRECTORS

AMOS LEONG HONG KIAT
Independent Director

Date of last election:
18 October 2018

Board Committee:

Audit and Risk Committee (Chairman)
Nominating Committee (Member)
Remuneration Committee (Member)

Mr Amos Leong was appointed as an Independent Director of the Company since 1 May 2009.

Mr Leong, a veteran in the electronics manufacturing industry, is currently the President & Chief Executive Officer of the Univac Group. He began his career in 1987 as a supply-chain engineer in Hewlett-Packard Singapore and held numerous managerial positions in Asia-Pacific Field operations and Product divisions in the United States of America.

He was subsequently appointed Vice President and General Manager of Global Sales, Marketing & Support for the Electronics Manufacturing and Semiconductor Test business at Agilent Technologies following the spin-off from Hewlett-Packard. In 2004, Mr Leong moved to his current leadership role in Univac Group.

Mr Leong holds an Honours Degree in Electrical and Electronics Engineering from the National University of Singapore.

Current directorship(s) in other listed company(ies)

Nil

BOARD OF DIRECTORS

CLEMENT LEOW WEE KIA
Independent Director

Date of last election :
25 October 2019

Board Committee :
Audit and Risk Committee (Member)
Nominating Committee (Chairman)
Remuneration Committee (Chairman)

Mr Clement Leow has been an Independent Director of the Company since 8 May 2015.

Mr Leow is the Chief Executive Officer and Executive Director of Allied Technologies Limited since March 2019. He was previously the Chief Executive Officer and an Executive Director of Crowe Horwath Capital Pte Ltd and the Head of Corporate Finance of Partners Capital (Singapore) Pte Ltd. Mr Leow, who has held senior positions in corporate finance and banking in Singapore, has over 20 years of corporate finance experience in initial public offering, mergers & acquisitions including corporate advisory transactions.

Mr Leow graduated from the Cornell University with a Bachelor of Science in Applied Economics and holds a Master of Business Administration degree as well as a Postgraduate Diploma in Financial Strategy from the University of Oxford. He completed the Governance as Leadership Program at Harvard University and serves as a member of the Singapore Institute of Directors. He is the President of the Singapore Tennis Association which oversees the national development of tennis and was awarded the Singapore Armed Forces Good Service Medal in 2007.

Current directorship(s) in other listed company(ies)

- Allied Technologies Limited
- Lum Chang Holdings Limited
- MSM International Limited
- Overseas Education Limited

BOARD OF DIRECTORS

IRIS WU HWEE TAN

Non-Independent Non-Executive Director

Date of last election :
18 October 2018

Board Committee :
Audit and Risk Committee (Member)

Ms Iris Wu was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2018. She was engaged by the Company as a consultant providing consultancy services on corporate matters to the Group since February 2018.

Ms Wu was previously an Executive Director and the company secretary of LCD Global Investments Ltd[1], overseeing an extensive corporate affairs portfolio covering financial, taxation, corporate secretarial and legal matters, and playing an active role in the execution of strategic decisions.

Ms Wu has over 30 years of financial and management experience and is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants. She holds a Bachelor of Commerce (Accountancy) degree from the then Nanyang University.

Current directorship(s) in other listed company(ies)

Nil

[1] LCD Global Investments Ltd is now known as AF Global Limited

ADRIAN LUM WEN-HONG

Non-Independent Non-Executive Director

Date of last election :
18 October 2018

Board Committee : Nil

Mr Adrian Lum was appointed as a Non-Independent Non-Executive Director of the Company on 8 January 2018.

He currently serves as Director, Property Development of Lum Chang Holdings Limited ("LCH"). He oversees the property division of LCH and is responsible for formulating business strategy and identifying investment opportunities for both real estate and non-real estate segments, potential joint ventures and business acquisitions for LCH.

Prior to joining LCH in 2006, Mr Lum held management positions whilst working locally and abroad.

Mr Lum holds a Master's Degree in Engineering with First-Class Honours from The Imperial College, United Kingdom, and was awarded the Governor's MEng Prize for academic excellence.

Current directorship(s) in other listed company(ies)

Nil

KEY MANAGEMENT

CHOW CHING SIAN
Chief Financial Officer
Corporate Office

Ms Chow Ching Sian was appointed the Chief Financial Officer of Ellipsiz Ltd on 8 August 2018. She is responsible for the finance function including accounting, taxation, audit, treasury; and compliance, legal and corporate secretarial functions of the Group. Ms Chow has close to 20 years of experience in the areas of financial and management reporting, taxation, compliance, risk management, audit, acquisitions & divestments and equity fund-raising activities.

Prior to joining Ellipsiz Ltd, Ms Chow held various finance positions within Keppel Capital, the asset management arm of Keppel Corporation Limited. She was the Chief Financial Officer at Keppel DC REIT Management Pte Ltd, the Manager of Keppel DC REIT since August 2017, Senior Vice President at Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust from May 2016 and Vice President at Keppel REIT Management Limited, the Manager of Keppel REIT, from December 2010.

Ms Chow started her career as an auditor with Deloitte & Touche LLP Singapore and held various finance positions in other listed corporations in Singapore.

Ms Chow holds a Bachelor of Accountancy degree from the Nanyang Technological University of Singapore. She is a member of the Institute of Singapore Chartered Accountants.

JOSEPH KANG BOON TECK
Head of Corporate Development & Operations
Corporate Office

Mr Joseph Kang joined as Vice President, Operations of Ellipsiz Ltd on 5 September 2018. He was subsequently appointed as Head of Corporate Development & Operations of Ellipsiz Ltd on 16 December 2019. He assists the CEO in overseeing the strategic planning and development of the Group as well as the operational functions of the various business units. Mr Kang has over three decades of experience in semiconductor-related sales and marketing in Asia.

He was previously driving business development in Wireless Solutions Group at Microchip Technology and was responsible for the strategic planning and product line management in the Asia Pacific region. Mr Kang had held sales and marketing positions in Sicon Semiconductor Asia Pacific and Zarlink Semiconductor Asia Pacific, where he established and managed extensive sales and distribution networks.

Mr Kang graduated with an Honours Degree in Business Management (Marketing) from the University of Bradford. He also holds a Graduate Diploma in Marketing Management from the Singapore Institute of Management and a Diploma in Electrical Engineering from the Ngee Ann Polytechnic.

KEY MANAGEMENT

GUNG KWUN YUAN TONY
President
Distribution & Services Solutions

Mr Tony Gung joined the Group as President, Distribution & Services Solutions ("DSS") on 3 February 2020. He oversees the strategic and operational functions of the DSS division of the Group.

Mr Gung was previously Vice President of the Group's DSS division in China and Taiwan as well as General Manager of the Group's probe card solutions division in Taiwan, prior to the Group's divestment of its probe card business in 2017. Following the divestment, Mr Gung joined SV Probe Technology Taiwan Co., Ltd as General Manager and Vice President.

Mr Gung has accumulated considerable sales, engineering and business management expertise in the electronics manufacturing test industry, particularly in China and Taiwan. He had held numerous engineering and managerial positions in Agilent Technologies, Hewlett Packard and one of IBM's strategically invested R&D company in Taiwan.

Mr Gung holds a Master's Degree in Control Engineering from the National Chiao Tung University, Taiwan.

OPERATIONS REVIEW

Financial year ended 30 June 2020 ("FY2020") had been a turbulent year as the COVID-19 pandemic brought about unprecedented challenges to the Group. Towards the end of second half FY2020, countries have begun gradual easing of lockdown measures and restarted their economies. However, there are still concerns of further adverse impact on economies as the risk of renewed surge in COVID-19 cases remains. The restrictions on travel and transportation imposed by countries worldwide has impacted the global supply chains and the way businesses engage customers. The geopolitical uncertainty and ongoing trade tensions between the United States and China has also influenced the migration of supply chains.

DSS distributes Vitrox's TR2000i Tray-Based Vision Solutions

DISTRIBUTION & SERVICES SOLUTIONS ("DSS")

On the backdrop of the challenging business environment and uncertainties, DSS saw a 2% growth in its revenue, recording $51.0 million of sales for FY2020. There was, however, a drop in segment results attributed by the lower margins due to different sales mix with higher consumables and chemical sales versus equipment sales.

According to the World Semiconductor Trade Statistics (WSTS) mid-year report, the world semiconductor market is expected to increase by 3.3% to US$426.0 billion in 2020, with growth driven mainly by Memory within the integrated circuit segment. This growth is expected to continue into 2021, driving the forecast revenues for 2021 to US$452.3 billion. In its June 2020 update report, SEMI similarly expects Memory fabs to lead worldwide semiconductor with US$30.0 billion in equipment spending, while leading-edge logic and foundry is expected to rank second with US$29.0 billion in investments.

Whilst the outlook of the semiconductor industry remains positive, and the DSS operations having so far not been significantly impacted by COVID-19 pandemic, DSS nevertheless, expects the cessation of the manufacturer's representative and service provider agreement with Keysight Technologies Singapore (Sales) Pte Ltd with effect from 1 May 2020 ("Contract Cessation") to have an impact on its performance for the next financial year. The segment had approximately 38% reduction in headcount following the Contract Cessation and a restructuring exercise to rightsize its operations. The expected annual cost savings from the reduced headcount is approximately 26% of DSS' FY2020 total overheads.

DSS continues to seek expansion of its product portfolio by forging new partnerships with strategic partners. During FY2020, DSS signed new distributorships with two new principals, namely, EXFO Inc ("EXFO") and Dynamic Test Solutions Asia Pte Ltd ("DTSA"). EXFO, a company headquartered in Canada and listed on both NASDAQ and the Toronto Stock Exchange, designs and manufactures test, measurement and monitoring instruments as well as analytics solutions for the global communications industry. DSS will distribute test and measurement solutions for Photonics Integrated Circuit applications and communication device manufacturing for EXFO in certain Southeast Asian countries. DTSA, a company headquartered in Singapore with global

OPERATIONS REVIEW

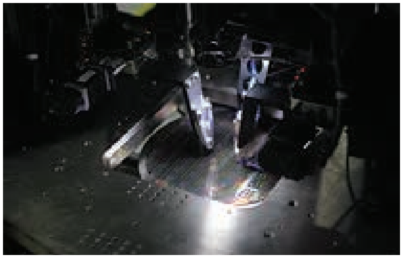
presence in the United States of America, Europe, People's Republic of China, Philippines and Taiwan, is in the business of providing customised high-performance tester interface hardware to a broad range of semiconductor automated test equipment (ATE) and laboratory board customers, including numerous Fortune 500 companies. Under the distributorship signed with DTSA, DSS is granted exclusive rights to represent DTSA to market, promote, distribute, sell, and to resell all of DTSA's products in Taiwan.

Management will continue to assess opportunities to expand DSS distribution platform and value added solutions.

DSS distributes EXFO's Optical Power Meter (left) and OSA20 Optical Spectrum Analyzer (right)

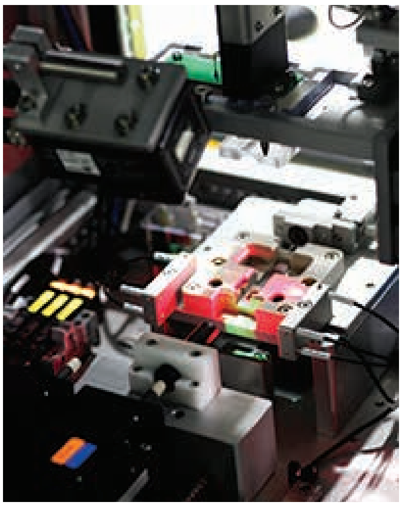
AUTOMATED PRECISION SYSTEM SOLUTIONS

The Group acquired a 51% interest in Axis-Tec Pte Ltd ("Axis-Tec") in October 2019. Axis-Tec is in the business of providing customised systems and solutions for test automation, high precision automated assembly process for fibre and lens as well as full automated wafer testing in the semiconductor and electronics manufacturing sector. In addition to its current business of providing customised solutions, Axis-Tec is also designing and building a portfolio of standard products under its own brand, with an aim to be an original equipment manufacturer. Axis-Tec and DSS are collaborating to integrate their strengths and capabilities to create value for our stakeholders.



Axis-Tec's wafer level tester

The segment contributed $3.3 million revenue and $0.1 million profits for eight and a half months in FY2020. The travel restrictions and lockdowns imposed by governments to contain the spread of COVID-19 had impacted Axis-Tec's FY2020 performance as its deliveries and installation of equipment for its overseas customers had been disrupted as well as the hold back of capital expenditure by customers. As lockdown measures are progressively lifted and economies gradually restart, Axis-Tec is exploring ways to access its overseas customers and to reach out to new customers.



Test automation solution by Axis-Tec

INVESTMENTS

OPERATIONS REVIEW

In October 2019, the Group acquired a piece of vacant land of approximately 580,000 square metres in Bintan, Indonesia through PT Super Makmur Sejahtera ("PT SMS"), a subsidiary in which it has a 75% interest. PT SMS was incorporated in collaboration with Lum Chang Holdings Limited to invest in this piece of land. As the largest island in the Riau province, Bintan is well known for its high-end resorts, world-class golf courses and magnificent coastal beauty. Situated in the north eastern coast of Bintan Island, the land presents a variety of opportunities including potential tourism-related options that the Group can explore and capitalise in the long term.

Aerial view of the land at Berakit, Bintan.

The Group's subsidiary, EIR Investments Pte Ltd, entered into a restructuring agreement in January 2020 with the joint venture partners of its vending solutions business to exit from the loss-making joint venture in Kalms Investment Pte Ltd; and for the Group to operate vending solutions business independently of Kalms in nine Southeast Asian countries, namely, Indonesia, Malaysia, Thailand, Philippines, Vietnam, Myanmar, Cambodia, Brunei, and Laos. The Group's vending solutions business is currently carried out through an investment in Indovend Pte Ltd which focuses in the Indonesia market. The progress on collaborating with strategic partners to distribute vending machines has been delayed with the Singapore and Indonesia's borders closed for travel and businesses adopting a more cautious outlook. The Group will continue to look for business opportunities once borders re-open and travel restrictions are lifted.

Ellipsiz DSS Pte Ltd entered into a joint venture with Aitech Robotics and Automation Pte Ltd in May 2020 to market an artificial intelligence-driven contactless body temperature-cum-facial recognition scanning system and other related products and services. This is in line with the Group's strategic plans to expand its portfolio of products and at the same time providing solutions to companies in managing the work and social environment requirements arising from implementation of COVID-19 related measures.

FINANCIAL REVIEW

PERFORMANCE

The Group reported revenue of $54.2 million for the financial year ended 30 June 2020 ("FY2020"). This was 8% higher than $50.2 million in the previous financial year ("FY2019") mainly due to consolidation of the revenue of Axis-Tec Pte Ltd ("Axis-Tec") and higher chemical and consumables sales which was partially offset by lower equipment sales. In line with the higher revenue, gross profit had increased by 3% from $12.8 million in FY2019 to $13.2 million in FY2020.

Overall, the Group reported a profit after tax of $2.2 million in FY2020 compared to a loss of $0.5 million in FY2019. This mainly arose from:

(i) a fair value gain (net of deferred tax) of $11.4 million for the land in Bintan, Indonesia (the "Land") which the Group had acquired during the year;

(ii) governments grants, subsidies and rebates of $0.4 million; and

(iii) lower share of loss in Kalms Investment Pte Ltd ("KIPL") by $1.8 million as the Group had accounted for 6 months of the loss of this joint venture in FY2020 versus 12 months in FY2019.

The above upsides were partially offset by the impairment losses recognised on the Group's investment in KIPL and loans extended to and interest receivable from Kalms (Singapore) Pte Ltd ("KSPL") of $11.3 million.

Excluding one-off variances and share of results in KIPL, the Group's adjusted net profit for FY2020 was $2.8 million, compared to adjusted net profit of $2.3 million in FY2019.

FINANCIAL POSITION

The shareholders' funds of the Group stood at $111.8 million as at 30 June 2020. This was $4.6 million lower than $116.4 million as at 30 June 2019. The decrease was mainly attributable to the payment of final and final special dividends in respect of FY2019, a net decrease in fair value of financial assets and a net loss attributable to owners of the Company.

The Group's total assets was $135.2 million as at 30 June 2020 compared to $130.3 million as at 30 June 2019. The increase largely pertained to accounting for the Land at fair value, consolidation of Axis-Tec and recognition of right-of-use assets with effect from 1 July 2019 in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases*. These increases were partially offset by impairment losses recognised on the investment in KIPL and loans extended to and interest receivable from KSPL, and payment of dividends in respect of FY2019.

The Group's total liabilities was $16.6 million as at 30 June 2020 compared to $13.4 million as at 30 June 2019. The increase was mainly due to consolidation of Axis-Tec, recognition of lease liabilities with the adoption of SFRS(I) 16 *Leases* and provision of deferred tax expense on the Land.

FINANCIAL REVIEW

CASH FLOWS AND LIQUIDITY

The Group's cash and cash equivalents decreased by $0.5 million from $75.5 million as at 30 June 2019 to $75.0 million as at 30 June 2020.

This decrease was mainly attributable to:

(a) net cash used of $0.8 million in investing activities; and

(b) net cash used of $2.7 million in financing activities; which were partially offset by

(c) net cash generated of $2.8 million from operating activities.

The Group generated net cash of $2.8 million from its operating activities in FY2020 compared to $3.2 million in FY2019. The decrease in net cash from operating activities was due to timing differences of working capital and higher tax paid which were partially offset by higher interest received.

Net cash used in investing activities of $0.8 million in FY2020 was mainly for acquisition of the Land, purchase of plant and equipment, investments in subsidiaries, and extension of loans to a joint venture. These outflows were partially offset by the inflow of funds released from escrow account relating to the sale of SV Probe Pte Ltd and certain of its subsidiaries.

Net cash used in financing activities of $2.7 million in FY2020 was mainly for payment of FY2019 dividends approved at the annual general meeting in October 2019.

SUSTAINABILITY REPORT

BOARD STATEMENT

The directors of the Company (the "Board") are pleased to present the Sustainability Report of Ellipsiz Ltd ("Ellipsiz" or the "Company") for the financial year ended 30 June 2020 ("FY2020"). This report is prepared in line with the sustainability reporting requirements of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board is responsible for overseeing the business and corporate affairs of the Group, including sustainability. As part of its strategic formulation, the Board has considered sustainability issues and determined the environmental, social and governance ("ESG") factors which are material to the Group for reporting. The Board believes that a responsible business approach is integral to our long-term success and considers sustainability as part of our business strategy. We are committed to adopting sustainable practices across our operations, empowering individuals, enriching communities, and thereby creating a positive impact on the environment and society.

In this report, we share the progress made by Ellipsiz and its subsidiaries (collectively, the "Group") on sustainability performance in FY2020, and also look to the next phase of our journey towards sustainability, with focus on ESG topics that are considered material to the Group and our key stakeholders.

The global spread of COVID-19 since beginning of the year 2020 is unprecedented and has adversely affected businesses and communities worldwide. To contain the spread of COVID-19 infections, governments and institutions have implemented new protocols and measures to address health and safety issues, including lockdowns and closure of borders. Our top priority is to ensure the well-being of our stakeholders during these challenging times. We stocked up necessary items such as face masks and hand sanitisers for our employees and made changes to our work processes to ensure the safety and well-being of our people and the community, and to safeguard business continuity for our customers. We remain vigilant in monitoring the situation as it evolves to minimise business disruption.

We thank our staff, partners and stakeholders for their support in our sustainability journey. As we continue on our sustainability drive, we aim to build a sustainable business for generations to come. To achieve this, we continually keep abreast of developments in our industry, actively and regularly engage our key stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our business so as to improve our overall sustainability performance.

Stakeholders' discussion at Axis-Tec's headquarters.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This report provides an overview of our approach towards sustainability as well as our sustainability performance and progress in FY2020, with a focus on the Group's material ESG topics set out in the section entitled "*Our Sustainability Approach*" below. This report has been developed with reference to the Global Reporting Initiative ("GRI") Standards. We have selected GRI Standards as our sustainability reporting framework as we believe it provides robust guidance and is globally accepted for sustainability reporting.

For the purpose of reporting, we have considered the Company and the Group's distribution & services solutions ("DSS") operations in Singapore, Taiwan, China and Malaysia. This reporting scope is consistent with our Sustainability Report for financial year ended 30 June 2019.

If you wish to provide feedback on this report, please reach out to us at ir@ellipsiz.com.

VISION

We aim to be the best creator of value for our customers, business partners and stakeholders in markets that we participate in

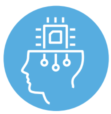
MISSION

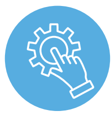
To enable our customers and business partners to achieve their goals optimally, we offer innovative and integrated solutions

VALUES


Respect for Individual


Integrity


Customer Focus


Entrepreneurship


Meritocracy


Achievement Orientated


Profit & Liquidity Focus

SUSTAINABILITY REPORT

OUR SUSTAINABILITY APPROACH

Sustainability Governance

The Board is responsible for overseeing sustainability matters, and is supported by a team comprising certain senior management and key executives of the Group. The team initiates, drives, and monitors various aspects of the Group's sustainability practices, ensuring effective integration of ESG initiatives into the business operations and corporate objectives.

Figure 1 Group's Sustainability Governance

Stakeholder Engagement

One of the keys to building an effective organisation is to uphold a healthy company culture, which amongst others, emphasises on the interaction with key stakeholders. We treat our key stakeholders as assets because constructive communication with our key stakeholders generates new ideas and encourages growth, thus improving the organisation's sustainability performance as well as increasing the organisation's overall effectiveness in the long run. We define our key stakeholders as groups of people or entities whom we consider may be significantly affected by our business operations and outcomes, or who may significantly influence our business. The following are identified as the key stakeholders of the Group:

- Customers
- Suppliers
- Employees
- Shareholders & Investors
- Government & Regulators

SUSTAINABILITY REPORT

We believe it is necessary to make time and effort in acknowledging and understanding the key stakeholders' material concerns and expectations. It is through regular formal and informal engagements with the key stakeholders that, we believe, will enable us to develop a mutually beneficial relationship and to ensure a smooth operation within the organisation.

Lockdowns imposed by countries to fight the COVID-19 pandemic have caused impacts to some of our customers. We made continuing efforts in engaging our customers during the lockdown period, and these include additional on-site service supports to our customers that need to operate from different locations due to operating restrictions imposed by the relevant government authorities. We continue to maintain active and regular engagements and discussions with our suppliers during this period, to understand and assess the impact of lockdowns and potential lockdowns so as to minimise the risk of disruption to our supply chain.

The swift spread of COVID-19 and the resulting responses to keep employees safe have seen many organisations implementing rapid changes to their operations. In this regard, we took precautionary measures in early January 2020 and rolled out business continuity plan swiftly to protect the well-being of our employees and to ensure business continuity with minimum disruption.

Following the amendments to the listing manual of the SGX-ST in February 2020, we announced that the Company will cease quarterly reporting in March 2020 and adopt half-yearly announcement of its financial statements. We believe that the adoption of half-yearly announcement of the Company's financial statement will enable us to cut down on compliance costs, and allowing management to be more focused on the Group's businesses. We will, however, continue to engage with shareholders and investors through, *inter alia*, our continuing disclosures of material information relating to the Group from time to time.

As we respond to tightened safe distancing measures as a result of the COVID-19 pandemic, the forthcoming annual general meeting of the Company ("AGM") will be held by electronic means. Alternative arrangements relating to attendance of shareholders at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions by shareholders to the chairman of the meeting in advance of the AGM, addressing substantial and relevant questions at, or prior to, the AGM and shareholders' voting by appointing the chairman of the meeting as proxy at the AGM, will be put in place for the AGM. With the foregoing in place, shareholders may participate in the AGM without any risk of COVID-19 transmission.

SUSTAINABILITY REPORT

The following figure summarises our approach in engaging our key stakeholders:

Figure 2 Key Stakeholders' Engagement Mechanism

KEY STAKEHOLDERS	MATERIAL CONCERNS	ENGAGEMENT MECHANISMS
Customers	Quality of products and services provided	• Regular dialogue with customers to understand their needs and collect their feedback • Designated representatives to handle customers' concerns
Suppliers	Loss of key products distributorships and service contracts	• Regular meetings with suppliers to exchange feedback and areas of concern • Routine and ongoing communication with suppliers to keep them informed on strategies and plans
Employees	Manpower risk	• Orientation conducted for new employees to familiarise them with the Group's business, management and policies • Training and career development plans • Social and team-building activities • Annual employee performance appraisal • Employees' welfare and benefits
Shareholders & Investors	Economic and industry trends, Group performance and corporate governance	• Shareholders are kept abreast of the Company's key developments through press releases, corporate website, announcements via SGX website and Annual Reports • Annual General Meetings are conducted to engage our shareholders and investors in a two-way communication
Government & Regulators	Regulatory and compliance risk	• Board and management are kept abreast of new policies, regulations and guidelines launched and implemented by government and regulators such as Ministry of Manpower, SGX-ST, National Environment Agency and Health Sciences Authority

SUSTAINABILITY REPORT

Materiality Assessment

For our FY2020's reporting, the five material ESG factors shown in Figure 3 below continue to be relevant to our business and remain unchanged. We review our material ESG factors annually to ensure relevance and a clear reflection of our business and key stakeholders' concerns. Materiality is a critical input in our corporate sustainability strategy as we strive to provide our key stakeholders with the sustainability information most relevant to them, and to our business.

Figure 3 Material ESG Factors of the Group

ENVIRONMENTAL PERFORMANCE

The Group is committed to being a socially responsible organisation and strives to take measures to manage its environmental impact. We aim to reduce our environmental footprint by encouraging our employees to observe green practices to conserve energy, reduce waste, save paper, and to minimise the negative impact that we have on the environment overall. We believe that every little step goes a long way towards sustaining a clean and green environment, and at the same time help to improve efficiencies and deliver cost reductions for the Group.

In line with our effort in contributing to the environment, we will be discontinuing the practice of mailing the printed copies of Ellipsiz's annual reports and circulars (unless otherwise required under the listing manual of the SGX-ST) to shareholders. The annual reports and circulars will be available for download at our corporate website at https://www.ellipsiz.com/investor-relations/newsroom/ as well as the SGX website. We encourage shareholders to support our sustainability efforts and embrace e-communications.

Most of our employees telecommute during the lockdown, movement control order and circuit breaker periods imposed by China, Malaysia and Singapore governments to contain the spread of COVID-19. Our employees have accustomed to certain changes to continue their daily tasks, and these include moving towards e-paper or paperless in performing their work. We are accelerating our digital transformation by digitizing paper-based processes and documents, with a view to contribute positively towards a clean and green environment as well as increasing productivity through reducing time spent on physical activities such as filing and movement of paper trail.

SUSTAINABILITY REPORT

Environmental Compliance

As a socially responsible corporation, the Group is committed to complying with all environmental laws and/or regulations in places where it operates. A breach of any environmental law or regulation may affect our ability to continue with our operations.

In FY2020, there were no significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations. For the financial year ending 30 June 2021, we target to maintain our healthy record of zero incident of significant non-compliance with applicable environmental laws and/or regulations.

SOCIAL PERFORMANCE

(a) Talent Attraction and Retention

We recognise that employees are one of the greatest assets to the organisation. They are the main driving force behind our successes and achievements. Therefore, with the current competitive landscape, talent attraction and retention remain a key concern for the Group. We believe in creating a safe and inclusive working environment where we continually develop our people, and reward outstanding performance.

At Ellipsiz, we are committed to providing an environment where the dedication and commitment of our people are recognised. In recognising the contributions and efforts of our employees who have performed beyond the call of duties and showed their commitment towards Ellipsiz's vision and mission, the Company annually assesses and makes it a point to award such employees with the Outstanding Staff Award. In addition, in recognition of the long-term commitment and loyalty of employees who have achieved significant milestones in the Group, the Company awards such employees with the Long-Service Award. The Long-Service Award recognises years of employment starting from the fifth year, in five-year intervals.

In an effort to remain as an attractive employer, we ensure that all employees are well provided with the necessary welfare and benefits such as medical and dental benefits, relevant insurance coverage and annual leave entitlement. Additional types of leaves that are available to eligible employees include marriage, compassionate, maternity and paternity leaves. In anticipation of the flu season which typically occurs between the period from December to February,

On the left, Mr Joseph Kang, Head of Corporate Development & Operations, presenting Outstanding Staff Award to employee.

SUSTAINABILITY REPORT

we had in November 2019 organised and sponsored an influenza vaccination for all our employees in Singapore as part of our employees' welfare. We adhere strictly to the basic terms of employment stipulated by national laws in the countries where we operate (for instance, the Employment Act of Singapore) to safeguard the legitimate rights and benefits of our employees.

Following the outbreak of COVID-19, we have put in place additional precautionary measures since early January 2020 to ensure the safety and well-being of our employees. As a responsible employer, we adhere strictly to all advisories on COVID-19 issued by the relevant government authorities. Safe management measures taken by the Group include distribution of face masks and hand sanitizers to employees, requiring employees to telecommute and implementing safe distancing measures at work place. We have also engaged service providers to deep clean and sanitise workplaces thoroughly from time to time.

Doctor adminstering flu jab on employee in November 2019.

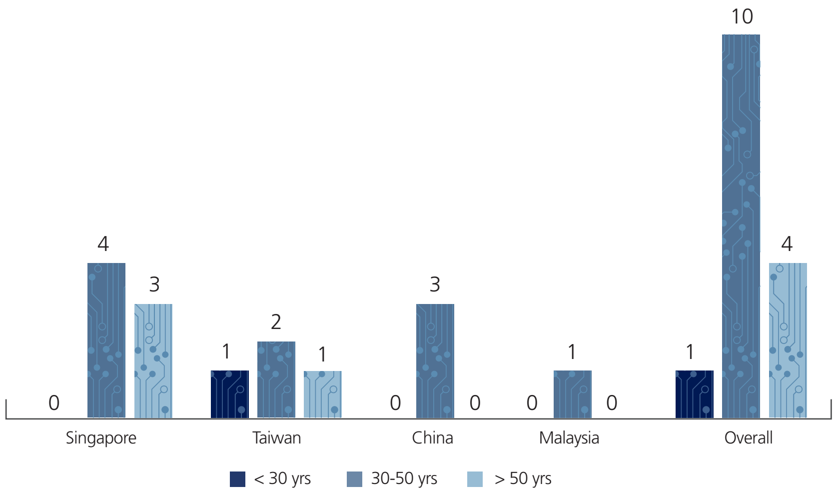
Each employee is appraised at least once each year through an annual performance appraisal, which includes a discussion of the employee's training, development and long-term goals. With the rapid technological and market changes in our industry, it is vital for our employees to keep themselves abreast of the latest industry developments. To this end, we encourage and support our employees to constantly develop and improve their knowledge and skillsets through various upgrading and career development programs. We aim to groom and train dedicated individuals and invest time and effort in order for them to take on more responsibilities within the Group.

SUSTAINABILITY REPORT

New Employee Hires

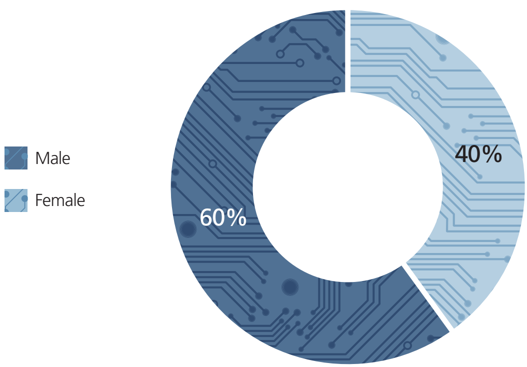
Figure 4 below shows the number of employee hires by region and age group in FY2020.

Figure 4 Employee hires in FY2020 by region and age group



Overall, the total number of new employees hired in FY2020 was 15 with the majority from the age group of 30-50 years old.

Figure 5 Employee hires in FY2020 by gender



The total number of new employees hired in FY2020 comprised 60% male and 40% female as shown in Figure 5 above.

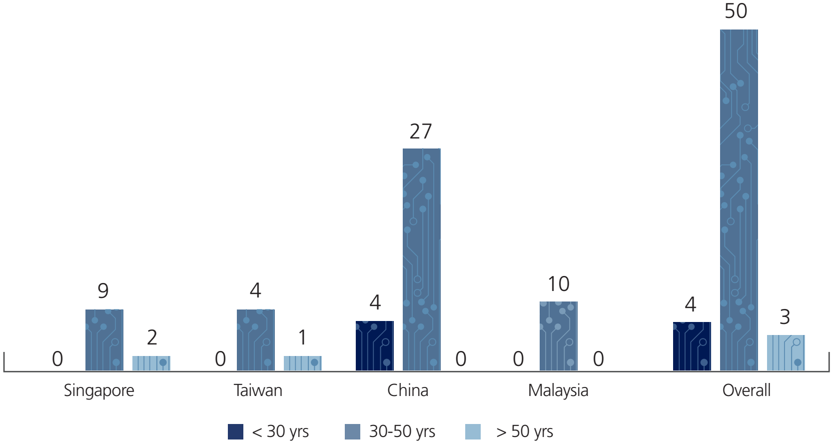
SUSTAINABILITY REPORT

Employee Turnover

Employee turnover are employees who leave the Group voluntarily or due to dismissal, retirement, or death in service.

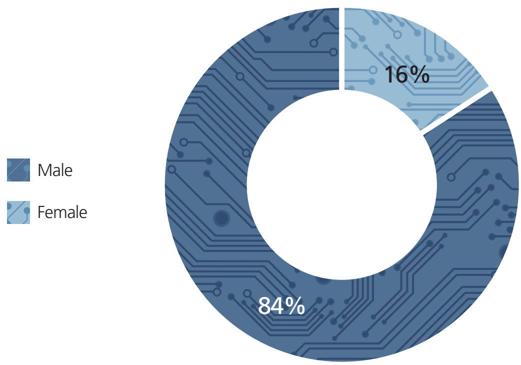
Figure 6 below shows the employee turnover by region and age group in FY2020.

Figure 6 Employee turnover in FY2020 by region and age group



Overall, the total number of employee turnover in FY2020 was 57. 86% of the employee turnover in FY2020 was due to the cessation of a distributorship agreement with a key principal in May 2020. As a result of this cessation, we did not achieve the target set for employee turnover rate in respect of FY2020.

Figure 7 Employee turnover in FY2020 by gender



The total employee turnover in FY2020 comprised 84% male and 16% female as shown in Figure 7 above.

SUSTAINABILITY REPORT

For the financial year ending 30 June 2021, we target to achieve an employee turnover rate that is less than 10% of the total number of employees as at 30 June 2020.

(b) Diversity and Equal Opportunity

At Ellipsiz, we believe that the success and growth of our business depends on the continued efforts and abilities of our employees. We place emphasis on implementing inclusive recruitment practices and optimising the use of available labour and talent in different regions. We embrace diversity as it allows our Group to be more vibrant and innovative with difference in experiences and backgrounds that each employee may offer. We recognise the importance of creating an all-inclusive environment where our people can treat each other respectfully and equally. We are committed to creating an environment that provides non-discrimination and equal opportunities and benefits to each employee, regardless of gender or age. This is implemented through our Employees' Code of Conduct and Ethics Policy ("Code of Conduct"), which sets our position against discrimination in any form.

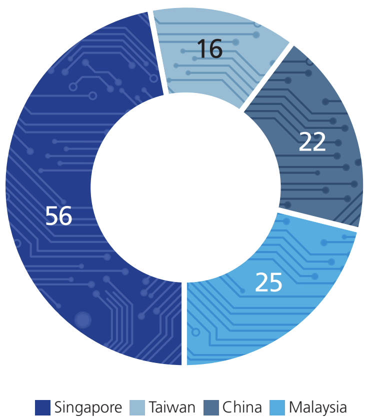
Employees are hired based on individual competencies, skillsets, organisational and job fit. A fair appraisal system supports our remuneration practices, opportunities for advancement and promotion, recognition of achievements, training requirements and other conditions of employment. All employees are appraised at least annually.

Employees of overseas subsidiaries attending the Company's annual function held in Singapore in October 2019.

As at 30 June 2020, the Group has a total of 119 employees, with diversity in terms of age and gender. There were no cases of discrimination reported within the Group in FY2020.

Figures 8, 9 and 10 show the total number of employees by region, the distribution of employees by gender and employee category, and the distribution of employees by age group and employee category, respectively, as at 30 June 2020.

Figure 8 Total number of employees in FY2020 by region



SUSTAINABILITY REPORT

The four employee categories are as follows:

- Employee Category 1 – General Manager/Director level
- Employee Category 2 – Manager level
- Employee Category 3 – Executive level
- Employee Category 4 – Non-executive level

Figure 9 Distribution of employees in FY2020 by gender and employee category

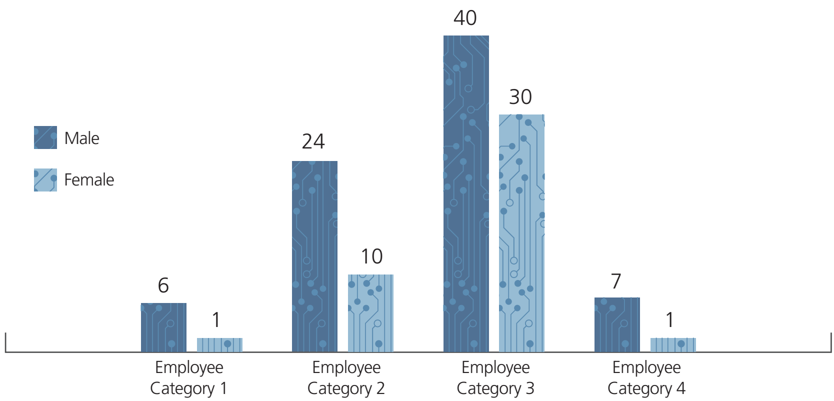
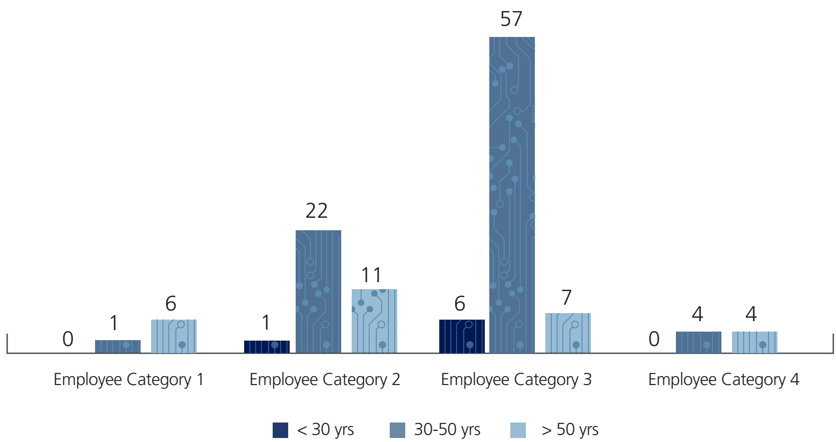


Figure 10 Distribution of employees in FY2020 by age group and employee category



SUSTAINABILITY REPORT

For the financial year ending 30 June 2021, we target to maintain the record of zero discrimination case within the Group.

For disclosure on composition and diversity of the Board, please refer to the section entitled "*Corporate Governance – Principle 2, Provision 2.4*" in this Annual Report.

(c) Corporate Social Responsibility

One of our goals as a responsible and caring organisation is to give back to the society. We are actively integrating corporate social responsibility into our sustainable business practices, with an aim to generate a positive outcome and to make a difference for our community. Ellipsiz supports corporate social responsibility programs through various community and charitable causes.

We encourage our employees to get involved in reaching out to the community, with the intent of raising awareness and cultivating a sense of social responsibility towards the less privileged in our society. For the health and safety of our employees, and to play our part in the fight against COVID-19, we have not reached out directly (i.e. face-to-face interaction) to the community in FY2020 to minimise physical interaction. We have however contributed by purchasing a piece of finger painting by the late Master Wu Tsai Yen at a charity art exhibition in December 2019, of which 70% of the proceeds were donated to HCA Hospice Care. HCA Hospice Care is Singapore's largest home hospice care provider and is a registered charity in Singapore which provides comfort and support to patients with life-limiting illnesses regardless of age, religion, ethnicity, nationality and financial status. We have also made a donation to Ronald McDonald House Charities ("RHMC") Singapore to support the opening of Ronald McDonald House and Ronald Family Room at National University Hospital and its ongoing operation. RHMC Singapore is an independently administered charity on a simple mission to improve the health and well-being of children in Singapore.

We believe that every act of kindness goes a long way, and everyone has a part to play in building a gracious society.

GOVERNANCE PERFORMANCE

(a) Economic Performance

Please refer to the sections entitled "*Financial Review*" and "*Financial Statements*" in this Annual Report for further details on the Group's financial performance in FY2020.

(b) Anti-Corruption

The Group is opposed to corruption. All our employees are expected to observe integrity and to conduct themselves in a professional and ethical manner in their course of work. Corrupt practices could subject the Group and individuals concerned to criminal and civil liabilities, and may adversely affect the Group's reputation.

The Group's Code of Conduct sets out, *inter alia*, the guidelines of acceptable codes of ethics in a workplace. As part of our yearly exercise, employees are required to read and refresh themselves on the guidelines set out in the Code of Conduct. Certain employees such as key management/executives and sales and marketing executives are required to complete an online declaration form to confirm that he or she is in compliance with the Code of Conduct during the financial year. Where there is any non-compliance

SUSTAINABILITY REPORT

with the Code of Conduct, employees will be required to disclose the details of such non-compliance.

In addition, the Group has a whistleblowing policy ("Whistleblowing Policy") in place to promote good ethical standards, integrity and governance in the corporate conduct and business practices of the Group. The Whistleblowing Policy provides an avenue for our employees to raise in confidence, concerns about actual or suspected improprieties about, amongst others, financial reporting, internal controls, corruption, bribery and fraud, and offer assurance that employees raising such concerns in good faith will be protected from reprisals for whistleblowing. Whistleblowing concerns received will be handled in accordance with the procedures set out in the Whistleblowing Policy, including the course of action based on information provided.

Internal audits of our Group entities are conducted periodically to monitor, amongst others, the risk of corruption. In the event any of such risk arises, it will be reported to the management and the Audit and Risk Committee of the Company. There were no reported incidents of corruption in FY2020. Whilst there is no risk of corruption presently, we continue to remain vigilant in ensuring our employees conduct themselves with the highest standards of integrity and accountability.

For the financial year ending 30 June 2021, we target to continue to maintain the record of zero incident of corruption.

CORPORATE GOVERNANCE

The board of directors (the "Board") of Ellipsiz Ltd (the "Company" and together with its subsidiaries, the "Group") is committed in its continuing efforts to achieve high standards of corporate governance and business conduct to enhance long-term shareholder value and safeguard the interests of its stakeholders. This report describes the Company's corporate governance practices for the financial year ended 30 June 2020 ("FY2020"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "Code"). In so far as any provision of the Code has not been complied with, explanation as to how the Company's practices conform to the intent of the relevant principle of the Code is provided in the relevant paragraph of this report.

I. BOARD MATTERS

The Board's Conduct of Affairs
Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

Provisions 1.1, 1.3, and 1.4

The Board is entrusted with the responsibility of overseeing the business and corporate affairs of the Group. Its role includes, approving the overall strategies and initiatives of the Group; providing entrepreneurial leadership and setting objectives; regularly reviewing the Group's financial performance; overseeing processes for evaluating the adequacy of internal controls; ensuring the implementation of appropriate systems to manage the principal risks of the Group's business (including safeguarding of shareholders' interests and Group's interests); setting standards and values (including ethical standards); ensuring that obligations to shareholders and other key stakeholders are understood and met; considering sustainability issues as part of its strategic formulation; and assuming responsibility for corporate governance.

The Company's internal guidelines stipulating matters that require the Board's approval are communicated to management. Matters that require the Board's approval include:

(a) strategic investments, acquisitions and divestments;

(b) annual budget and business plans of the Group;

(c) issuance of shares, interim dividends, proposal of final dividends for shareholders' approval and other returns to shareholders;

(d) matters as specified under Chapter 9 of the listing manual of Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual") in relation to interested person transactions;

(e) announcement of the Group's financial statements and the release of the Annual Report; and

(f) any other corporate actions and matters as prescribed under the relevant legislations and regulations and the provisions of the Company's Constitution.

CORPORATE GOVERNANCE

Where a director of the Company ("Director") faces conflicts of interest, he or she will recuse himself or herself from discussions and decisions on the relevant matter.

To facilitate the Board in the discharge of its oversight function and ensuring good corporate governance, the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") have been established with clear written terms of reference. The members of the Board committees are set out under the section entitled "*Corporate Information*" of this Annual Report. Each Board committee has the authority to examine issues relevant to its written terms of reference and to make recommendations to the Board for its consideration and approval. A summary of the terms of reference and the activities of each Board committee is disclosed in the relevant paragraphs of this report.

Provision 1.5

During FY2020, the Board conducted four scheduled meetings on a quarterly basis. In addition, the Board had conducted ad-hoc meetings and discussions during the year to address specific significant matters or developments. The Company's Constitution permits the Board to conduct meetings by, *inter alia*, telephone conference or electronic means so as to enhance efficiency and allow for timely meetings. The Board may also make decisions by way of circular resolutions in writing.

The attendance of each Director at meetings of the Board and of the Board committees, as well as the Annual General Meeting of the Company ("AGM") in FY2020 is set out in the table below.

	Board	**Audit and Risk Committee**	**Nominating Committee**	**Remuneration Committee**	**AGM**
Number of meetings held	7	4	3	2	1
Director	**Number of meetings attended in FY2020**				
Mr Chng Hee Kok	6*	4	2*	2	1
Mr Kelvin Lum Wen-Sum	7	NA	3	NA	1
Mr Amos Leong Hong Kiat	6	4	3	2	1
Mr Clement Leow Wee Kia	7	4	3	2	1
Ms Iris Wu Hwee Tan	7	4	NA	NA	1
Mr Adrian Lum Wen-Hong	6	NA	NA	NA	1

** abstained from participating in the meeting*

Directors with multiple board representations in other companies have not compromised the time and attention given to the affairs of the Company. Please also refer to the disclosures under *Principle 4, Provision 4.5* of this report.

CORPORATE GOVERNANCE

Provision 1.6

Management provides the Directors with relevant, complete and timely information prior to Board and Board committees meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Senior management is invited to participate at the meetings to provide the background and explanatory information relating to matters brought before the Board and Board committees. Relevant information with the necessary explanations is presented on matters to be discussed such as business plans, investments activities, budgets, forecasts, half-year and full-year financial statements, internal audit and enterprise risk assessment reports. In respect of budgets, any material variances between projections and actual results are disclosed and explained. If a Director is unable to attend a Board or Board committee meeting, he or she will still receive all the papers and materials for discussion at the meeting. He or she will review the materials and advise the Chairman of the Board or the relevant Board committee of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting.

Provision 1.7

All Directors have separate and independent access to the senior management team, independent professional advisers such as lawyers, external and internal auditors (at the Company's expense) and the Company Secretaries at all times. Directors are entitled to request from senior management additional information as needed to make informed decisions and senior management is obliged to provide such information on a timely basis. A Company Secretary attends Board and Board committee meetings and ensures that board procedures are followed, relevant legislations, rules and regulations relating to company are complied with, and minutes of the meetings are fairly recorded. The Company's Constitution provides that the appointment and the removal of Company Secretary are subject to the approval of the Board.

Provision 1.2

A formal letter is furnished to newly appointed Directors upon their appointment explaining their duties and obligations as a Director. Newly appointed Directors will undergo an orientation programme, which will include briefings by the chairman of the NC, the Chief Executive Officer of the Company ("CEO") and management on the businesses and activities of the Group, its investments, any pending merger and acquisition projects, its strategic directions as well as its corporate governance practices so as to facilitate the new member's understanding of the Group.

Directors are provided with opportunities to develop and maintain their skills and knowledge on areas relating to their duties as directors of a public listed company and their roles on Board committees which include attending courses organised by the Singapore Institute of Directors. The Directors attend such training sessions at the Company's expense. In addition, Directors receive regular updates from the management and/or external consultants on developments in relevant laws and regulations such as those relating to finance, corporate governance and changes made to the SGX-ST Listing Manual. They are also provided with updates at each Board meeting on business and strategic developments pertaining to the Group's business.

CORPORATE GOVERNANCE

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

Provisions 2.2 and 2.3

As at the date of this report, the Board consists of six members, three of whom are independent Directors, including the Chairman. Other than Mr Kelvin Lum Wen-Sum who is an executive Director and the CEO, the remaining members of the Board are non-executive Directors.

Provision 2.1

The Board determines on an annual basis, taking into account the assessments of the NC, the independence of each Director, based on the guidelines on independence specified in the Code (including the Code's Practice Guidance) and the circumstances set out in Rule 210(5)(d) of the SGX-ST Listing Manual, and each Director's confirmation of his or her independence based on the aforesaid.

Each of Mr Chng Hee Kok and Mr Clement Leow Wee Kia has no business relationship with the Group and is independent from the substantial shareholder or the officers of the Company.

The NC noted that Mr Amos Leong Hong Kiat was first appointed to the Board on 1 May 2009 and has served on the Board for more than nine years. In this respect, the NC undertook a particularly rigorous review of the independent status of Mr Leong. The NC, with which the Board concurred, was of the view and had determined that Mr Leong shall nonetheless be considered independent. In assessing his independence, the NC took into consideration that:

(a) Mr Leong has consistently demonstrated strong independence in character and judgement in the discharge of his responsibilities as a Director;

(b) he does not have any relationship with the Company, its related corporations, its substantial shareholder and/or officers that could interfere, or be reasonably perceived to interfere, with his independent business judgement with a view to the best interests of the Company;

(c) there was a change in the senior management of the Company during the financial year ended 2018, in particular, the former CEO and the former Chief Financial Officer of the Company ("CFO") who had served the Company for more than nine years had retired and new management was put in place;

(d) neither he nor his immediate family member, in the current or immediate past financial year, provided to or received from the Group any significant payments or material services, other than his Director's fees;

CORPORATE GOVERNANCE

(e) neither he nor his immediate family member, in the current or immediate past financial year, is or was a substantial shareholder or a partner in, or an executive officer of, or a director of, any organisation which provided to or received from the Group any significant payments or material services; and

(f) he is not or has not been directly associated with the substantial shareholder of the Company.

Consequently, the Board, taking into account the view of the NC, has determined that Mr Leong's independent judgement and ability to act in the interests of all shareholders of the Company as a whole would not be impeded. The Board and the NC are however cognizant of the new Rule 210(5)(d)(iii) of the SGX-ST Listing Manual, which will come into effect from 1 January 2022, requiring an independent director who has served for an aggregate period of more than nine years to be subject to a two-tier shareholders voting, for his or her continued appointment as an independent director.

Mr Kelvin Lum Wen-Sum and Mr Adrian Lum Wen-Hong are not independent as they are both sons of Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, the controlling shareholder of the Company.

Ms Iris Wu Hwee Tan is considered not independent by reason of her appointment by the Company as a consultant providing consultancy services on corporate matters to the Group where she receives an aggregate payment in excess of S$50,000 in a financial year for the provision of such services.

Provision 2.4

The size and composition of the Board and the Board committees are reviewed annually by the NC, to ensure that the diversity policy endorses the principle that the Board and the Board committees should have the appropriate mix of expertise and experience and collectively possesses the relevant and necessary skill sets and core competencies as well as other aspects of diversity such as age and gender, which foster open and constructive debate and avoid groupthink, for effective decision-making.

The Board is made up of members with a diverse background and experience, skills, age, gender and knowledge of the Group such as in the areas of finance, business and management experience and industry knowledge, all of which are essential and valuable to the decision-making and direction setting as well as the objectives of the Group. The Board's composition in terms of age and gender is set out as follows:

Age Group	Number of Directors	Percentage (%)
30-50	3	50
>50	3	50
Total	6	100

CORPORATE GOVERNANCE

Gender	Number of Directors	Percentage (%)
Male	5	83
Female	1	17
Total	6	100

The NC had conducted its assessment for FY2020 and is satisfied that the present Board and Board committees' size and composition are appropriate and facilitate effective decision-making, taking into consideration the scope and nature of the Group's current operations.

Provision 2.5

The non-executive Directors meet at the end of each Board committee meeting as and when necessary without the presence of management. Feedback and their views are communicated to the Board and management from time to time, as appropriate.

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

Provision 3.1

There is a clear separation of the roles and responsibilities of the Chairman and the CEO as the roles are separately held by Mr Chng Hee Kok and Mr Kelvin Lum Wen-Sum. This ensures an appropriate balance of power, increased accountability and greater capacity for independent decision-making. The Chairman is an independent Director. The Chairman and the CEO are not immediate family members.

Provision 3.2

The Chairman's primary responsibility is to lead the Board and in ensuring its effective function. He sees to it that Board meetings are held as and when necessary and that Directors receive accurate, clear and timely information. He encourages constructive relations between management and the Board, as well as between executive and non-executive Directors; and ensures effective communication with shareholders.

The CEO is primarily responsible for the operations and performance of the Group; execution of corporate directions and strategies, including overseeing its financial planning and investment activities; and reporting to the Board on the Group's operations and performance.

CORPORATE GOVERNANCE

Provision 3.3

The Board does not appoint a lead independent director given that half of the Board members, including the Chairman, are independent. The NC is of the view that there is an appropriate balance of power and accountability to ensure independent decision-making.

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

Provisions 4.1 and 4.2

The NC consists of Mr Clement Leow Wee Kia (as chairman), Mr Chng Hee Kok, Mr Amos Leong Hong Kiat and Mr Kelvin Lum Wen-Sum. The majority of the members of the NC, including the chairman of the NC, are independent Directors.

Under its written terms of reference, the NC is tasked to assist the Board with its oversight responsibilities in the following matters:

(a) review of the structure, size and composition of the Board and the Board committees;

(b) review of the succession plans for the Chairman, Directors and key management personnel (including the CEO);

(c) development of processes and criteria for evaluating the performance of the Board, each Board committee and each individual Director;

(d) review of the training programmes for the Board;

(e) appointment and re-appointment of Directors; and

(f) review of the independence of each Director.

Provision 4.3

When the need for a new Director arises, either to replace a Director who has resigned or to enhance the Board's composition, the NC will shortlist potential candidates. External help (for example, the Singapore Institute of Directors) could be used to source for potential candidates. Directors as well as management may also make suggestions. The NC will evaluate, amongst others, the needs of the Board taking into consideration the need for diversity including skills sets, expertise, experience of the candidates and the value that each can contribute to the Board before making any recommendation to the Board. It also reviews and approves nominations for key management positions in the Group, in particular, the CEO and CFO. The NC will make its recommendations to the Board for approval.

CORPORATE GOVERNANCE

The NC is tasked under its terms of reference to, *inter alia*, make recommendations on the re-election of Directors who are subject to retirement by rotation. The Company's Constitution requires one-third of the Directors for the time being to retire by rotation at every AGM, and all Directors to retire at least once every three years. In deciding whether to nominate Directors to stand for re-election at each AGM, the NC will assess and evaluate the contribution of each individual Director to the effectiveness of the Board. The review parameters for evaluating each Director include, *inter alia*, attendance at Board and Board committee meetings, participation and involvement in decision-makings, individual expertise, management skills, business knowledge and experience of the Director, and such other relevant attributes which are valuable to the effective decision-makings of the Board as a whole. Each member of the NC abstains from voting on any resolution, making any recommendation and participating in any deliberation of the NC in respect of the assessment of his own performance and nomination for re-election as a Director.

A newly appointed Director must submit himself or herself for re-election at the next AGM following his or her appointment to the Board pursuant to the Constitution of the Company.

Each of Ms Iris Wu Hwee Tan and Mr Adrian Lum Wen-Hong is proposed to be re-elected at the forthcoming AGM. Please refer to the section entitled "*Additional Information on Directors Seeking Re-Election*" on pages 165 to 173 of this Annual Report for information relating to them provided pursuant to Rule 720(6) of the SGX-ST Listing Manual.

Provision 4.4

The NC reviews and assesses annually and as and when circumstances require to determine if there is a change to the independent status previously accorded to a relevant Director based on the guidelines on independence mentioned under *Principle 2, Provision 2.1* of this report. Please refer to disclosures under *Principle 2, Provision 2.1* of this report for the Board's determination of the independence of each Director.

Provision 4.5

The NC ensures that newly appointed Directors are aware of their duties and obligations. As disclosed under *Principle 1, Provision 1.2* of this report, new and existing Directors are provided with, *inter alia*, training and developments opportunities to enable them to adequately carry out their duties as a Director.

The listed company directorships held by, and the principal commitments of, each Director, if any, can be found on pages 5 to 9 of this Annual Report. The NC is satisfied that sufficient time and attention is being given by each Director to the affairs of the Company, taking into account, *inter alia*, the attendance records of the Directors at the respective Board and Board committee meetings and their contributions towards the decision-makings of the Board and the Board committees, notwithstanding that some of the Directors have multiple board representations. The number of directorships in other listed companies held by each of the Directors, if any, does not give rise to material concern and the NC considers the experience such Directors have in other listed companies to be an asset as they bring with them relevant experience from their involvement in such other appointments.

CORPORATE GOVERNANCE

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

Provisions 5.1 and 5.2

The NC develops and recommends for the Board's approval the objective performance criteria and processes for evaluating the performance and effectiveness of the Board as a whole, each Board committee as well as each individual Director.

A formal assessment process, based on evaluation questionnaires that contain both qualitative and quantitative performance criteria approved by the Board, to assess the effectiveness of the Board and the Board committees is carried out at least once every year. The assessment utilises a confidential questionnaire, covering areas such as the effectiveness of the Board/Board committees in its monitoring role, the mix of expertise, experiences and skills represented on the Board/Board committees, completed by each Director individually. Each Board committee is required to complete a checklist, to ensure that the roles and duties set out in its written terms of reference are carried out during the financial year. The completed checklists are then submitted to the NC for it to carry out its evaluation process.

The NC evaluates each individual Director's performance through a separate questionnaire dealing with various aspects including attendance records, contributions during Board and Board committee meetings, as well as individual performance of principal functions and fiduciary duties. Where a particular Director is also a member of the NC, such Director abstains from participating in the discussions and decision-making during the evaluation process.

The results of the evaluation exercise carried out by the NC are reported to the Board together with any relevant recommendations. No external facilitator was engaged for the evaluation process in FY2020.

II. REMUNERATION MATTERS

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

Provisions 6.1 and 6.2

The RC consists of Mr Clement Leow Wee Kia (as chairman), Mr Chng Hee Kok and Mr Amos Leong Hong Kiat. All of them, including the chairman of the RC, are independent Directors.

CORPORATE GOVERNANCE

The RC plays a crucial role in the recruitment and retention of talents to drive the Group's business forward. It sets the remuneration guidelines of the Group.

Under its written terms of reference, the RC is responsible for:

(a) reviewing and recommending to the Board a remuneration framework and policies for the Directors and key management personnel (including the CEO);

(b) reviewing and recommending to the Board the specific remuneration packages for each Director and each key management personnel; and

(c) ensuring that the remuneration is appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Group for the long-term.

Provisions 6.3 and 6.4

The RC reviews all aspects of remuneration of the Directors and key management personnel, including the terms of all service contracts of the executive Director who is the CEO and key management personnel, to ensure that such service contracts contain fair and reasonable termination clauses. Save for Ms Iris Wu Hwee Tan as disclosed in this report, the non-executive Directors have no written service contracts with the Company and are paid Director's fees, subject to shareholders' approval at the AGMs. The CEO and the key management personnel of the Group are not entitled to any payment of compensation upon termination of service, retirement or any post-employment benefits.

No individual Director fixes his or her own remuneration. Any Director who has an interest in the matter in question is required to abstain from participating in the decision-making.

For FY2020, no remuneration consultant was engaged by the Company.

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

Provisions 7.1 and 7.3

The framework of remuneration for the Board and key management personnel is linked to the development of management bench strength to ensure continual development of talent and renewal of strong leadership for the continued success of the Group. In determining remuneration packages, the RC takes into consideration industry practices and norms in compensation.

CORPORATE GOVERNANCE

The RC ensures that remuneration for the executive Director and key management personnel of the Group are in line with the Group's strategies and performance, with a view to attract, retain and motivate the appropriate personnel to provide good stewardship of the Company and for the key management personnel to successfully manage the Company for its long-term success. The RC's recommendations are submitted to the Board for endorsement.

Provision 7.2

The non-executive Directors are paid a basic Director's fee. The RC recommends non-executive Directors' fees to the Board that are appropriate to their contribution, taking into account factors such as frequency of meetings, effort and time spent, and their responsibilities. The aggregate fees payable to the non-executive Directors are subject to the approval of the shareholders at the AGM.

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

Provisions 8.1 and 8.3

Non-executive Directors

The remuneration paid to non-executive Directors in FY2020 are set out below:

Director	Directors' fees ($)*	Consultancy fees ($)
Mr Chng Hee Kok	69,000	–
Mr Amos Leong Hong Kiat	59,000	–
Mr Clement Leow Wee Kia	59,000	–
Ms Iris Wu Hwee Tan	55,000	91,000
Mr Adrian Lum Wen-Hong	55,000	–
Total	**297,000**	**91,000**

** Directors' fees were paid quarterly in arrears*

The Directors' fees had been approved by shareholders at the AGM held in October 2019.

CORPORATE GOVERNANCE

Executive Director and Key Management Personnel

Provision 8.1 of the Code requires the Company to disclose the names, amounts and breakdown of remuneration of at least the top five key management personnel (who are not Directors or the CEO) of the Group in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel. The Board had considered this matter carefully and decided against such detailed disclosure due to the confidential and commercial sensitivities associated with remuneration matters. The Board is of the view that such disclosure is not in the interests of the Group as it would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group. The Company is making available, however, the aggregate remuneration of the top five key management personnel.

The Company believes that the disclosures provided are meaningful and transparent in giving an understanding of the remuneration of the key management personnel. The Board and/or the RC will respond to questions from shareholders on remuneration policy and framework of the executive Director and key management personnel, if any, at AGMs. The Company is therefore of the view that its corporate governance practice on this aspect conforms to the intent of Principle 8 of the Code.

The remuneration of the executive Director is disclosed in the table below.

Executive Director and CEO	**Total ($)**	**Fees (%)**	**Salary and Allowance (%)**	**Bonus (%)**
Mr Kelvin Lum Wen-Sum	870,000	–	78	22

Mr Kelvin Lum Wen-Sum has served as an executive Director since his appointment to the Board on 1 March 2016. He was appointed the CEO with effect from 8 August 2018. Mr Lum's employment contract as the CEO is for an initial term of three years. After the initial term, the employment contract with the Company may be terminated by either party serving the requisite prior notice. Mr Lum's remuneration package consists of basic and variable components, and other appropriate benefits-in-kind. His performance is evaluated by the RC based on a formal employee evaluation process. Mr Lum's bonus is determined based on financial and non-financial criteria that are aligned with the strategic directions set by the Board for the Group. The RC is satisfied that Mr Lum had met most of the criteria for FY2020.

In respect of key management personnel, the Group adopts a remuneration policy comprising fixed and variable components in the form of base salary and variable bonus that are tied to business and individual performance taking into consideration financial budgets that were approved by the Board. For FY2020, the performance conditions set were met. This framework enables the Group to align key management personnel's compensation with the interests of shareholders and promotes the long-term success of the Group.

CORPORATE GOVERNANCE

The aggregate remuneration of the top five key management personnel of the Group (who are not Directors) in FY2020 was $1,224,000 and their remuneration packages in bands of $250,000 are set out below:

	Number of key management personnel
$250,000 to $499,999	2
Below $250,000	3

Provision 8.2

Save for Mr Kelvin Lum Wen-Sum, the CEO, who is the son of Mr David Lum Kok Seng (the controlling shareholder of the Company) and the brother of Mr Adrian Lum Wen-Hong (a Director), the Group does not employ any other immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds $100,000 during FY2020. Mr Kelvin Lum Wen-Sum's remuneration is disclosed under *Principle 8, Provisions 8.1 and 8.3* of this report.

III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls
Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

Provision 9.1

The Board ensures that management has in place a system of internal controls to make sure that proper accounting records are kept, information is reliable, the Group's assets are safeguarded and significant business risks are identified and contained. The Board recognises that no system of internal controls can provide absolute assurance against the occurrence of material errors, misjudgement, human errors, losses, fraud or other irregularities.

The ARC assists the Board in the oversight of the Group's risk management function. Together with senior management, it seeks to identify areas of significant business risks, including revenue loss, asset loss and breach of information security, as well as takes appropriate measures to control and mitigate these risks with an aim to achieve the overall strategic objectives and value creation of the Group. In determining the appropriate measures, the cost of control and the impact of risks will be balanced with the benefits of reducing risks.

Risks are reviewed and managed at each level of reporting and consolidated for review at overall Group level. On-going reviews and assessments are carried out by the Board, the ARC, senior management and internal auditor, and continuing efforts are made at enhancing controls and processes that require improvement.

CORPORATE GOVERNANCE

The key risks faced by the Group in FY2020 are summarised below:

Geopolitical and Macroeconomic Risk

The Group operates and provides product and service solutions to customers including those in Singapore, Malaysia, China, Taiwan and Indonesia. As a result, the Group's businesses and its future growth are dependent on the political, economic, regulatory and social conditions of these countries. The Group's businesses are also affected by macroeconomic factors such as the performance of the United States, China and other major economies in Asia as they have an impact on the end market consumption, supply chains, consumer sentiments, and consequently, the market demand for our product and service solutions. The Group monitors the changes and developments closely and adopts strategies to adapt to such changes to minimise unfavourable impact to our businesses.

Loss of Key Distributorships and Service Contracts

The Group constantly faces intense competition from other leading players, and it is imperative to identify, expand and secure exclusive distributorships for leading products and/or brands crucial to the manufacturing processes of the semiconductor and electronics manufacturing services industries, and to provide unparalleled services to our customers through service contracts. Loss of key product distributorships and service contracts as well as the inability to boost our product and service offerings would have a material adverse impact on our business as well as financial results. The Group's staff conducts regular dialogues and meetings with both suppliers and customers to maintain strong and healthy relationships with these stakeholders and ensure their requirements and needs are addressed.

Cyber Security Risk

The Group recognises that cyber threat is one of the key concerns as cyber attackers are becoming increasingly creative in targeting system vulnerabilities. The on-going business digitalisation exposes the Group's businesses to IT-related threats, which may result in compromising the confidentiality, integrity and availability of the Group's information assets and/or systems. The Group has in place policies and procedures to manage these risks and to ensure that the confidentiality, integrity and availability of the Group's information assets are protected, including a disaster recovery strategy, backup and restore procedures, and email security to prevent social engineering attacks such as phishing. Regular reminders are disseminated to employees to heighten awareness of cyber threats.

Financial Risks

The Group is also exposed to financial risks, including credit, liquidity, currency and equity price risks. Please refer to pages 139 to 146 of this Annual Report for details of these risks.

CORPORATE GOVERNANCE

Provision 9.2

The Board has received assurance from:

(a) the CEO and the CFO that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

(b) the CEO, the CFO and other relevant key management personnel on the adequacy and effectiveness of the Group's internal control and risk management systems.

Based on the internal control and risk management systems established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the ARC and management, and the assurances set out above, the Board, with the concurrence of the ARC, is of the opinion that, in respect of FY2020, the internal controls (including financial, operational, compliance and information technology controls) and risk management system of the Group were adequate and effective as at 30 June 2020 to meet the needs of the Group in its current business scope and environment.

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

Provisions 10.1, 10.2, 10.3 and 10.5

The ARC consists of Mr Amos Leong Hong Kiat (as chairman), Mr Chng Hee Kok, Mr Clement Leow Wee Kia and Ms Iris Wu Hwee Tan. All the members of the ARC are non-executive Directors and the majority of the members, including the chairman of the ARC, are independent Directors. The ARC does not comprise of any former partner or director of the Company's existing audit firm.

The members of the ARC have sufficient financial management expertise and experience to discharge the ARC's functions in view of their many years of relevant experience as directors and/or senior management in accounting and financial fields. Information on the members of the ARC can be found on pages 5 to 9 of this Annual Report. The ARC is kept abreast of changes to financial reporting standards and issues which may have a direct impact on financial statements by management and the external auditor.

In assisting the Board to fulfil its responsibilities in ensuring the integrity of financial reporting and that sound internal control systems are in place, the ARC met periodically during the financial year with management, the internal and external auditors, as appropriate. The ARC performs its roles and duties in accordance with the requirements of the Companies Act (Chapter 50) of Singapore and the guidelines of the Code relating to audit committee. The functions of the ARC set out in its written terms of reference include the following:

(a) to review significant financial reporting issues and judgements to ensure the integrity of financial statements and announcements relating to the Group's financial performance;

CORPORATE GOVERNANCE

(b) to review the assurance provided by the CEO and CFO on the financial records and financial statements of the Group;

(c) to review at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management system of the Group;

(d) to review the adequacy, effectiveness, independence, scope and results of the internal and external audit functions of the Group;

(e) to review and recommend to the Board the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;

(f) to review the nature and extent of non-audit services provided by the external auditor and the aggregate fees paid to the external auditor for audit and non-audit services to ensure that the external auditor's independence is not compromised;

(g) to review and recommend to the Board the appointment, re-appointment and removal of the internal auditor and the remuneration and terms of engagement of the internal auditor;

(h) to review interested person transactions; and

(i) to review policy and arrangements that are in place by which employees of the Group may raise, in confidence, concerns about possible improprieties in financial reporting or any other matters; reviewing and investigating such concerns raised through the whistleblowing channel and reporting its findings and course of actions taken to the Board.

In the course of the financial year, the ARC carried out independent reviews of the financial statements of the Group before announcements of the Group's first quarter, half-year and full-year results were released. In the process, the ARC considered the reasonableness of estimates, judgements and assumptions made and applied by management and any significant matters which would have a material impact on the financial statements.

In its review of the financial statements for FY2020, the ARC also considered the report from the external auditor and the methodology applied and key assumptions used in determining the fair value and recoverable amount of non-financial assets, set out in the key audit matters ("KAMs") of the independent auditor's report on pages 58 to 63 of this Annual Report. The ARC had concurred with management on the methodology, accounting treatment and estimates adopted, as well as the disclosures made in the financial statements, for the KAMs addressed by the external auditor in their report.

CORPORATE GOVERNANCE

The ARC has full access to and co-operation from management. It has also been given the resources required to discharge its functions properly and has full discretion to invite any Director and/or senior management to attend its meetings. The external and internal auditors have unrestricted access to the ARC. The ARC meets with the external auditors and the internal auditors, without the presence of management, at least annually.

The ARC had undertaken a review of all non-audit services provided by the external auditor and confirmed that they do not affect the independence of the auditor pursuant to Rule 1207(6)(b) of the SGX-ST Listing Manual. The external auditor's fees for FY2020 breakdown into audit and non-audit fees are disclosed in Note 21 to the financial statements on page 136 of this Annual Report.

The Company appointed Ernst & Young LLP, a firm registered with the Accounting and Corporate Regulatory Authority, to conduct audit on its financial statements and those of its Singapore-incorporated subsidiaries and significant associated companies for FY2020. The Company has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to the appointments of external auditors.

The ARC has recommended to the Board the re-appointment of Ernst & Young LLP as external auditor of the Company at the forthcoming AGM.

Whistleblowing Policy

The Group has in place a whistleblowing policy pursuant to which any employee of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, internal controls or other matters which may have an adverse effect on the Group. The whistleblowing policy is disseminated and made available to all employees of the Group through an employees' portal. The whistleblowing policy is reviewed and updated from time to time to ensure that it remains current and applicable.

Provision 10.4

The Group outsources its internal audit function to a professional internal audit firm, Virtus Assure Pte Ltd. The activities of the internal audit firm are guided by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The ARC approves the appointment, evaluation and remuneration of the internal audit firm. It also reviews and approves the audit plans presented by the internal auditor. The internal auditor reports directly to the ARC on its findings and conclusions. The internal auditor is independent of the activities that it audits. It reviews the Group's material internal controls including financial, operational, compliance and information technology controls as well as risk management system, and has unfettered access to all the Group's documents and personnel, including access to the ARC.

The ARC is of the view that the internal audit function of the Group is independent, effective and adequately resourced for FY2020.

CORPORATE GOVERNANCE

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

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

Provision 11.1

The Company is committed to treat all shareholders fairly and equitably. The Board aims to maintain regular, timely and effective communications with its shareholders. The Company disseminates all material and/or price or trade sensitive information to its shareholders on a non-selective basis. The Board keeps the shareholders updated on the business and performance of the Group through releases of the Group's financial results announcements, publication of the Company's annual report and timely releases of material and/or price and trade sensitive information via the SGX website. The Company also maintains a corporate website through which shareholders are able to access information on the Group.

The Company encourages shareholders' participation at general meetings. At general meetings, shareholders are given opportunity to express their views and make enquiries regarding the Group. Information on general meeting is disseminated through notice in the Company's annual report and/or circular to all shareholders together with the relevant explanatory notes, at least 14 days or 21 days (as the case may be) before the meeting. The notice of general meeting is also released via the SGX website and published in a local newspaper as well as posted on the Company's corporate website.

In line with the Company's sustainability effort, annual reports and circulars of the Company will now be made available to shareholders through electronic communications released via the SGX website and posted on the Company's corporate website. Shareholders may, however, request for a printed copy of such documents by submitting a request form to the Company. Printed copies of the notice of general meeting, proxy form and such request form will continue to be sent to shareholders in accordance with the requirements of the SGX-ST Listing Manual.

In view of the unprecedented COVID-19 situation, the forthcoming AGM in October 2020 will be held by electronic means. Printed copies of the notice of general meeting and the proxy form for the forthcoming AGM will not be sent to shareholders. No request form will be sent as shareholders will not be able to request for printed copy of this Annual Report during this period.

Shareholders are informed of the rules, including voting procedures governing general meetings, during such meetings. All resolutions are put to the vote by electronic poll voting at general meetings. Voting by poll allows for a transparent voting process as shareholders will be able to demonstrate their concerns in a manner that reflect their shareholdings. Independent scrutineers

CORPORATE GOVERNANCE

are appointed to conduct the voting process. They explain the electronic poll voting procedures to shareholders and verify and tabulate the votes cast at the end of each resolution. The number of votes for and against each resolution and their respective percentages of the total votes cast are made known to shareholders at the end of voting for each resolution before the chairman of the meeting declares the results of each poll. The results of the poll for each resolution at a general meeting, showing the number of votes cast for and against each resolution and their respective percentages of the total votes cast and the name of the scrutineers are also announced via the SGX website after each general meeting.

Provision 11.2

Separate resolutions are tabled at general meetings on each substantially separate issue. The Company treats resolutions requiring shareholders' approval, such as, re-election of directors and approval of directors' fees, as distinct subjects and submits them to the general meeting as separate resolutions.

Provision 11.3

All the Directors, relevant management personnel, external auditor and professional advisors (if necessary) are present at the general meetings to address any questions that shareholders may have concerning the Group. Directors' attendance at the AGM held in FY2020 is disclosed under *Principle 1, Provision 1.5* of this report.

Provision 11.4

The Company's Constitution allows for shareholders to vote in absentia by appointment of proxy. Under the Company's Constitution, a shareholder may appoint up to two proxies to attend, speak and vote at general meetings through the deposit of a proxy form with the Company at least 72 hours before the meeting. A member who is a relevant intermediary (such as banks and the Central Provident Fund Board) may appoint more than two proxies for the meeting. Voting in absentia by mail, facsimile or electronic mail will not be implemented by the Company for the time being as the integrity of the information and/or proper authentication of the identity of the shareholders remain a concern.

Provision 11.5

Minutes of general meetings, which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board, management, external auditor and/or professional advisors are recorded by a Company Secretary. The Company currently does not publish the minutes of general meetings on its corporate website as recommended by Provision 11.5 of the Code. The Company is of the view that notwithstanding its deviation from Provision 11.5 of the Code, the Company treats all shareholders fairly and equitably as the shareholders, including shareholders who are unable to attend general meetings, have a right to be furnished copies of the minutes of general meetings upon request in accordance with Section 189 of the Companies Act (Chapter 50) of Singapore. The Company however

CORPORATE GOVERNANCE

noted that it will be required to publish the minutes of the forthcoming AGM on the Company's corporate website and SGX website within one month after the date of the meeting pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Provision 11.6

The Company does not have a formal policy on the payment of dividends. Notwithstanding, the Company had consistently declared and paid dividends to its shareholders in the past few years. In considering the level of dividend payments, the Board takes into account various factors, including but not limited to, the performance and financial position of the Company and/or the Group as well as projected levels of capital expenditure and other investment plans. The Company aims to balance cash return to shareholders and investment for sustainable growth while maintaining an efficient capital structure. All dividend declarations or recommendations are announced on the SGX website and the Company's corporate website. In the event the Board decides not to declare or recommend any dividend, the Company discloses the reason(s) for such decision in its financial statements pursuant to Rule 704(24) of the SGX-ST Listing Manual. Accordingly, the Company is of the view that it gives its shareholders a balanced and understandable assessment of its dividend policy through disclosures in its financial statements and other announcements, and therefore its practices conform to the intent of Principle 11 of the Code.

Engagement with Shareholders

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

Provisions 12.1, 12.2 and 12.3

The Board believes in maintaining regular communication with shareholders to gather their views and to address their concerns, if any. The Board engages shareholders at the AGM and other general meetings. During these meetings, shareholders are given the opportunity to share their views and to raise relevant questions pertaining to the Group. Shareholders and potential investors are encouraged to visit the Company's website at www.ellipsiz.com for information on the Group. They are also encouraged to write to the Company's investor relations department if they have questions.

The Company's policy on investor relations encourages an on-going exchange of views with shareholders. The Company's corporate website has a dedicated investor relations page, which provides guidance on ways for shareholders to contact the Company for any questions pertaining to the Group. Shareholders may also communicate with the Company through the Company's designated electronic mail address at ir@ellipsiz.com. Shareholders' questions received by electronic mail are promptly addressed in consultation with management and/or the Board and where appropriate, the Company may issue an announcement and publish the same on the SGX website and its corporate website in response to questions raised, so that information is available to all shareholders.

CORPORATE GOVERNANCE

Though the Company had ceased quarterly reporting and adopted half-yearly announcement of its financial statements in light of the changes made to the SGX-ST Listing Manual, it continues to observe and comply with its continuing disclosure obligations to keep shareholders promptly updated, as and when there are any material developments relating to the Group.

V. MANAGING STAKEHOLDER RELATIONSHIPS

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

Provisions 13.1 and 13.2

The Board has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The Company has identified the Group's material stakeholders in the course of preparation of its Sustainability Report. This is also done on an on-going basis through internal discussions and reviews by different business units of the Group.

The Company's strategy and key areas of focus in relation to the management of material stakeholder relationships during FY2020 are disclosed in the Sustainability Report on pages 17 to 30 of this Annual Report.

Provision 13.3

The Company maintains a current corporate website at www.ellipsiz.com to communicate and engage with its shareholders and other stakeholders. The corporate website is updated regularly to keep shareholders and other stakeholders aware of the developments in relation to the Group.

DEALINGS IN SECURITIES

The Company has internal guidelines on dealings in the securities of the Company by the Directors and employees of the Group, and by the Company in the case of share buy-back. The guidelines set out the implications of insider trading, prohibiting the Directors and employees of the Group from dealing in the securities of the Company on short-term considerations and whilst in possession of unpublished price and trade sensitive information. The guidelines also prohibit the Company, the Directors and employees of the Group from dealing in the Company's securities during the period commencing one month before the announcement of its half-year and full-year financial statements (and prior to the adoption of half-yearly announcement of its financial statements as disclosed above, two weeks before the announcement of its quarterly financial statements).

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS ("IPTs") FOR FY2020

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2020 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ($'000)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) ($'000)
Bluesky Real Estate Investment Pte Ltd ("Bluesky REI")	Bluesky REI is an associate of the controlling shareholder of the Company		
– joint venture in PT Super Makmur Sejahtera ("PT SMS") for acquisition of land at Berakit, Bintan		3,611	NA
– additional capital injection into PT SMS as paid-up capital		229	NA

MATERIAL CONTRACTS

Save as disclosed in this Annual Report, there were no material contracts (or loans) entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or any controlling shareholder of the Company, either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

FINANCIAL STATEMENT CONTENTS

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Ellipsiz Ltd (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2020.

In the opinion of the Directors:

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) 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.

The Board of Directors (the "Board") has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Chng Hee Kok	Chairman
Kelvin Lum Wen-Sum	
Amos Leong Hong Kiat	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	
Adrian Lum Wen-Hong	

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company and in its related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interest is held	**Holdings at beginning of financial year**	**Holdings at end of financial year**
Amos Leong Hong Kiat		
Ellipsiz Ltd		
– ordinary shares		
– deemed interest	30,000	30,000

DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 July 2020.

Except as disclosed in this statement, no Director who held office at the end of the financial year had an interest in the shares, debentures or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year or at 21 July 2020.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at the end of the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or its subsidiaries.

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the date of this statement are:

Amos Leong Hong Kiat	Chairman
Chng Hee Kok	
Clement Leow Wee Kia	
Iris Wu Hwee Tan	

The Audit and Risk Committee held four meetings during the financial year and met with the external and internal auditors separately without the presence of management once during the financial year.

The Audit and Risk Committee carries out its functions as specified in Section 201B(5) of the Act. The principal functions of the Audit and Risk Committee include:

(a) reviewing significant financial reporting issues and judgements to ensure the integrity of financial statements and announcements relating to the Group's financial performance;

(b) reviewing the assurance provided by the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements of the Group;

(c) reviewing at least annually the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management system of the Group;

(d) reviewing the adequacy, effectiveness, independence, scope and results of the internal and external audit functions of the Group;

DIRECTORS' STATEMENT

(e) reviewing and recommending to the Board the proposals to shareholders on the appointment, re-appointment and removal of the external auditor and the remuneration and terms of engagement of the external auditor;

(f) reviewing the nature and extent of non-audit services provided by the external auditor and the aggregate fees paid to the external auditor for audit and non-audit services to ensure that the external auditor's independence is not compromised;

(g) reviewing and recommending to the Board on the appointment, re-appointment and removal of the internal auditor and the remuneration and terms of engagement of the internal auditor;

(h) reviewing interested person transactions as defined in Chapter 9 of the SGX-ST Listing Manual;

(i) reviewing policy and arrangements that are in place by which employees of the Group may raise, in confidence, concerns about possible improprieties in financial reporting or any other matters; reviewing and investigating such concerns raised through the whistleblowing channel, and reporting its findings and course of actions taken to the Board.

The Audit and Risk Committee has full access to and co-operation from the management. It has also been given the resources required to discharge its function properly and has full discretion to invite any Director or executive officer to attend its meetings.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board that the auditor, Ernst & Young LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

In appointing the auditor for the Company, its subsidiaries and significant associated companies, the Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

AUDITOR

The auditor, Ernst & Young LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chng Hee Kok
Director

Kelvin Lum Wen-Sum
Director

30 September 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ellipsiz Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the statement of financial position of the Group and the Company as at 30 June 2020, the consolidated statement of comprehensive income, the statements of changes in equity of the Group and the Company and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2020

Impairment assessment of goodwill

As at 30 June 2020, the Group had $17,202,000 of goodwill which represent 12.7% of total assets in the statement of financial position.

The identification of the cash-generating units ("CGUs") and the recoverable amounts of the CGUs is highly judgemental and subjective as it involves making assumptions relating to estimates on business projections, revenue growth rates, gross margins and discount rates. Changes in the assumptions used in the value-in-use ("VIU") calculations could affect the recoverable amount of the CGU. As a result, we have identified this as a key audit matter.

Our audit procedures included the following:

– Reviewed management's evaluation of the CGUs identification against the requirements of SFRS(I)1-36 *Impairment of Assets*.

– Assessed and tested the key assumptions used in the cash flow projections such as revenue growth rates and gross margins by comparing them to industry benchmarks and historical trends.

– Performed a retrospective review of the estimates used in management's assessment and assessed whether there is an indication of management's biasness in the budgeting process.

– Engaged the assistance of internal EY specialist team to support us in reviewing the appropriateness of the valuation method and assumptions used in goodwill impairment assessment including the discount rate and terminal growth rate used in the discounted cash flow projections.

– We tested the mathematical accuracy of the VIU computation and agreed relevant data to the most recent approved financial budget.

– Performed stress test on certain key assumptions used in the cash flow projections and evaluate the impact on the recoverable value.

– Reviewed the adequacy of the Group's disclosures on goodwill impairment in Note 6 to the consolidated financial statements.

Valuation of investment property

As at 30 June 2020, the carrying value of the Group's investment property stated at fair value based on independent external valuation of $17,423,000 accounted for 12.9% of the Group's total assets.

The valuation of the investment property was significant to our audit due to the use of estimates in the valuation techniques and valuation is highly judgemental and is based on certain key assumptions such as the prices for comparable properties, adjustments made to these prices and the prevailing market conditions.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2020

Our audit procedures included the following:

- Discussed with management to obtain an understanding of the rationale for the acquisition and management plans for future development.

- Evaluated the competency and objectivity of the independent external valuers engaged by the Group and held discussion with the independent external valuers to understand their valuation methods, basis and assumptions used.

- Engaged the assistance of internal EY valuation specialist to help us in the assessment of the reasonableness of the assumptions used in the valuation report prepared by independent external valuer, including the identification of the comparable properties.

- Obtain understanding and assessed the key valuation drivers and checked the reference price to the relevant source data.

- Reviewed the accuracy and adequacy of the disclosures for investment property made in the Note 5 to the consolidated financial statements.

Other matters

The consolidated financial statements for the year ended 30 June 2019 were audited by another auditor whose report dated 20 September 2019 expressed an unmodified opinion on those financial statements.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2020

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.

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

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

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

- Obtain an understanding of internal controls 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 controls.

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2020

- 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 auditors' 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 auditors' 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 controls 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 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 auditors' report unless the law or regulations preclude 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

For the financial year ended 30 June 2020

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Yong Kok Keong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
30 September 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Plant and equipment	4	1,496	1,276	9	15
Investment property	5	17,423	–	–	–
Intangible assets and goodwill	6	18,777	15,479	–	–
Right-of-use assets	7	1,058	–	–	–
Subsidiaries	8	–	–	31,385	27,776
Joint ventures	9	37	7,116	–	–
Financial assets	10	4,535	5,316	4,535	5,316
Amounts due from related parties	14	–	2,150	5,423	12,500
Deferred tax assets	12	65	67	–	–
		43,391	31,404	41,352	45,607
Current assets					
Inventories	13	3,839	3,902	–	–
Trade and other receivables	11	12,404	18,735	107	9,544
Amounts due from related parties	14	610	759	259	126
Cash and cash equivalents	15	74,950	75,465	54,220	56,229
		91,803	98,861	54,586	65,899
Total assets		135,194	130,265	95,938	111,506
Equity attributable to Owners of the Company					
Share capital	16	89,566	89,566	89,566	89,566
Treasury shares	16	(126)	–	(126)	–
Reserves	17	(10,090)	(9,071)	1,600	2,828
Retained earnings		32,496	35,940	2,475	16,500
		111,846	116,435	93,515	108,894
Non-controlling interests		6,774	398	–	–
Total equity		118,620	116,833	93,515	108,894
Non-current liabilities					
Lease liabilities	7	585	–	–	–
Provisions	19	136	20	–	–
Deferred tax liabilities	12	659	2	–	–
		1,380	22	–	–
Current liabilities					
Trade and other payables	18	13,838	12,401	1,206	1,230
Amounts due to related parties	14	87	98	1,217	1,382
Lease liabilities	7	540	–	–	–
Provisions	19	210	267	–	–
Current tax payable		519	644	–	–
		15,194	13,410	2,423	2,612
Total liabilities		16,574	13,432	2,423	2,612
Total equity and liabilities		135,194	130,265	95,938	111,506

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	20	54,235	50,170
Cost of revenue		(41,073)	(37,331)
Gross profit		13,162	12,839
Other income		1,366	286
Fair value gain on investment property		11,783	–
Distribution expenses		(3,718)	(4,022)
Administrative expenses		(7,548)	(6,754)
Impairment loss on amounts due from a joint venture		(5,325)	–
Impairment loss on investment in a joint venture		(5,997)	–
Other expenses		(696)	(109)
Results from operating activities	21	3,027	2,240
Finance costs		(42)	–
Finance income	22	1,110	948
Share of results of joint ventures (net of tax)		(1,084)	(2,854)
Profit before tax		3,011	334
Tax expense	23	(856)	(846)
Profit/(Loss) for the year		2,155	(512)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss (net of tax)			
Exchange differences arising from:			
– liquidation of subsidiaries		–	(100)
– translation of financial statements of foreign operations		257	(363)
		257	(463)
Item that will not be reclassified to profit or loss (net of tax)			
Net change in fair value of financial assets at fair value through other comprehensive income		(587)	(1,465)
Other comprehensive income for the year, net of tax		(330)	(1,928)
Total comprehensive income for the year		1,825	(2,440)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Profit/(Loss) attributable to:			
Owners of the Company		(689)	(515)
Non-controlling interests		2,844	3
Profit/(Loss) for the year		2,155	(512)
Total comprehensive income attributable to:			
Owners of the Company		(1,067)	(2,434)
Non-controlling interests		2,892	(6)
Total comprehensive income for the year		1,825	(2,440)
Loss per share	24		
– Basic (cents)		(0.41)	(0.31)
– Diluted (cents)		(0.41)	(0.31)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Group	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2019	89,566	–	(11,648)	538	2,290	(251)	35,940	116,435	398	116,833
Effects of adopting SFRS(I) 16	–	–	–	–	–	–	(54)	(54)	–	(54)
Balance as at 1 July 2019, restated	89,566	–	(11,648)	538	2,290	(251)	35,886	116,381	398	116,779
Total comprehensive income for the year										
(Loss)/Profit for the year	–	–	–	–	–	–	(689)	(689)	2,844	2,155
Other comprehensive income										
Exchange differences arising from:										
– translation of financial statements of foreign operations	–	–	–	–	–	209	–	209	48	257
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	(587)	–	–	–	(587)	–	(587)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	–	–	–	(641)	–	–	641	–	–	–
Total other comprehensive income, net of tax	–	–	–	(1,228)	–	209	641	(378)	48	(330)
Total comprehensive income for the year	–	–	–	(1,228)	–	209	(48)	(1,067)	2,892	1,825

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Group	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with Owners, recorded directly in equity										
Contributions by and distributions to Owners										
Purchase of treasury shares	–	(126)	–	–	–	–	–	(126)	–	(126)
Final dividend of 1.00 cent per share in respect of 2019	–	–	–	–	–	–	(1,671)	(1,671)	–	(1,671)
Final special dividend of 1.00 cent per share in respect of 2019	–	–	–	–	–	–	(1,671)	(1,671)	–	(1,671)
Total contributions by and distributions to Owners	–	(126)	–	–	–	–	(3,342)	(3,468)	–	(3,468)
Changes in ownership interests in subsidiaries										
Capital injection by non-controlling interest	–	–	–	–	–	–	–	–	1,358	1,358
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	2,126	2,126
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	3,484	3,484
Total transactions with Owners	–	(126)	–	–	–	–	(3,342)	(3,468)	3,484	16
Balance as at 30 June 2020	89,566	(126)	(11,648)	(690)	2,290	(42)	32,496	111,846	6,774	118,620

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 July 2018	89,566	(11,648)	5,245	2,290	(1,196)	40,461	124,718	404	125,122
Effects of adopting SFRS(I) 1									
Adjustment to foreign currency translation reserve	–	–	–	–	1,399	(1,399)	–	–	–
Balance as at 1 July 2018, restated	89,566	(11,648)	5,245	2,290	203	39,062	124,718	404	125,122
Total comprehensive income for the year									
(Loss)/Profit for the year	–	–	–	–	–	(515)	(515)	3	(512)
Other comprehensive income									
Exchange differences arising from:									
– liquidation of subsidiaries	–	–	–	–	(100)	–	(100)	–	(100)
– translation of financial statements of foreign operations	–	–	–	–	(354)	–	(354)	(9)	(363)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	(1,465)	–	–	–	(1,465)	–	(1,465)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	–	–	(3,242)	–	–	3,242	–	–	–
Total other comprehensive income, net of tax	–	–	(4,707)	–	(454)	3,242	(1,919)	(9)	(1,928)
Total comprehensive income for the year	–	–	(4,707)	–	(454)	2,727	(2,434)	(6)	(2,440)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Share-based compensation reserve $'000	Translation reserve $'000	Retained earnings $'000	Total attributable to Owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with Owners, recorded directly in equity									
Contributions by and distributions to Owners									
Final dividend of 2.00 cents per share in respect of 2018	–	–	–	–	–	(3,342)	(3,342)	–	(3,342)
Final special dividend of 1.00 cent per share in respect of 2018	–	–	–	–	–	(1,671)	(1,671)	–	(1,671)
Interim dividend of 0.50 cent per share in respect of 2019	–	–	–	–	–	(836)	(836)	–	(836)
Total contributions by and distributions to Owners	–	–	–	–	–	(5,849)	(5,849)	–	(5,849)
Total transactions with Owners	–	–	–	–	–	(5,849)	(5,849)	–	(5,849)
Balance as at 30 June 2019	89,566	(11,648)	538	2,290	(251)	35,940	116,435	398	116,833

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Company	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Shared-based compensation reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2019	89,566	–	538	2,290	16,500	108,894
Total comprehensive income for the year						
Loss for the year	–	–	–	–	(11,324)	(11,324)
Other comprehensive income						
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	(587)	–	–	(587)
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	–	–	(641)	–	641	–
Total other comprehensive income, net of tax	–	–	(1,228)	–	641	(587)
Total comprehensive income for the year	–	–	(1,228)	–	(10,683)	(11,911)
Transactions with Owners, recorded directly in equity						
Contributions by and distributions to Owners						
Purchase of treasury shares	–	(126)	–	–	–	(126)
Final dividend of 1.00 cent per share in respect of 2019	–	–	–	–	(1,671)	(1,671)
Final special dividend of 1.00 cent per share in respect of 2019	–	–	–	–	(1,671)	(1,671)
Total contributions by and distributions to Owners	–	(126)	–	–	(3,342)	(3,468)
Total transactions with Owners	–	(126)	–	–	(3,342)	(3,468)
Balance as at 30 June 2020	89,566	(126)	(690)	2,290	2,475	93,515

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

Company	Share capital $'000	Fair value reserve $'000	Shared-based compensation reserve $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 July 2018	89,566	5,245	2,290	19,674	116,775
Total comprehensive income for the year					
Loss for the year	–	–	–	(569)	(569)
Other comprehensive income					
Net change in fair value of financial assets at fair value through other comprehensive income	–	(1,463)	–	–	(1,463)
Transfer of gain on disposal of a financial asset at fair value through other comprehensive income to retained earnings	–	(3,244)	–	3,244	–
Total other comprehensive income, net of tax	–	(4,707)	–	3,244	(1,463)
Total comprehensive income for the year	–	(4,707)	–	2,675	(2,032)
Transactions with Owners, recorded directly in equity					
Contributions by and distributions to Owners					
Final dividend of 2.00 cents per share in respect of 2018	–	–	–	(3,342)	(3,342)
Final special dividend of 1.00 cent per share in respect of 2018	–	–	–	(1,671)	(1,671)
Interim dividend of 0.50 cent per share in respect of 2019	–	–	–	(836)	(836)
Total contributions by and distributions to Owners	–	–	–	(5,849)	(5,849)
Total transactions with Owners	–	–	–	(5,849)	(5,849)
Balance as at 30 June 2019	89,566	538	2,290	16,500	108,894

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from operating activities			
Profit/(Loss) for the year		2,155	(512)
Adjustments for:			
Amortisation of intangible assets	6	216	6
Depreciation of plant and equipment	4	464	324
Depreciation of right-of-use assets	7	572	–
Dividend income from financial assets	21	(248)	(162)
Fair value gain on investment property	5	(11,783)	–
Foreign exchange gain on liquidation of subsidiaries (net)		–	(100)
Finance costs		42	–
Finance income		(1,110)	(948)
Gain on disposal of right-of-use assets		(17)	–
Impairment loss on amounts due from a joint venture		5,325	–
Impairment loss on investment in a joint venture		5,997	–
Loss on disposal of plant and equipment		78	–
Plant and equipment written off		40	41
Share of results of joint ventures (net of tax)		1,084	2,854
Tax expense		856	846
Operating cash flows before working capital changes		3,671	2,349
Changes in:			
Amounts due from/to related parties		(266)	(30)
Inventories		1,251	(1,223)
Trade and other receivables		(2,454)	2,139
Trade and other payables		(31)	(701)
Cash generated from operations		2,171	2,534
Interest received		1,142	893
Tax paid		(536)	(222)
Net cash generated from operating activities		2,777	3,205

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from investing activities			
Dividends received from financial assets		230	141
Investment in joint ventures		*	(50)
Loans to joint ventures		(2,867)	(2,500)
Advance to a joint venture		(458)	(353)
Repayment of advance from a joint venture		533	–
Net cash inflow on disposal of subsidiaries		9,603	4,742
Net cash outflow on acquisition of subsidiaries	8	(1,755)	–
Purchase of intangible assets	6	(228)	(68)
Purchase of investment property		(5,376)	–
Purchase of plant and equipment	4	(1,159)	(864)
Purchase of financial assets		(2,672)	(2,422)
Proceeds from disposal of plant and equipment		468	–
Proceeds from disposal of financial assets		2,884	6,578
Net cash (used in)/generated from investing activities		(797)	5,204
Cash flows from financing activities			
Capital injection by non-controlling interest		1,358	–
Dividends paid		(3,342)	(5,849)
Payment of lease liabilities	7	(598)	–
Purchase of treasury shares		(126)	–
Net cash used in financing activities		(2,708)	(5,849)
Net (decrease)/increase in cash and cash equivalents		(728)	2,560
Cash and cash equivalents at beginning of year		75,465	73,244
Effect of exchange rate fluctuations on cash held		213	(339)
Cash and cash equivalents at end of year	15	74,950	75,465

* Amount less than $1,000.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

These notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Ellipsiz Ltd (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 54 Serangoon North Avenue 4, #05-02, Singapore 555854.

The principal activities of the Company are those relating to investment holding and the provision of management services. The principal activities of the significant subsidiaries are set out in Note 8.

The Company's immediate and ultimate holding company is Bevrian Pte Ltd, a company incorporated in Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") on the historical cost basis except as otherwise described in the accounting policies below.

The financial statements are presented in Singapore dollars, which is the Company's functional currency, and all values are rounded to the nearest thousand ($'000) unless otherwise stated.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all new and revised standards that are effective for annual financial periods beginning on or after 1 July 2019. Other than for the adoption of SFRS(I) 16 *Lease*, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

Adoption of SFRS(I) 16 *Leases*

Where the Group is the lessee

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I)1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

Adoption of SFRS(I) 16 *Leases* (Cont'd)

Where the Group is the lessee (Cont'd)

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. Adoption of SFRS(I)16 has resulted in almost all leases being recognised in the statement of financial position. The Group has adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application on 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings.

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis. Following the adoption, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is disclosed in Note 2.12.

On initial application of SFRS(I) 16, the Group had elected to apply the following practical expedients:

(i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

   (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

   (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

   (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;

   (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

   (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

Adoption of SFRS(I) 16 *Leases* (Cont'd)

Where the Group is the lessee (Cont'd)

There were no onerous lease contracts as at 1 July 2019.

For leases previously classified as operating leases, on 1 July 2019, the Group had applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 July 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristics.

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 July 2019 is adjusted directly to opening retained earnings. Comparative information is not restated.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 July 2019 were as follows:

	Group Increase/ (decrease) $'000
Assets	
Right-of-use assets	1,209
Prepayments	(5)
	1,204
Liabilities	
Lease liabilities	1,280
Accruals	(22)
	1,258
Equity	
Retained earnings	(54)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

Adoption of SFRS(I) 16 *Leases* (Cont'd)

Where the Group is the lessee (Cont'd)

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 30 June 2019 and the lease liabilities recognised in the statement of financial position as at 1 July 2019 are as follows:

	Group **$'000**
Within one year	488
After one year but within five years	375
Operating lease commitments as at 30 June 2019	863
Add: lease liabilities arising from options to extend	579
	1,442
Less: discounting effect using weighted average incremental borrowing rate of 3.9% per annum	(78)
Less: commitments relating to short-term leases	(84)
Lease liabilities as at 1 July 2019	1,280

2.2 Basis of consolidation

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

(i) Consolidation (Cont'd)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. 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.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

(ii) Acquisitions

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.2 Basis of consolidation (Cont'd)

(a) *Subsidiaries (Cont'd)*

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

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

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Investments in joint ventures (equity-accounted investees)*

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method less impairment losses, if any.

(i) Acquisitions

Investments in joint ventures 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. Goodwill on joint venture represents the excess of the cost of acquisition of joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.2 Basis of consolidation (Cont'd)

(c) Investments in joint ventures (equity-accounted investees) (Cont'd)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its joint ventures' post-acquisition profits or losses and its share of the movements in its joint ventures' other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments.

When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in a joint venture includes any long-term loans for which settlement is neither planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. The accounting policies of joint ventures have been changed where necessary to align them with the policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.3 Foreign currencies

(a) Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates at the dates that the fair values were determined. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rates at the dates of the transactions.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and fair value through other comprehensive income instruments, which are recognised in other comprehensive income.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at closing exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars 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).

Foreign currency differences are recognised in other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss, as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.3 Foreign currencies (Cont'd)

(b) Foreign operations (Cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

2.4 Plant and equipment

(a) Measurement

Plant and equipment are recognised initially at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Components of costs

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which the assets are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

(b) Depreciation

Depreciation of plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	1 to 10 years
Furniture and fittings	3 to 10 years
Office equipment	5 to 10 years
Computers	3 to 4 years
Motor vehicles	5 to 10 years
Plant and machinery	3 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.4 Plant and equipment (Cont'd)

(b) Depreciation (Cont'd)

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposals

On disposal of an item of plant and equipment, the difference between the proceeds from disposal and the carrying amount of the plant and equipment is recognised in profit or loss.

2.5 Investment properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation and right-of-use assets relating to land rights that is held for long term capital appreciation or for a currently undetermined use.

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and future economic benefit is no longer expected to flow to the Group thereafter. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.6 Intangible assets and goodwill

(a) Computer software

Computer software which has a finite useful life and does not form an integral part of the related hardware is initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 1 to 10 years.

(b) Technology licence

Technology licence acquired separately is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The costs are amortised to the profit or loss using the straight-line method over the estimated useful life of 5 years.

(c) Customer relationships and backlog orders

Customer relationships and backlog orders acquired in a business combination are identified and recognised separately from goodwill. The costs of such intangible assets are their fair values at the acquisition date. Subsequent to initial recognition, customer relationships and backlog orders are carried at cost less accumulated amortisation and accumulated impairment losses. Customer relationships and backlog orders are amortised on a straight-line basis over their estimated useful lives of 1 to 9 years.

(d) Goodwill

Goodwill on acquisitions of subsidiaries represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, if the business combination is achieved in stages, over (ii) the fair value of the identifiable net assets acquired. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill on acquisitions of subsidiaries is recognised separately as an intangible asset and is carried at cost less accumulated impairment losses. The goodwill is tested for impairment as described in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.6 Intangible assets and goodwill (Cont'd)

(d) Goodwill (Cont'd)

Goodwill on acquisitions of joint ventures represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on acquisitions of joint ventures is included in the carrying amount of the investments.

Gains and losses on disposals of subsidiaries and joint ventures include the carrying amount of goodwill relating to the entity sold.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating unit ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and the value-in-use ("VIU").

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.7 Impairment of non-financial assets (Cont'd)

(b) Intangible assets
Plant and equipment
Right-of-use assets
Investments in subsidiaries and joint ventures

Intangible assets, plant and equipment, right-of-use assets and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2020

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

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- At amortised cost; and
- At fair value through other comprehensive income (FVOCI)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

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

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include cash and cash equivalents, trade and other receivables, and amounts due from related parties.

(ii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *SFRS(I) 1-32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by instrument basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.8 Financial assets (Cont'd)

(a) Classification and measurement (Cont'd)

At subsequent measurement (Cont'd)

(ii) Financial assets designated at fair value through OCI (equity instruments) (Cont'd)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends from equity investments are recognised in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(b) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.8 Financial assets (Cont'd)

(b) Impairment (Cont'd)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset has exceeded than the reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as the general industry trend.

The Company considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risk is not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to the credit risk.

(c) 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.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment designated at fair value through OCI, the difference between the carrying amount and the sales proceed is recognised in other comprehensive income and transferred to retained profits along with amounts previously recognised in other comprehensive income relating to that asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid at the reporting date. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, except for those inventories relating to certain equipment, where costs are determined on a first-in first-out method.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.12 Leases

(a) *The accounting policy for leases before 1 July 2019 were as follows:*

When the Group is the lessee

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

The Group leases office premises, warehouse, office equipment and motor vehicles under operating leases from non-related parties.

(b) *The accounting policy for leases from 1 July 2019 are as follows:*

When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date when the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease terms. Right-of-use asset that meets the definition of investment property is subsequently measured using the fair value model in accordance with Note 2.5.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.12 Leases (Cont'd)

(b) The accounting policy for leases from 1 July 2019 are as follows: (Cont'd)

When the Group is the lessee (Cont'd)

- Lease liabilities

  At initial recognition, lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  – Fixed payments (including in-substance fixed payments), less any lease incentives receivable; and

  – Amount expected to be payable under residual value guarantees.

  Lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease \liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

(a) Warranties

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) Restoration costs

The provision relates to the Group's obligations to restore the office premises and warehouse to their original state and condition. A provision for restoration cost is recognised when an obligation to restore site conditions arises on the initial recognition of the asset. The provision is based on present value of the best estimate of the expenditure required to settle the obligation at the reporting date.

(c) Restructuring costs

A provision for restructuring cost is recognised when the Group has approved a detailed and formal restructuring plan, and the plan either has commenced or has been announced.

(d) Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.14 Share capital and treasury shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When the Company's ordinary shares are repurchased ("treasury shares"), the consideration paid, including any directly attributable costs, is presented as a component within equity, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of the treasury shares is deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or transferred, the cost of the treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or transfer, net of any directly attributable costs, is taken to the share capital account.

Voting rights related to treasury shares are nullified and no dividends are allocated to them respectively.

2.15 Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual stand-alone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices.

Revenue from sale of goods is recognised at a point in time when the Group satisfies a PO by transferring control of a promised good to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.15 Revenue (Cont'd)

Service income from engineering, repair and maintenance services is recognised over time when the customer accepts the services performed over the contractual periods.

Commission income is recognised at a point in time when PO is satisfied, and the Group has an enforceable right to payment.

2.16 Governments grants

Governments grants are recognised initially as deferred grant income when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

2.17 Finance income and costs

Finance income is recognised, as it accrues, in profit or loss using the effective interest method.

Finance costs comprise interest expense on leases.

2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) 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 on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss in the periods during which related services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.18 Employee benefits (Cont'd)

(b) Employee leave entitlement

Employees' entitlement to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave in respect of services rendered by employees up to the reporting date.

(c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 and involves the payment of termination benefits.

2.19 Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that takes into account uncertainty related to income taxes if any.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.19 Tax expense (Cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.

A deferred tax liability is recognised on temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured:

(i) using tax rates that are expected to be applied to the temporary differences when they reverse, based on tax laws that have been enacted or substantively enacted at the reporting date; and

(ii) based on tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interests may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.20 Dividends

Dividends on ordinary shares are recognised as a liability in the period when there is an obligation to pay the shareholders.

2.21 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 any of the Group's other components. All operating segments' results are reviewed regularly by the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and certain income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire investment property, plant and equipment, and intangible assets other than goodwill.

2.22 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants, share options and awards granted to directors and employees.

2.23 Financial guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument. Where a financial guarantee is given with respect to a banking facility, that facility must be drawn down before the definition of financial guarantee is met as a debt.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

2.23 Financial guarantees (Cont'd)

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries and a joint venture. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries or joint venture fail(s) to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

2.24 New standards and interpretations not yet adopted

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective.

Description	***Effective for annual periods beginning on or after***
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment–Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts–Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group does not expect any significant impact arising from the adoption of these standards.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Judgements made in applying accounting policies

Management has made the following judgements in the process of applying the Group's accounting policies that have significant effects on the amounts recognised in the financial statements.

Determination of lease term of contracts with extension options

In determining the lease terms of its leases, the Group considers the non-cancellable term of the lease and any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has several lease contracts that include extension options and the Group has applied judgement in evaluating whether it is reasonably certain these options to extend the leases would be exercised. In making the assessment, the Group considers all relevant factors that create an economic incentive for it to exercise the extension.

The Group included the extension option for the lease of a warehouse as the management is reasonably certain that the option will be exercised. The extension options for leases of certain office premises and office equipment is not included as part of the lease term as the management is not reasonably certain that these options will be exercised.

As at 30 June 2020, potential future (undiscounted) cash outflows of approximately $743,000 have not been included in lease liabilities because the Group is not reasonably certain that the leases will be extended.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of goodwill

In performing the impairment assessments of the carrying amounts of goodwill, as disclosed in Note 6, the recoverable amounts of the CGUs in which goodwill is attributable to, are determined using the VIU calculation. The VIU calculation is based on a Discounted Cashflow ("DCF") model. The cash flows are derived from the forecasts for the next five years and did not include restructuring activities that the Group has not yet committed to or significant future investments that would enhance the performance of the assets of the CGUs being tested. The recoverable amounts are sensitive to the discount rates used for the DCF models as well as the expected future cash inflows and the growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for each CGU, including a sensitivity analysis, are disclosed and further explained in Note 6.

(b) Revaluation of investment property

The Group carries its investment property at fair value with changes in fair value being recognised in the profit or loss. The Group engaged an independent professional valuer to assess the fair value as at the reporting date. In determining the fair value, the valuer had used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of the investment property and the sensitivity analysis are disclosed in Note 27. The carrying amount of the investment property as at 30 June 2020 was $17,423,000 (2019: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

(c) Estimation of total contract costs

The Group has outstanding contracts to deliver customised equipment to customers. As at the reporting date, management assessed the total costs of these contracts based on contract costs incurred to date and the estimated costs to complete. When it is probable that the total costs of these contracts will exceed the total revenue of these contracts, a provision for onerous contracts on these contracts is recognised immediately. Significant judgement is used to estimate the total costs to complete these contracts. In making these estimates, management has relied on the expertise of its engineers and also on past experience of completed contracts. If the total contract costs of on-going contracts to be incurred had been higher by 10%, an additional provision for onerous contracts of $78,000 would have been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

4. PLANT AND EQUIPMENT

Group	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Cost							
At 1 July 2018	418	145	113	264	147	791	1,878
Additions	–	5	2	107	750	–	864
Write-off	–	(1)	(5)	(14)	–	(126)	(146)
Translation difference	(7)	(2)	(3)	(4)	–	(22)	(38)
At 30 June 2019	411	147	107	353	897	643	2,558
Acquisition of subsidiaries (Note 8)	54	17	9	16	–	3	99
Additions	5	–	15	56	1,083	–	1,159
Disposals	(67)	(4)	(11)	(18)	(750)	(5)	(855)
Write-off	–	–	(5)	–	–	(264)	(269)
Translation difference	5	–	–	1	–	18	24
At 30 June 2020	408	160	115	408	1,230	395	2,716
Accumulated depreciation and impairment losses							
At 1 July 2018	302	137	84	153	66	344	1,086
Depreciation	40	2	10	58	90	124	324
Write-off	–	–	(5)	(13)	–	(87)	(105)
Translation difference	(5)	(2)	(1)	(3)	–	(12)	(23)
At 30 June 2019	337	137	88	195	156	369	1,282
Depreciation	82	19	9	92	171	91	464
Disposals	(65)	(2)	(10)	(16)	(213)	(3)	(309)
Write-off	–	–	(4)	–	–	(225)	(229)
Translation difference	1	–	–	1	–	10	12
At 30 June 2020	355	154	83	272	114	242	1,220
Carrying amounts							
At 30 June 2019	74	10	19	158	741	274	1,276
At 30 June 2020	53	6	32	136	1,116	153	1,496

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

4. PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Company				
Cost				
At 1 July 2018	10	3	25	38
Additions	2	–	4	6
At 30 June 2019	12	3	29	44
Additions	–	1	3	4
At 30 June 2020	12	4	32	48
Accumulated depreciation				
At 1 July 2018	9	3	9	21
Depreciation	1	*	7	8
At 30 June 2019	10	3	16	29
Depreciation	1	*	9	10
At 30 June 2020	11	3	25	39
Carrying amounts				
At 30 June 2019	2	–	13	15
At 30 June 2020	1	1	7	9

* Amount less than $1,000.

Depreciation for the year was included in the following line items in the consolidated statement of comprehensive income:

	Group 2020 $'000	Group 2019 $'000
Cost of revenue	119	140
Distribution expenses	27	26
Administrative expenses	318	158
	464	324

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

5. INVESTMENT PROPERTY

	Group	
	2020	2019
	$'000	$'000
At 1 July	–	–
Addition from acquisition	4,770	–
Initial direct cost	856	–
Net gain from fair value adjustment recognised in profit or loss	11,783	–
Translation difference	14	–
At 30 June	17,423	–

On 9 October 2019, PT Super Makmur Sejahtera, a subsidiary of the Company, acquired a piece of vacant land comprising 54 plots of girik land (Alas Hak) with total land area of approximately 580,000 square metres located at Desa Berakit, Kecamatan Teluk Sebong, Kabupaten Bintan, Kepulauan Riau Province, Indonesia.

Alas Hak is an unregistered right over the land. This right-of-use asset arises as a result of occupation, residence on land, or by renouncement of right by the previous holder of land covered by Alas Hak title.

Valuation of investment property

The investment property is stated at fair value, which was determined based on a valuation performed as at 30 June 2020. The valuation was carried out by KJPP Wilson dan Rekan in association with Knight Frank, an independent professional valuer. Details of valuation techniques and inputs used are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

6. INTANGIBLE ASSETS AND GOODWILL

Group	Computer software $'000	Technology licence $'000	Customer relationships and backlog orders $'000	Goodwill $'000	Total $'000
Cost					
At 1 July 2018	284	–	–	15,393	15,677
Additions	68	–	–	–	68
Translation difference	(2)	–	–	3	1
At 30 June 2019	350	–	–	15,396	15,746
Acquisition of subsidiaries (Note 8)	–	–	1,481	1,806	3,287
Additions	67	161	–	–	228
Translation difference	1	–	–	–	1
At 30 June 2020	418	161	1,481	17,202	19,262
Accumulated amortisation					
At 1 July 2018	262	–	–	–	262
Amortisation	6	–	–	–	6
Translation difference	(1)	–	–	–	(1)
At 30 June 2019	267	–	–	–	267
Amortisation	28	16	172	–	216
Translation difference	2	–	–	–	2
At 30 June 2020	297	16	172	–	485
Carrying amounts					
At 30 June 2019	83	–	–	15,396	15,479
At 30 June 2020	121	145	1,309	17,202	18,777

Amortisation for the year was included in the following line item in the consolidated statement of comprehensive income:

	Group 2020 $'000	Group 2019 $'000
Administrative expenses	216	6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

6. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Annual impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Distribution and Services Solutions ("DSS")	15,396	15,396
Automated Precision System Solutions ("APSS")	1,600	–
Vending Solutions	206	–
	17,202	15,396

The recoverable amounts of the CGUs are determined annually based on value-in-use calculations. These calculations use cash flow projections covering a five-year period, based on financial budgets/forecasts approved by management.

Key assumptions used for value-in-use calculations

For the purpose of estimating the recoverable amounts of the CGUs, management used the following key assumptions for the cash flow projections:

	Revenue growth rate	**Discount rate**
	%	**%**
Group		
2020		
DSS	5.5	14.1
APSS	5.5	17.4
2019		
DSS	4.5	15.6

The weighted average revenue growth rate per annum used are based on the forecasts included in industry reports. Management determined gross profit growth rate per annum based on past performance and its expectations of market developments.

The discount rates used are pre-tax and reflect specific risks relating to the respective CGUs. The values assigned to the key assumptions represent management's assessment of future trends in the industries that the CGUs operate in.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

6. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Annual impairment tests for cash-generating units containing goodwill (Cont'd)

Key assumptions used for value-in-use calculations (Cont'd)

DSS

If the revenue growth rate decreased to 3.9% (2019: 2.7%) per annum, the estimated recoverable amount would be equal to the carrying amount.

APSS

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as lessee

The Group has entered into lease contracts for its office premises, warehouse, office equipment and motor vehicles with lease terms from 2 – 6 years. The Group's obligations under the leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of office premise and motor vehicles with lease terms of 12 months or less and applies the "short-term lease" recognition exemption for these leases. The Group has no leases of low-value assets.

Right-of-use assets

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

Group	Office premises $'000	Warehouse $'000	Office equipment $'000	Motor vehicles $'000	Others $'000	Total $'000
At 1 July 2019	526	603	42	17	21	1,209
Acquisition of subsidiaries (Note 8)	62	–	–	–	–	62
Additions	468	–	9	–	–	477
Depreciation	(352)	(174)	(16)	(16)	(14)	(572)
Lease termination	(129)	–	–	(1)	–	(130)
Translation difference	12	–	–	–	–	12
At 30 June 2020	587	429	35	–	7	1,058

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Group as lessee (Cont'd)

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group $'000
At 1 July 2019	1,280
Acquisition of subsidiaries (Note 8)	60
Additions	477
Accretion of interest	42
Lease payments	(598)
Lease termination	(147)
Translation difference	11
At 30 June 2020	1,125
Represented by:	
Current	540
Non-current	585
Total lease liabilities	1,125

Amounts recognised in the consolidated statement of comprehensive income

	Group 2020 $'000
Depreciation of right-of-use assets	572
Interest expense on leases liabilities	42
Expense relating to short-term leases	159
	773

Total cash outflows

The Group had total cash outflows for leases of $757,000 in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Group as lessee (Cont'd)

Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3.1).

8. SUBSIDIARIES

	Company	
	2020	**2019**
	$'000	**$'000**
Equity investments at cost	74,670	71,061
Less: Impairment losses	(43,285)	(43,285)
	31,385	27,776

Acquisition of subsidiaries

On 16 October 2019, the Company entered into and completed an investment agreement with (a) Vincent Ong Sin Liang ("Mr Ong"), Loo Geak Kin and Chung Chiew Kit (collectively, the "Vendors"); and (b) Axis-Tec Pte. Ltd. ("ATPL"), to invest in 51% of the enlarged share capital of ATPL, by way of (i) acquisition of an aggregate of 60,000 ordinary shares in the share capital of ATPL from the Vendors; and (ii) subscription of 33,674 newly issued ATPL shares, for an aggregate consideration of $3,608,000. The remaining 49% equity interest of ATPL continues to be held by Mr Ong and an existing shareholder of ATPL, Low Chee Wee ("Mr Low"). This investment is in line with the Group's strategy to strengthen and expand its foothold in the semiconductor and electronics industry through continuous development and offerings of innovative solutions to the market. The strategic investment will enable the Group to broaden its existing distribution supply chain with the complementary capabilities of ATPL.

On 16 January 2020, the Company's wholly-owned subsidiary, EIR Investments Pte. Ltd. ("EIR"), entered into a subscription agreement with Indovend Pte. Ltd. ("Indovend") to subscribe for 180 new ordinary shares in the share capital of Indovend, representing a 60% interest in Indovend, for an aggregate consideration of $500,000. The Group acquired Indovend to penetrate Indonesia's vending market through distribution of intelligent vending machines to businesses in various industries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (Cont'd)

The aggregation of the net assets of ATPL and Indovend as at the respective dates of completion were as follows:

	Total $'000
Assets	
Plant and equipment	99
Right-of-use assets	62
Intangible assets	1,481
Inventories	1,174
Trade and other receivables	876
Cash and cash equivalents	556
	4,248
Liabilities	
Trade and other payables	(1,223)
Provision	(30)
Lease liabilities	(60)
Deferred tax liabilities	(279)
Current tax payable	(25)
	(1,617)
Total identifiable net assets at fair value	2,631
Subscriptions of newly issued shares	1,797
Less: non-controlling interests measured at non-controlling interests' proportionate share of net assets	(2,126)
Add: goodwill arising from acquisitions	1,806
	4,108
Total purchase consideration	(4,108)
Add: cash and cash equivalents acquired	556
Add: subscriptions of newly issued shares	1,797
Net cash outflow	(1,755)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (Cont'd)

Impact of the acquisitions on profit or loss

From the respective dates of acquisition, the acquirees contributed in aggregate revenue and net profit of $3,261,000 and $167,000 respectively for the financial year ended 30 June 2020. If the acquisitions had taken place at the beginning of the financial year, the Group's revenue would have been $55,097,000 and net profit would have been $1,893,000.

Transaction costs related to the acquisitions of $125,000 were expensed and included in profit or loss.

Accounting for the acquisitions

The Group identified two intangible assets from the acquisition of ATPL, namely customer relationships and backlog orders. The fair value of the intangible assets was determined by an independent valuation specialist to be $1,420,000 and $61,000 respectively using the Multi-Period Earnings Method ("MEEM") model.

There was no intangible asset identified from the acquisition of Indovend.

Goodwill arising from acquisitions

The goodwill of $1,600,000 arising from the acquisition of ATPL is attributable to the broadening of the Group's existing distribution supply chain as the Group would be able to design and develop its own product portfolio to become an original equipment manufacturing solutions provider. It is not deductible for tax purposes.

The goodwill of $206,000 arising from the acquisition of Indovend is attributable to its network in Indonesia to drive the business of distribution of vending machines in Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (Cont'd)

Option to acquire additional interest

As part of the acquisition of ATPL, an undertaking was provided in favour of each of Mr Ong and Mr Low that in the event ATPL achieves the Targeted Earnings on the fifth year anniversary of the date of the shareholders' agreement (the "Relevant Date"), the Company shall purchase from Mr Ong and/or Mr Low and Mr Ong and/or Mr Low shall sell such number of ATPL shares (the "Undertaking Shares") which will result in the Company's equity interest in ATPL being 75%, where:

(a) "Targeted Earnings" means annual revenue of at least $38,000,000 and annual normalised EBITDA ("Normalised EBITDA") of at least $6,000,000;

(b) the Targeted Earnings shall be computed based on the average revenues reflected in and average Normalised EBITDA derived from the latest 2 years audited accounts of ATPL immediately preceding the Relevant Date; and

(c) "Normalised EBITDA" refers to EBITDA excluding any one-off non-recurring income and/or expenses.

The consideration for the purchase of the Undertaking Shares shall be satisfied in cash and calculated based on (i) the value of 7 times of the Normalised EBITDA derived from the latest 2 years audited accounts of ATPL immediately preceding the Relevant Date; or (ii) such other valuation as agreed between the Company and Mr Ong.

Impairment of subsidiaries

In the financial year 2019, the Company reversed net impairment losses on a subsidiary of $2,611,000 as a result of liquidation of the subsidiary.

Subsidiaries liquidated in financial year 2019 were SV Technology Inc., Tokyo Cathode Laboratory (Singapore) Pte. Ltd., TCL Yamaichi Taiwan Inc., and Ellipsiz Taiwan Second Source Inc..

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
(1) Ellipsiz DSS Pte. Ltd.	Provision of solutions for in-circuit and functional testing, trading of scientific instruments, electronic equipment and provision of related technical services and support, trading of consumable products to hospitals, pharmaceutical, electronic and food processing industries, commission agents and provision of management services	Singapore	100	100
(1) iNETest Resources Pte. Ltd. and its subsidiaries:	Provision of solutions for in-circuit and functional testing, sales, engineering and service support, trading and distribution of equipment	Singapore	100	100
(2) Ellipsiz iNETest (Suzhou) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(2) Ellipsiz iNETest (Shanghai) Co., Ltd.	Provision of solutions for in-circuit and functional testing	China	100	100
(3) Ellipsiz iNETest Co., Ltd.	Sales and service support for semiconductor assembly and electronics manufacturing testing products	Taiwan	100	100
(2) iNETest Malaysia Sdn. Bhd.	Sales and marketing of scientific and industrial products, provision of sales, engineering and service support, provider of solutions for in-circuit and functional testing, trading and distribution of equipment and facility works	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
[(1)] Axis-Tec Pte. Ltd. and its subsidiary:	Provision of customised systems and solutions for test automated, high precision automated assembly process for fibre and lens as well as full automated wafer level testing	Singapore	51	–
[(3)] Axis2Tec Sdn. Bhd.	Provision of engineering services	Malaysia	51	–
[(1)] Ellipsiz Investments Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	–
[(1)] Cyan Bay Pte. Ltd.	Investment holding	Singapore	100	–
[(2)(4)] PT Super Makmur Sejahtera	Property investment and development	Indonesia	75	–
[(1)] EIR Investments Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100
[(1)] Indovend Pte. Ltd.	Investment holding	Singapore	60	–
[(2)] PT Surya Indovend Jaya	Distribution of intelligent automated retail machines	Indonesia	59.76	–

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by other accounting firms.

(3) Not required to be audited for the current financial year under the laws of incorporation.

(4) The remaining 25% interest is held by a related party.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Interests in subsidiaries with material non-controlling interests

The Group has the following subsidiaries with non-controlling interests material to the Group.

Name of subsidiary	Proportion of ownership interest held by non-controlling interests 2020 %	2019 %	Accumulated non-controlling interests at the end of reporting period 2020 $'000	2019 $'000
Axis-Tec Pte. Ltd.	49	–	2,016	–
PT Super Makmur Sejahtera	25	–	4,211	–

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information of each subsidiary with non-controlling interests material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	Axis-Tec Pte Ltd		PT Super Makmur Sejahtera	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current				
Assets	4,173	–	116	–
Liabilities	(341)	–	(9)	–
Net current assets	3,832	–	107	–
Non-current				
Assets	1,603	–	17,174	–
Liabilities	(1,320)	–	(436)	–
Net non-current assets	283	–	16,738	–
Net assets	4,115	–	16,845	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

8. SUBSIDIARIES (CONT'D)

Summarised financial information of subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of total comprehensive income

	Axis-Tec Pte Ltd		PT Super Makmur Sejahtera	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	3,261	–	–	–
Profit before tax	137	–	11,770	–
Tax credit/(expense)	37	–	(436)	–
Profit for the year, representing total comprehensive income	174	–	11,334	–
Total comprehensive income allocated to non-controlling interests	85	–	2,834	–

Summarised statement of cash flows

	Axis-Tec Pte Ltd		PT Super Makmur Sejahtera	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Net cash generated from/(used in) operating activities	531	–	(6)	–
Net cash used in investing activities	(66)	–	(5,390)	–
Net cash generated from financing activities	1,216	–	5,093	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

9. JOINT VENTURES

	Group	
	2020 $'000	2019 $'000
Interests in joint ventures	37	7,116

Details of joint ventures are as follows:

Name of joint venture	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
(1) Suzhou Silicon Information Technologies Co., Ltd.	Development, production, sale and distribution of digital internet set-top boxes and other similar electrical communication devices, including provision of relevant technical and after sale services	China	50	50
(2) (3) iNETest-NewTek Co., Ltd	Dormant	Vietnam	46	46
(4) Adell Solutions Pte. Ltd.	Sale and purchase of used semiconductor equipment	Singapore	50	50
(5) EllipTech Solutions Pte. Ltd.	Marketing and distribution/ trading of, and the provision of engineering services, product research and development and solutions for, integrated temperature screening and intelligent facial recognition solutions and other related products and services	Singapore	50	–
(6) Kalms Investment Pte. Ltd. and its subsidiaries ("Kalms"):	Investment holding	Singapore	–	50
(6) Kalms (Singapore) Pte. Ltd.	Provider and operator of retail solutions through intelligent automated retail machines	Singapore	–	45
(6) (7) Innovend Pte. Ltd.	Distribution of intelligent automated retail machines	Singapore	–	45

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

9. JOINT VENTURES (CONT'D)

Name of joint venture	Principal activities	Principal place of business/Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
(6) (7) Gozen Pte. Ltd.	Manufacture and sale of food products	Singapore	–	27
(6) (7) Chef & Chefs Private Limited	Manufacture and preparation of cooked food and other food products	Singapore	–	22.5
(6) (7) Kalms (Malaysia) Sdn. Bhd.	Dormant	Malaysia	–	45
(6) (7) Kalms (China) Pte. Ltd. and its subsidiary:	Investment holding	Singapore	–	45
(6) Kalms (Guangzhou) Network Technology Limited	Leasing of intelligent automated retail machines	China	–	45

(1) Held through Ellipsiz DSS Pte. Ltd. and audited by another accounting firm.

(2) Held through iNETest Resources Pte. Ltd. and audited by another accounting firm.

(3) Although the Group holds less than 50% of the voting rights, it is able to exercise joint control over the financial and operating policies of the entity via investors' agreements.

(4) Held through Ellipsiz DSS Pte. Ltd. and audited by Ernst & Young LLP, Singapore.

(5) During the financial year, Ellipsiz DSS Pte. Ltd. incorporated a joint venture company, EllipTech Solutions Pte. Ltd., with its joint venture partner. Not required to be audited for the current financial year under the laws of incorporation.

(6) Joint ventures disposed during the current financial year.

(7) Held through Kalms (Singapore) Pte. Ltd.

On 16 January 2020, EIR entered into and completed a restructuring agreement ("Restructuring Agreement") with Kalms International Limited ("KIL"), Kalms Investment Pte Ltd ("KIPL") and Lim Wee Beng Eddie ("EL") whereby each of KIL, KIPL and EL shall waive all of its rights under the non-competition restrictions in the shareholders' agreement entered into with EIR on 25 May 2018, and EIR and any of its affiliates shall be permitted to operate the vending solutions business carried out by KIPL and its subsidiaries ("Kalms"), independently of KIL, KIPL and EL in 9 Southeast Asian countries, namely, Indonesia, Malaysia, Thailand, Philippines, Vietnam, Myanmar, Cambodia, Brunei, and Laos.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

9. JOINT VENTURES (CONT'D)

In consideration of the aforesaid waiver of rights, EIR had transferred all of its 15,000,000 ordinary shares in KIPL (comprising 50% of the issued share capital of KIPL) to KIL for an aggregate consideration of $1.00 and assigned to KIL its rights under the loans aggregating $5,325,000 extended by it to KSPL. Accordingly, the carrying amount of the investment in KIPL and the loans extended to and interest receivable from KSPL, aggregating $11,322,000, had been impaired.

The summarised financial information of the Group's material joint venture are as follows:

	Kalms 2019 $'000
Non-current assets	5,642
Current assets	1,032
Non-current liabilities	(2,729)
Current liabilities	(1,827)
Net assets	2,118
Attributable to non-controlling interests	(481)
Attributable to investee's shareholders	2,599
Proportion of the Group's ownership interest	50%
Group's share of net assets	1,300
Goodwill on acquisition	5,780
Carrying amount of the investment	7,080
Revenue	552
Loss for the year	(6,614)
Other comprehensive income	–
Total comprehensive income	(6,614)
Cash and cash equivalents	32
Current financial liabilities (excluding trade and other payables and provisions)	132
Non-current financial liabilities (excluding trade and other payables and provisions)	2,729
Depreciation	910
Finance income	–
Finance cost	48
Tax expense	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

9. JOINT VENTURES (CONT'D)

As at 30 June 2020, no joint venture was individually material to the Group. Aggregate information on the Group's share of results of joint ventures which are not individually material are as follows:

	Group	
	2020 $'000	2019 $'000
Share of the joint ventures' losses	(1)	(14)
Share of the joint ventures' total comprehensive income	(1)	(14)

10. FINANCIAL ASSETS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current assets				
Equity investments – at FVOCI				
– Quoted equity securities	4,535	5,316	4,535	5,316

The Group has elected to designate these investments at fair value through other comprehensive income as the Group intends to hold them for long-term purposes to derive dividend income.

During the financial year, the Group disposed certain quoted equity securities. These securities had a fair value of $2,884,000 (2019: $6,576,000) at the date of disposal, and the cumulative gain on disposal amounted to $641,000 (2019: $3,242,000). The cumulative gain on disposal was reclassified from fair value reserve to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables				
Trade receivables	8,457	6,680	–	–
Other receivables				
Sundry receivables#	1,989	11,078	9	9,513
Impairment losses	(90)	–	–	–
	1,899	11,078	9	9,513
Grant receivables	449	–	76	–
Tax receivables	39	127	–	–
Refundable deposits	198	162	–	–
Prepayments	1,362	688	22	31
	3,947	12,055	107	9,544
	12,404	18,735	107	9,544
Represented by:				
Current	12,404	18,735	107	9,544

Balance as at 30 June 2019 included 10% of the initial consideration in relation to the disposal of SV Probe Pte. Ltd. and certain of its subsidiaries which was held in an escrow account.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

ECL assessment

Loss rates are calculated based on actual credit loss experience over the past 3 years, and adjusted based on the Group's review of the conditions of the debtors and the economic conditions over the expected lives of the receivables, only if these factors have a significant impact on the credit loss.

The following table provides information on the exposure to credit risk and ECLs for trade and other receivables as at 30 June 2020:

	Weighted average loss rate %	Gross carrying amount $'000	Expected credit loss allowance $'000
Group			
Trade receivables			
Not past due	0.0%	6,668	–
Past due 1 – 30 days	0.0%	1,144	–
Past due 31 – 120 days	0.0%	523	–
Past due 121 – 365 days	0.0%	12	–
More than one year	0.0%	110	–
		8,457	–
Other receivables##			
Not past due		2,187	(90)
Company			
Other receivables##			
Not past due		9	–

Excludes grant receivables, tax receivables and prepayments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses (Cont'd)

ECL assessment (Cont'd)

The following table provides information on the exposure to credit risk and ECLs for trade and other receivables as at 30 June 2019:

	Weighted average loss rate %	Gross carrying amount $'000	Expected credit loss allowance $'000
Group			
Trade receivables			
Not past due	0.0%	5,760	–
Past due 1 – 30 days	0.0%	565	–
Past due 31 – 120 days	0.0%	244	–
Past due 121 – 365 days	0.0%	109	–
More than one year	0.0%	2	–
		6,680	–
Other receivables##			
Not past due		11,237	–
More than one year		3	–
		11,240	–
Company			
Other receivables##			
Not past due		9,513	–

Excludes grant receivables, tax receivables and prepayments.

Movements in allowance for impairment in respect of trade and other receivables

The movements in the allowance for impairment in respect of trade and other receivables (excluding grant receivables, tax receivables and prepayments) were as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 July	–	–	–	–
Additions	90	–	–	–
At 30 June	90	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in allowance for impairment in respect of trade and other receivables (Cont'd)

Apart from the above, based on historical default rates, the Group believed that no further impairment allowance was necessary in respect of trade and other receivables. The Group's historical experience in the collection of trade and other receivables falls within the recorded allowances. Due to these factors, management believed that no further credit risk beyond the amounts provided for collection losses was inherent in the Group's trade and other receivables.

12. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities (prior to offsetting of balances) were as follows:

	At 1 July $'000	Recognised in profit or loss $'000	Acquisition of subsidiaries (Note 8) $'000	Translation difference $'000	At 30 June $'000
Group					
2020					
Deferred tax assets					
Inventories	14	2	–	1	17
Trade and other payables	39	(30)	–	2	11
Other items	26	35	–	–	61
	79	7	–	3	89
Deferred tax liabilities					
Plant and equipment	(12)	15	(27)	–	(24)
Investment property	–	(436)	–	–	(436)
Intangible assets	–	29	(252)	–	(223)
Other items	(2)	2	–	–	–
	(14)	(390)	(279)	–	(683)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

12. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	At 1 July $'000	Recognised in profit or loss $'000	Translation difference $'000	At 30 June $'000
Group				
2019				
Deferred tax assets				
Plant and equipment	67	(67)	–	–
Inventories	26	(11)	(1)	14
Trade and other payables	38	1	–	39
Tax losses and tax credits carried forward	142	(142)	–	–
Other items	27	(1)	–	26
	300	(220)	(1)	79
Deferred tax liabilities				
Plant and equipment	(3)	(9)	–	(12)
Other items	–	(2)	–	(2)
	(3)	(11)	–	(14)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deferred tax assets	65	67	–	–
Deferred tax liabilities	(659)	(2)	–	–
	(594)	65	–	–

At the reporting date, deferred tax liabilities amounting to $340,000 (2019: $314,000) had not been recognised for taxes that would be payable on the undistributed earnings of an overseas subsidiary as it was determined that the undistributed earnings would not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

12. DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Unrecognised temporary differences

The following temporary differences have not been recognised:

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Deductible temporary differences	130	37
Unutilised tax losses and tax credits	11,132	11,485
	11,262	11,522

Unutilised tax losses and tax credits and deductible temporary differences of the Group and the Company amounting to $11,262,000 (2019: $11,522,000) have no expiry date under current tax legislation. Deferred tax assets have not been recognised as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

13. INVENTORIES

	Group	
	2020	**2019**
	$'000	**$'000**
Work-in-progress	808	–
Finished goods	3,138	4,017
	3,946	4,017
Allowance for inventory obsolescence:		
At 1 July	115	284
Reversal of allowance	(2)	(69)
Allowance utilised	(11)	(96)
Translation difference	5	(4)
At 30 June	107	115
Carrying amount of inventories	3,839	3,902

During the financial year, inventories of $33,757,000 (2019: $30,179,000) were recognised as an expense and included in cost of revenue.

No inventories were written down to net realisable value for financial years 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

14. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Amounts due from:				
– Subsidiaries (non-trade)	–	–	259	126
– Joint ventures (trade)	58	24	–	–
– Joint ventures (non-trade)	420	385	–	–
– Related party (trade)	30	–	–	–
– Related party (non-trade)	2	–	–	–
	510	409	259	126
Loans due from:				
– Subsidiaries	–	–	5,423	12,500
– Joint ventures	100	2,500	–	–
	100	2,500	5,423	12,500
	610	2,909	5,682	12,626
Represented by:				
Current	610	759	259	126
Non-current	–	2,150	5,423	12,500
	610	2,909	5,682	12,626
Amounts due to:				
– Subsidiaries (non-trade)	–	–	(1,204)	(1,356)
– Joint venture (trade)	(74)	(72)	–	–
– Joint venture (non-trade)	*	–	–	–
– Related party (non-trade)	(13)	(26)	(13)	(26)
	(87)	(98)	(1,217)	(1,382)
Represented by:				
Current	(87)	(98)	(1,217)	(1,382)

* Amount less than $1,000.

The non-trade amounts due from/(to) subsidiaries, joint ventures and related parties are unsecured, interest-free and repayable on demand.

Loan due from a joint venture of $100,000 as at 30 June 2020 is unsecured, repayable within a year and bears interest at the rate of 1.25% plus 3-month Singapore Swap Offer Rate per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

14. AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONT'D)

Loans due from a joint venture of $2,500,000 as at 30 June 2019 were unsecured and bore interest at the rate of 4.25% per annum. As part of the Restructuring Agreement (Note 9), the loans extended to and interest receivable from the joint venture had been impaired.

Loans due from subsidiaries are unsecured and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future.

The ageing of amounts due from related parties (trade) at the reporting date was:

	Gross 2020 $'000	Impairment losses 2020 $'000	Gross 2019 $'000	Impairment losses 2019 $'000
Group				
Not past due	31	–	24	–
Past due 1 – 30 days	30	–	–	–
Past due 31 – 120 days	27	–	–	–
	88	–	24	–

Based on historical default rates, the Group believed that no impairment allowance was necessary in respect of the amounts due from related parties.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash at banks and in hand	39,257	14,933	23,022	1,857
Short-term deposits	35,693	60,532	31,198	54,372
Cash and cash equivalents in the consolidated statement of cash flows	74,950	75,465	54,220	56,229

Cash at banks earns interest at floating rates based on deposit rates. Short-term deposits were placed with financial institutions for varying periods between one week to two months, depending on the immediate cash requirements of the Group and the Company, earning interest ranging from 0.19% to 3.16% (2019: 1.20% to 3.16%) per annum and 0.19% to 1.75% (2019: 1.20% to 2.40%) per annum for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

16. SHARE CAPITAL

	Company			
	No. of shares		Amount	
	Issued share capital '000	Treasury shares '000	Issued share capital $'000	Treasury shares $'000
At 1 July 2019	167,128	–	89,566	–
Purchase of treasury shares	–	(460)	–	(126)
At 30 June 2020	167,128	(460)	89,566	(126)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares (except treasury shares) carry one vote per share without restriction and carry a right to dividends as and when declared by the Company.

Treasury shares

Treasury shares are ordinary shares of the Company that are purchased and held by the Company and are presented as a component within shareholders' equity.

During the financial year, the Company acquired 459,900 (2019: Nil) shares in the Company by way of on-market purchases.

Capital management

Capital consists of total equity of the Group.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as results from operating activities divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to its shareholders.

There were no changes in the Group's approach to capital management during the financial year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

17. RESERVES

The reserves of the Group and the Company comprised the following balances:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Capital reserve	(11,648)	(11,648)	–	–
Fair value reserve	(690)	538	(690)	538
Share-based compensation reserve	2,290	2,290	2,290	2,290
Translation reserve	(42)	(251)	–	–
	(10,090)	(9,071)	1,600	2,828

The capital reserve comprises goodwill arising on acquisition of subsidiaries written off against shareholders' equity.

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI until the assets are derecognised.

The share-based compensation reserve comprises the cumulative value of services received from employees of the Group for the issue of share options and awards.

The translation reserve comprises all exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency; and the exchange differences on monetary items which form part of the Group and Company's net investments in foreign operations, provided certain conditions are met.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables	5,587	4,127	–	–
Accrued expenses	4,817	5,291	882	1,055
Other payables	191	288	55	34
Deferred grant income	789	–	122	–
Liability for short-term accumulating compensated absences	445	415	147	141
Contract liabilities	2,009	2,280	–	–
	13,838	12,401	1,206	1,230

Contract liabilities primarily relate to advance consideration received from customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

19. PROVISIONS

	Warranties $'000	Restoration costs $'000	Restructuring costs $'000	Onerous contracts $'000	Total $'000
Group					
At 1 July 2018	197	113	–	–	310
Provisions made	112	–	–	–	112
Provisions reversed	(125)	–	–	–	(125)
Provisions utilised	(13)	–	–	–	(13)
Translation difference	(4)	7	–	–	3
At 30 June 2019	167	120	–	–	287
Acquisition of subsidiaries (Note 8)	–	30	–	–	30
Provisions made	–	3	97	72	172
Provisions reversed	(106)	(15)	–	–	(121)
Provisions utilised	(29)	–	–	–	(29)
Translation difference	6	1	–	–	7
At 30 June 2020	38	139	97	72	346

	Group	
	2020 $'000	2019 $'000
Represented by:		
Current	210	267
Non-current	136	20
	346	287

Warranties

The provision for warranties relates to provision for after-sales warranty in respect of products and services sold. The provision has been estimated based on historical warranty data associated with similar products and services.

Restoration costs

The provision relates to the Group's obligation to restore the office premises and warehouse to their original state and condition. A provision for restoration cost is recognised when an obligation to restore site conditions arises on the initial recognition of the asset. The provision is based on the present value of the best estimate of the expenditure required to settle the obligation at the reporting date. The restoration amount is expected to be incurred at the end of the lease period of the office premises and warehouse.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

19. PROVISIONS (CONT'D)

Restructuring costs

The provision relates to a restructuring exercise carried out to rightsize the Group's DSS operations following the cessation of a manufacturer's representative and service provider agreement with one of its principals with effect from 1 May 2020.

Onerous contracts

The provision is arrived at after taking into account estimated selling prices and estimated total cost. Estimated selling prices are based on customers' purchase orders and estimated total cost includes contract costs incurred to date plus the estimated costs to complete based on historical trends.

20. REVENUE

	Group	
	2020	**2019**
	$'000	**$'000**
Sale of goods (transferred at a point in time)	43,395	38,840
Service income (transferred over time)	5,830	5,957
Commission (transferred at a point in time)	5,010	5,373
	54,235	50,170

Contract assets and contract liabilities

Information on contract assets and contract liabilities from contracts with customers is disclosed as follows:

		Group	
	As at 30 June 2020	**As at 30 June 2019**	**As at 1 July 2018**
	$'000	**$'000**	**$'000**
Contract assets	720	132	233
Contract liabilities (Note 18)	2,009	2,280	3,055

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

20. REVENUE (CONT'D)

Contract assets

Contract assets are recorded when revenue recognised on a contract exceeds the billings. Significant changes in contract assets relating to contract assets being reclassified to receivables amounted to $132,000 (2019: $233,000).

Contract liabilities

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group have received advances from customers. Contract liabilities are recognised as revenue as the Group performs its obligations under the contracts. Revenue recognised that was included in the contract liabilities balance at the beginning of the financial year amounted to $2,148,000 (2019: $2,895,000).

21. RESULTS FROM OPERATING ACTIVITIES

The following items have been included in arriving at profit before tax:

	Group	
	2020	**2019**
	$'000	**$'000**
Other income		
Dividend income from financial assets	248	162
Exchange gain, net	518	–
Foreign exchange gain on liquidation of subsidiaries (net)	–	100
Governments grants, subsidies and rebates	435	–
Sundry income	165	24
	1,366	286

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

21. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

	Group	
	2020	**2019**
	$'000	**$'000**
Staff costs		
Salaries and other short-term employee benefits	11,938	10,403
Employers' contributions to defined contribution plans	1,186	1,155
	13,124	11,558
Other expenses		
Audit fees paid/payable to:		
– auditor of the Company	158	181
– other auditors	14	20
Non-audit fees paid/payable to:		
– auditor of the Company	13	32
– other auditors	16	11
Amortisation of intangible assets	216	6
Depreciation of plant and equipment	464	324
Depreciation of right-of-use assets	572	–
Exchange loss, net	–	68
Inventories written off	–	3
Loss on disposal of plant and equipment	78	–
Operating lease expenses	159	710
Plant and equipment written off	40	41
Restructuring costs	578	–
Reversal of allowance for inventory obsolescence	(2)	(69)

Governments grants, subsidies and rebates mainly relate to Job Support Scheme and property tax rebate.

22. FINANCE INCOME

	Group	
	2020	**2019**
	$'000	**$'000**
Interest income from:		
– financial institutions	928	915
– joint ventures	81	33
– third party	101	–
	1,110	948

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

23. TAX EXPENSE

	Group	
	2020 $'000	2019 $'000
Current tax expense		
Current year	604	613
Withholding tax	29	–
(Over)/under provision in prior years	(160)	2
	473	615
Deferred tax expense		
Origination and reversal of temporary differences	428	194
(Over)/under provision in prior years	(45)	37
	383	231
Tax expense	856	846
Reconciliation of effective tax rate		
Profit before tax	3,011	334
Income tax at 17%	512	57
Effect of different tax rates in foreign jurisdictions	438	47
Effect of results of equity-accounted investees presented net of tax	184	485
Tax exempt income	(2,345)	(103)
Non-deductible expenses	2,094	94
Withholding tax	29	–
Deferred tax assets not recognised	149	293
Utilisation of previously unrecognised deferred tax assets	–	(66)
(Over)/under provision in prior years	(205)	39
	856	846

24. LOSS PER SHARE

	Group	
	2020 $'000	2019 $'000
Basic loss per share was based on loss for the year attributable to Owners of the Company	(689)	(515)
Weighted average number of shares outstanding during the year ('000)	167,023	167,128

Diluted loss per share was the same as basic loss per share as there were no potentially dilutive ordinary shares for both the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant transactions with related parties were as follows:

	Group	
	2020 $'000	2019 $'000
Sales and services income received/receivable from:		
– joint ventures	239	22
– a related party	42	–
Service fee paid/payable to:		
– a related party	(48)	(96)
Consultancy fee paid/payable to a director	(91)	(90)

Related parties comprise mainly key management personnel and companies which are controlled by the Group's controlling shareholders.

Key management personnel compensation

Key management personnel compensation (including executive director's remuneration) comprised:

	Group	
	2020 $'000	2019 $'000
Directors' fees	297	297
Salaries and other short-term employee benefits	2,029	1,785
Employers' contributions to defined contribution plans	65	78
	2,391	2,160

26. COMMITMENTS

Corporate guarantees

At the reporting date, the Company had provided corporate guarantees amounting to $15,942,000 (2019: $4,783,000) to banks for banking facilities made available to certain subsidiaries and a joint venture, of which a subsidiary had utilised $624,000 (2019: $624,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing these risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amounts of financial assets at amortised cost represent the Group's exposure to credit risk.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets. The allowance matrix is based on actual credit loss experience over the past 3 years, and adjusted based on the Group's review of the conditions of the debtors and the economic conditions over the expected lives of the receivables, only if these factors have a significant impact on the credit loss.

Management had evaluated the credit standing of customers with significant outstanding balances with the Group at the reporting date. As the majority of them are multinational corporations, management had reasonable grounds to believe that the Group was not exposed to significant credit risk at the reporting date. Credit risk arising from sales is evaluated on an on-going basis. The receivables are also monitored continually and hence, the Group does not expect to incur material credit losses.

The Group measures loss allowance for non-trade balances using the general approach (12-month ECL) which reflects the low credit risk of the exposures.

ECLs are measured for financial guarantees issued to represent the expected payments to reimburse the holder less any amounts that the Company expects to recover. At the reporting date, the Company did not recognise an ECL provision as the Company did not consider it probable that a claim will be made against the Company under the guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

Cash and short-term deposits are placed with financial institutions which are regulated. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for non-trade balances and considers that its cash and cash equivalents have low credit risk based on the high external credit ratings of the counterparties.

Credit risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group's concentration of credit risk relating to trade and other receivables is limited due to its varied customer base. The Group's customers are globally dispersed, engaged in a wide spectrum of activities, and they transact in various end markets.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At the reporting date, the Group had unutilised credit facilities of $11,446,000 (2019: $4,424,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**After 1 year but within 5 years $'000**
Group				
2020				
Financial liabilities				
Trade and other payablesˆ	10,595	(10,595)	(10,595)	–
Amounts due to related parties	87	(87)	(87)	–
Lease liabilities	1,125	(1,168)	(570)	(598)
	11,807	(11,850)	(11,252)	(598)
2019				
Financial liabilities				
Trade and other payablesˆ	9,706	(9,706)	(9,706)	–
Amounts due to related parties	98	(98)	(98)	–
	9,804	(9,804)	(9,804)	–
Company				
2020				
Financial liabilities				
Trade and other payablesˆ	937	(937)	(937)	–
Amounts due to related parties	1,217	(1,217)	(1,217)	–
	2,154	(2,154)	(2,154)	–
2019				
Financial liabilities				
Trade and other payablesˆ	1,089	(1,089)	(1,089)	–
Amounts due to related parties	1,382	(1,382)	(1,382)	–
	2,471	(2,471)	(2,471)	–

ˆ Excludes liability for short-term accumulating compensated absences, contract liabilities and deferred grant income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to interest rate risk is not significant.

Currency risk

The Group is exposed to currency risk on financial assets and financial liabilities denominated in foreign currencies. It also incurs currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are the US dollar, Singapore dollar, Chinese renminbi, and Thai baht.

The Group primarily relies on natural hedging between its sales and purchases, and trade receivables and trade payables. Should the need arise, the Group hedges any further foreign currency exposure through close monitoring by management.

Other than as disclosed elsewhere in the financial statements, the Group's and the Company's exposures to currency risk (before inter-company eliminations) were as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade and other receivables				
– US dollar	4,960	14,926	–	9,421
	4,960	14,926	–	9,421
Amounts due from related parties				
– US dollar	3,043	2,796	–	–
– Thai baht	227	224	–	–
	3,270	3,020	–	–
Cash and cash equivalents				
– US dollar	13,122	10,995	3,415	1,978
	13,122	10,995	3,415	1,978
Trade and other payables				
– US dollar	(5,146)	(3,825)	–	(2)
– Singapore dollar	(320)	(242)	–	–
	(5,466)	(4,067)	–	(2)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Currency risk (Cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due to related parties				
– US dollar	(2,983)	(2,720)	(1,204)	(1,171)
– Singapore dollar	(480)	(286)	–	–
– Chinese renminbi	(3,186)	(3,050)	–	–
– Thai baht	(129)	(126)	–	–
	(6,778)	(6,182)	(1,204)	(1,171)
Net exposure	9,108	18,692	2,211	10,226

Sensitivity analysis

A 1% (2019: 1%) strengthening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would increase profit before tax by the amounts shown below. This analysis assumes all other variables remain constant.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	91	187	22	102

A 1% (2019: 1%) weakening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would have had the equal but opposite effect on the profit before tax, on the basis that all other variables remain constant.

Equity price risk

The Group is exposed to equity securities price risk from quoted equity securities held by the Group which are classified at FVOCI. The market values of these securities are subject to fluctuations due to volatility of the equity markets.

The primary goal of the Group's investment strategy is to maximise investment returns so as to improve its overall return in general. The Group mitigates this risk through careful selection of its investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Equity price risk (Cont'd)

Sensitivity analysis

If prices for quoted equity securities increased by 10% (2019: 10%) with all other variables held constant, the increase in equity would be:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Equity	454	532	454	532

A 10% (2019: 10%) decrease in the underlying quoted equity securities prices would have had the equal but opposite effect on equity, on the basis that all other variables remain constant.

Measurement of fair values

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and liabilities, by the levels in the fair value hierarchy, based on the inputs used in the valuation techniques as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Measurement of fair values (Cont'd)

Fair value hierarchy (Cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2020				
Financial assets				
Quoted equity securities – at FVOCI	4,535	–	–	4,535
Non-financial assets				
Investment property	–	–	17,423	17,423
	4,535	–	17,423	21,958
2019				
Financial assets				
Quoted equity securities – at FVOCI	5,316	–	–	5,316
Company				
2020				
Financial assets				
Quoted equity securities – at FVOCI	4,535	–	–	4,535
2019				
Financial assets				
Quoted equity securities – at FVOCI	5,316	–	–	5,316

The fair value of quoted equity securities at FVOCI categorised under Level 1 of the fair value hierarchy was based on their last quoted market prices at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

27. FINANCE RISK MANAGEMENT (CONT'D)

Measurement of fair values (Cont'd)

Fair value hierarchy (Cont'd)

The following table presents the valuation technique and key inputs used to determine the fair value of investment property categorised under Level 3 of the fair value hierarchy.

Description	Fair value at 30 June 2020 $'000	Valuation technique	Unobservable input	Range of unobservable inputs
Investment property	17,423	Market Approach with plus minus method	Price of comparable properties	Indonesian Rupiah 300 per sqm – Indonesian Rupiah 375 per sqm

The fair value of investment property categorised under Level 3 of the fair value hierarchy is generally sensitive to the unobservable inputs set out above. A significant increase/(decrease) in the price of comparable properties would result in a significant increase/(decrease) to the fair value of the asset.

Non-derivative non-current assets and liabilities

The fair value of non-current financial assets was calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The impact of discounting was not material.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, amount due to/(from) related parties, cash and cash equivalents and trade and other payables) were assumed to approximate their fair values because of the short period to maturity or that they were repriced frequently.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

28. FINANCIAL INSTRUMENTS BY CATEGORY

An analysis of the Group's and the Company's financial instruments is set out below:

	Note	FVOCI – equity investments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000
Group					
2020					
Assets					
Financial assets	10	4,535	–	–	4,535
Trade and other receivables##	11	–	10,554	–	10,554
Amounts due from related parties	14	–	610	–	610
Cash and cash equivalents	15	–	74,950	–	74,950
		4,535	86,114	–	90,649
Liabilities					
Amounts due to related parties	14	–	–	(87)	(87)
Trade and other payables^	18	–	–	(10,595)	(10,595)
Lease liabilities	7	–	–	(1,125)	(1,125)
		–	–	(11,807)	(11,807)
2019					
Assets					
Financial assets	10	5,316	–	–	5,316
Trade and other receivables##	11	–	17,920	–	17,920
Amounts due from related parties	14	–	2,909	–	2,909
Cash and cash equivalents	15	–	75,465	–	75,465
		5,316	96,294	–	101,610
Liabilities					
Amounts due to related parties	14	–	–	(98)	(98)
Trade and other payables^	18	–	–	(9,706)	(9,706)
		–	–	(9,804)	(9,804)

Excludes grant receivables, tax receivables and prepayments.

^ Excludes liability for short-term accumulating compensated absences, contract liabilities and deferred grant income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

28. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

	Note	FVOCI – equity investments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total $'000
Company					
2020					
Assets					
Financial assets	10	4,535	–	–	4,535
Trade and other receivables##	11	–	9	–	9
Amounts due from related parties	14	–	5,682	–	5,682
Cash and cash equivalents	15	–	54,220	–	54,220
		4,535	59,911	–	64,446
Liabilities					
Amounts due to related parties	14	–	–	(1,217)	(1,217)
Trade and other payables^	18	–	–	(937)	(937)
		–	–	(2,154)	(2,154)
2019					
Assets					
Financial assets	10	5,316	–	–	5,316
Trade and other receivables##	11	–	9,513	–	9,513
Amounts due from related parties	14	–	12,626	–	12,626
Cash and cash equivalents	15	–	56,229	–	56,229
		5,316	78,368	–	83,684
Liabilities					
Amounts due to related parties	14	–	–	(1,382)	(1,382)
Trade and other payables^	18	–	–	(1,089)	(1,089)
		–	–	(2,471)	(2,471)

Excludes grant receivables, tax receivables and prepayments.

^ Excludes liability for short-term accumulating compensated absences, contract liabilities and deferred grant income

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

29. OPERATING SEGMENTS

The Group determines its operating segments based on internal reports of the components of the Group that are regularly reviewed by the Group's CEO (the chief operating decision maker) for performance assessment and to determine resources allocation.

The following summary describes the operations of each of the Group's reportable segments:

Distribution and Services Solutions	:	Distribution of equipment and tools to the semiconductor and electronics manufacturing services industry; integrated circuit ("IC") failure analysis, IC reliability testing and printed circuit board assembly testing and inspection; provision of equipment maintenance support engineering services, including systems integration to the semiconductor and electronics manufacturing services industry; provision of facilities management services including chemicals, gas and abatement management, and turnkey wafer fabrication equipment relocation; and trading of consumable products.
Automated Precision System Solutions	:	Provision of customised systems and solutions for test automation, high precision automated assembly process for fibre and lens as well as full automated wafer level testing in the semiconductor and electronics manufacturing environment.
Vending Solutions	:	Distribute and provide retail solutions through intelligent automated retail machines.
Property Investment and Development	:	Hold and/or develop properties for investment purposes to derive gains from capital appreciation and/or generate returns from operation or sale.

Information regarding the results of each reportable segment is set out below. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries. Inter-segment pricing is determined on mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Distribution and Services Solutions		Automated Precision System Solutions		Vending Solutions		Property Investment and Development		Eliminations		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group												
Revenue and expenses												
Total revenue from external customers	50,979	50,170	3,256	–	–	–	–	–	–	–	54,235	50,170
Inter-segment revenue	28	173	5	–	–	–	–	–	(33)	(173)	–	–
	51,007	50,343	3,261	–	–	–	–	–	(33)	(173)	54,235	50,170
Segment results	4,384	4,824	124	–	(11,483)	(109)	11,757	–	–	–	4,782	4,715
Unallocated corporate results											(1,755)	(2,475)
											3,027	2,240
Share of results of joint ventures	(1)	(14)	–	–	(1,083)	(2,840)	–	–	–	–	(1,084)	(2,854)
Profit/(Loss) before finance income/(costs) and taxation											1,943	(614)
Finance costs											(42)	–
Finance income											1,110	948
Tax expense											(856)	(846)
Non-controlling interests											(2,844)	(3)
Loss for the year											(689)	(515)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2020

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

	Distribution and Services Solutions		Automated Precision System Solutions		Vending Solutions		Property Investment and Development		Eliminations		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group												
Assets and liabilities												
Segments assets	49,784	48,616	7,369	–	665	2,562	17,542	–	(243)	–	75,117	51,178
Investments in joint ventures	37	36	–	–	–	7,080	–	–	–	–	37	7,116
Tax receivables	39	127	–	–	–	–	–	–	–	–	39	127
Deferred tax assets	65	67	–	–	–	–	–	–	–	–	65	67
Unallocated corporate and other assets											59,936	71,777
Total assets											135,194	130,265
Segment liabilities	12,661	11,412	1,436	–	55	119	268	–	(243)	–	14,177	11,531
Tax liabilities	509	642	229	–	4	4	436	–	–	–	1,178	646
Unallocated corporate and other liabilities											1,219	1,255
Total liabilities											16,574	13,432
Capital expenditure												
– allocated to reportable segments	65	176	74	–	161	–	5,626	–	–	–	5,926	176
– unallocated corporate and others											1,087	756
Total capital expenditure											7,013	932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

	Distribution and Services Solutions		Automated Precision System Solutions		Vending Solutions		Property Investment and Development		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group												
Other items												
Amortisation of intangible assets	(20)	(6)	(180)	–	(16)	–	–	–	–	–	(216)	(6)
Dividend income from financial assets											248	162
Depreciation of plant and equipment												
– allocated to reportable segments	(217)	(241)	(82)	–	–	–	–	–	–	–	(299)	(241)
– unallocated corporate expenses											(165)	(83)
											(464)	(324)
Depreciation of right-of-use assets	(489)	–	(83)	–	–	–	–	–	–	–	(572)	–
Fair value gain on investment property	–	–	–	–	–	–	11,783	–	–	–	11,783	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (Cont'd)

	Distribution and Services Solutions		Automated Precision System Solutions		Vending Solutions		Property Investment and Development		Eliminations		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group												
Other items (cont'd)												
Governments grants, subsidies and rebates												
– allocated to reportable segments	259	–	122	–	–	–	–	–	–	–	381	–
– unallocated corporate income											54	–
											435	–
Impairment loss on amounts due from a joint venture	–	–	–	–	(5,325)	–	–	–	–	–	(5,325)	–
Impairment loss on investment in a joint venture	–	–	–	–	(5,997)	–	–	–	–	–	(5,997)	–
Foreign exchange (loss)/gain on liquidation of subsidiaries (net)												
– allocated to reportable segments	–	(10)	–	–	–	–	–	–	–	–	–	(10)
– unallocated corporate income											–	110
											–	100
Restructuring costs	(578)	–	–	–	–	–	–	–	–	–	(578)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

29. OPERATING SEGMENTS (CONT'D)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Singapore		Malaysia		China		Taiwan		Indonesia		Other regions		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group														
Total revenue from external customers	33,230	24,531	5,509	6,658	11,978	12,242	2,045	6,230	–	–	1,473	509	54,235	50,170
Non-current segment assets	20,703	18,493	37	9	138	163	308	240	17,568	–	–	–	38,754	18,905
Investments in joint ventures	37	7,116	–	–	–	–	–	–	–	–	–	–	37	7,116
Investments in financial assets	4,535	5,316	–	–	–	–	–	–	–	–	–	–	4,535	5,316
Deferred tax assets	–	–	–	–	–	–	–	–	–	–	–	–	65	67
Total non-current assets	25,275	30,925	37	9	138	163	308	240	17,568	–	–	–	43,391	31,404
Capital expenditure	1,195	898	7	7	22	9	2	18	5,787	–	–	–	7,013	932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

30. PROPOSED DIVIDENDS

Subsequent to the reporting date, the Board proposed to declare the following dividends:

	Group and Company	
	2020 $'000	2019 $'000
Final (tax-exempt one-tier) dividend of 0.50 cent per share (2019: 1.00 cent)	833	1,671
Final special (tax-exempt one-tier) dividend of $Nil per share (2019: 1.00 cent)	–	1,671
	833	3,342

These proposed dividends have not been provided for at the respective reporting dates.

31. SUBSEQUENT EVENT

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects.

Despite these headwinds, the Group recorded a growth in revenue with the consolidation of ATPL and the Group's DSS' revenue and gross profit were comparable to last year.

As the COVID-19 situation is still evolving and may continue for an extended period, it could impact demand for the products distributed and services provided by the Group.

In view of the continuing development and uncertainty of the situation, the full financial impact of COVID-19 on the Group cannot be reasonably determined at this juncture.

32. COMPARATIVE FIGURES

Prior year's comparative figures were audited by a firm of Certified Public Accountants other than Ernst & Young LLP.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 30 September 2020.

STATISTICS OF SHAREHOLDINGS

as at 11 September 2020

Number of shares (including treasury shares and subsidiary holdings)	:	167,128,185		
Number of shares (excluding treasury shares and subsidiary holdings)	:	166,668,285		
Class of shares	:	Ordinary shares	Voting rights :	1 vote per share
Number/percentage of treasury shares	:	459,900 (0.28%[1])		
Number of subsidiary holdings	:	Nil		

The Company cannot exercise any voting rights in respect of treasury shares.

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%[1]
1 to 99	35	1.57	1,314	0.00
100 to 1,000	484	21.76	252,782	0.15
1,001 to 10,000	972	43.71	4,683,075	2.81
10,001 to 1,000,000	728	32.73	46,642,691	27.99
1,000,001 and above	5	0.23	115,088,423	69.05
Total	**2,224**	**100.00**	**166,668,285**	**100.00**

Based on information available to the Company as at 11 September 2020, approximately 39.71% of the issued shares of the Company (excluding treasury shares) is held by the public and Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%[1]
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	100,166,240	60.10
2	DBS NOMINEES (PRIVATE) LIMITED	10,094,883	6.06
3	LEAP INTERNATIONAL PTE LTD	2,545,300	1.53
4	LEE LENG GHEE WILLIE	1,150,000	0.69
5	QUEK CHIN CHOO	1,132,000	0.68
6	CITIBANK NOMINEES SINGAPORE PTE LTD	985,500	0.59
7	BEVRIAN PTE LTD	968,300	0.58
8	IWAN RUSLI @ LIE TJIN VAN	871,300	0.52
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	856,422	0.51
10	TAY BOON HUAT	804,900	0.48
11	IP YUEN KWONG	783,500	0.47
12	HONG LEONG FINANCE NOMINEES PTE LTD	766,700	0.46
13	RAFFLES NOMINEES (PTE.) LIMITED	742,260	0.45
14	OCBC SECURITIES PRIVATE LIMITED	711,199	0.43
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	707,200	0.42
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	689,965	0.41
17	NG THIAM SENG @ EUGENE NG	680,000	0.41
18	UOB KAY HIAN PRIVATE LIMITED	601,610	0.36
19	NG TIE JIN (HUANG ZHIREN)	540,000	0.32
20	CHIA CHOI CHUN	537,000	0.32
Total		**126,334,279**	**75.80**

[1] *Percentage is calculated based on 166,668,285 shares, excluding treasury shares.*

STATISTICS OF SHAREHOLDINGS

as at 11 September 2020

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest No. of Shares	%[1]	Deemed Interest No. of Shares	%[1]	Total Interest No. of Shares	%[1]
Bevrian Pte Ltd[2]	968,300	0.58	99,493,446	59.70	100,461,746	60.28
David Lum Kok Seng[3]	–	–	100,461,746	60.28	100,461,746	60.28

(1) *Percentage is calculated based on 166,668,285 shares, excluding treasury shares.*

(2) *Bevrian Pte Ltd's deemed interest in the shares are held by its nominee, CGS-CIMB Securities (Singapore) Pte Ltd.*

(3) *Mr David Lum Kok Seng is deemed interested in all the shares held by Bevrian Pte Ltd.*

NOTICE OF ANNUAL GENERAL MEETING

Ellipsiz Ltd
(the "**Company**")
(Company Registration No. 199408329R)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of the Company will be convened and held by electronic means on Tuesday, 27 October 2020 at 3.00 p.m. to transact the following businesses:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020 together with the Auditor's Report thereon.
(Resolution 1)

2. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 101 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Ms Iris Wu Hwee Tan **(Resolution 2)**

   (b) Mr Adrian Lum Wen-Hong **(Resolution 3)**

   [*See Explanatory Note (i)*]

3. To declare a final tax-exempt (one-tier) dividend of 0.5 cent per ordinary share for the financial year ended 30 June 2020.
(Resolution 4)

4. To approve the payment of Directors' fees of $297,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears (2020: $297,000).
(Resolution 5)

   [*See Explanatory Note (ii)*]

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

Special Business

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

6. That authority be and is hereby given to the Directors to:

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

Provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph 2 below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to members of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares, excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the Company's total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

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

NOTICE OF ANNUAL GENERAL MEETING

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

(Resolution 7)

[*See Explanatory Note (iii)*]

7. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

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

(ii) off-market purchase(s) (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may 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 and 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 Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of 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

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the passing of this Resolution; and

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

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Share Purchase, 110% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made (and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Days and the day on which the On-Market Share Purchase was made) or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase; and

(d) the Directors and/or each of them be and are/is hereby authorised to complete and do all such acts and things as they and/or he or she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 8)

[*See Explanatory Note (iv)*]

NOTICE OF ANNUAL GENERAL MEETING

Notice of Record Date

NOTICE IS ALSO HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 6 November 2020 for the purpose of determining shareholders' entitlements to a proposed final tax-exempt (one-tier) dividend of 0.5 cent per ordinary share for the financial year ended 30 June 2020 ("**FY2020 Final Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. on 6 November 2020 will be registered to determine shareholders' entitlements to the FY2020 Final Dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 6 November 2020 will be entitled to the FY2020 Final Dividend.

The FY2020 Final Dividend, if approved by the shareholders at the 25th Annual General Meeting of the Company, will be paid on 20 November 2020.

By Order of the Board

CHOW CHING SIAN
JOHNIE TAN WEE LIANG
Company Secretaries
Singapore, 5 October 2020

Explanatory Notes:

(i) **Ordinary Resolutions 2 and 3**: Detailed information on these Directors can be found under the sections entitled "*Board of Directors*" and "*Additional Information on Directors Seeking Re-election*" in the Company's Annual Report 2020.

(ii) **Ordinary Resolution 5**: The Company proposes to pay Directors' fees for the financial year ending 30 June 2021 quarterly in arrears, instead of at the end of the next financial year, after the Annual General Meeting of the Company is held. Information on Directors' fees can be found under the section entitled "*Corporate Governance*" in the Company's Annual Report 2020.

(iii) **Ordinary Resolution 7**: Ordinary Resolution 7, if passed, will authorise the Directors, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, to issue Shares, make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to an amount not exceeding 50% of the total number of issued Shares, excluding treasury shares and subsidiary holdings, with a sub-limit of 20% for issues other than on a *pro rata* basis

NOTICE OF ANNUAL GENERAL MEETING

to members of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the total number of issued Shares, excluding treasury shares and subsidiary holdings, will be calculated based on the Company's total number of issued Shares, excluding treasury shares and subsidiary holdings, at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of Shares.

(iv) **Ordinary Resolution 8**: Ordinary Resolution 8, if passed, will empower the Directors to purchase, on behalf of the Company, ordinary shares in the capital of the Company in accordance with the terms set out in the Appendix to this Notice of Annual General Meeting as well as the rules and regulations set out in the Companies Act and the Listing Manual. Please refer to the Appendix to this Notice of Annual General Meeting for details.

Notes:

1. The 25th Annual General Meeting of the Company ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Printed copies of this Notice of AGM and the proxy form for the AGM (collectively, the "**Documents**") will **NOT** be sent to members. Instead, the Documents will be sent to members by electronic means via publication on the Company's corporate website at the URL https://www.ellipsiz.com/investor-relations/newsroom/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting at the AGM by appointing the Chairman of the AGM as proxy, are set out in the accompanying announcement issued by the Company on 5 October 2020. This announcement may be accessed at the Company's corporate website at the URL https://www.ellipsiz.com/investor-relations/newsroom/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. The AGM will be convened and held by electronic means pursuant to the Order, to minimise physical interactions and COVID-19 transmission risks. A member will **NOT** be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Persons who hold shares of the Company through relevant intermediary(ies) (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore), including CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective agent banks to submit their votes by 5.00 p.m. on 15 October 2020.

4. The Chairman of the AGM, as a proxy, need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if sent by post, it has to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854; or

   (b) if sent electronically, it has to be submitted via email to the Company at agm2020@ellipsiz.com,

   in either case, not less than 72 hours before the time fixed for the AGM.

   A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above or before scanning and sending it by email to the email address provided above.

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

6. All references to dates and times in this Notice of AGM are to Singapore dates and times.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (and/or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with the applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

The following information relating to Ms Iris Wu Hwee Tan and Mr Adrian Lum Wen-Hong, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 27 October 2020 ("2020 Annual General Meeting"), is provided pursuant to Rule 720(6) of the listing manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Iris Wu Hwee Tan**	**Adrian Lum Wen-Hong**
Date of Appointment	8 January 2018	8 January 2018
Date of last re-appointment (if applicable)	18 October 2018	18 October 2018
Age	63	43
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon review of the skills and experience of Ms Iris Wu Hwee Tan as well as her performance and contributions to the effectiveness of the Board, the Nominating Committee had recommended, and the Board of Directors had approved the recommendation for Ms Iris Wu Hwee Tan to be re-elected at the 2020 Annual General Meeting.	Upon review of the skills and experience of Mr Adrian Lum Wen-Hong as well as his performance and contributions to the effectiveness of the Board, the Nominating Committee had recommended, and the Board of Directors had approved the recommendation for Mr Adrian Lum Wen-Hong to be re-elected at the 2020 Annual General Meeting.
Whether appointment is executive, and if so, the area of responsibility	The appointment is non-executive.	The appointment is non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	1. Non-Independent Non-Executive Director 2. Member of Audit and Risk Committee	Non-Independent Non-Executive Director
Professional qualifications	1. Bachelor of Commerce (Accountancy), Nanyang University 2. Chartered Accountant of Singapore 3. Member of the Institute of Singapore Chartered Accountants	Master in Engineering, The Imperial College, United Kingdom

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

Name of Director	Iris Wu Hwee Tan	Adrian Lum Wen-Hong
Working experience and occupation(s) during the past 10 years	1. February 2018 to present Consultant, Ellipsiz Ltd 2. July 2012 to April 2015 Executive Director and Company Secretary, LCD Global Investments Ltd[1] 3. August 2006 to July 2012 Group Financial Controller and Company Secretary, LCD Global Investments Ltd[1]	1. September 2015 to present Director, Property Development, Lum Chang Holdings Limited 2. August 2010 to September 2015 Director, Business Development, Lum Chang Holdings Limited 3. August 2007 to August 2010 Manager, Business Development, Lum Chang Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Nil	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	No	1. Son of Mr David Lum Kok Seng, the legal and beneficial owner of Bevrian Pte Ltd, a substantial shareholder of the Company. 2. Brother of Mr Kelvin Lum Wen-Sum, the Chief Executive Officer and an Executive Director of the Company.
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

[1] LCD Global Investments Ltd is now known as AF Global Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

Name of Director	**Iris Wu Hwee Tan**	**Adrian Lum Wen-Hong**
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Past Directorship(s): 1. iNETest Malaysia Sdn Bhd 2. Kalms Investment Pte Ltd	Past Directorship(s): 1. London Property Investment Pte Ltd 2. Lum Chang UK Properties Limited 3. Pembridge Palace Holdco Limited 4. Pembridge Palace Propco Limited 5. Ellipsiz DSS Pte Ltd 6. iNETest Resources Pte Ltd 7. Ellipsiz iNETest Co Ltd 8. Ellipsiz Taiwan Inc 9. iNETest Malaysia Sdn Bhd 10. Uptown Viewpoint Sdn Bhd 11. Urban Assignment Sdn Bhd
Present	Present Directorship(s): 1. EIR Investments Pte Ltd 2. Ellipsiz DSS Pte Ltd 3. iNETest Resources Pte Ltd	Present Directorship(s): 1. Lum Chang Auriga Pte Ltd 2. Lum Chang Interior Pte Ltd 3. Lum Chang Property Investments Pte Ltd 4. Bluesky Real Estate Investment Pte Ltd 5. Kemensah Holdings Pte Ltd 6. Solluna Investments Pte Ltd 7. Sky Real Estate Investment Pte Ltd 8. Tucana Investments Pte Ltd 9. Wembley Properties Pte Ltd 10. Lum Chang Sdn Bhd 11. Fabulous Range Sdn Bhd 12. PJBOX Sdn Bhd 13. Venus Capital Corporation Sdn Bhd 14. Lum Chang Development Services Limited 15. Kelaty Holdings Limited 16. CLI CP (Netherlands) Pte Ltd 17. Columba Holdings Pte Ltd 18. Corwin Holding Pte Ltd 19. Dorado Holdings Pte Ltd 20. Dorado Retail Holdco Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

Name of Director	Iris Wu Hwee Tan	Adrian Lum Wen-Hong
		21. Dorado Retail Pte Ltd 22. Xin Tekka Pte Ltd 23. Lum Chang Tien Wah Property Sdn Bhd 24. Daehan Rehabilitation Services Sdn Bhd 25. Lum Chang Interior (M) Sdn Bhd 26. CLI CP (Netherlands) B. V. 27. Pavo Holdings Pte Ltd 28. Beverian Holdings Pte Ltd 29. Bevrian Pte Ltd 30. LS Investments Pte Ltd 31. Kwong Wai Shiu Hospital
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

Name of Director	Iris Wu Hwee Tan	Adrian Lum Wen-Hong
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

Name of Director	Iris Wu Hwee Tan	Adrian Lum Wen-Hong
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(As at 11 September 2020)

Name of Director	Iris Wu Hwee Tan	Adrian Lum Wen-Hong
(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

(As at 11 September 2020)

Name of Director	Iris Wu Hwee Tan	Adrian Lum Wen-Hong
(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,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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

(As at 11 September 2020)

<table>
<tr><th>Name of Director</th><th>Iris Wu Hwee Tan</th><th>Adrian Lum Wen-Hong</th></tr>
<tr><td colspan="3"><u>Information required</u>
Disclosure applicable to the appointment of Director only.</td></tr>
<tr><td>Any prior experience as a director of an issuer listed on the Exchange?</td><td rowspan="4">Not applicable</td><td rowspan="4">Not applicable</td></tr>
<tr><td>If yes, please provide details of prior experience.</td></tr>
<tr><td>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</td></tr>
<tr><td>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</td></tr>
</table>

This page has been intentionally left blank

Ellipsiz Ltd

(Company Registration No. 199408329R)
(Incorporated in the Republic of Singapore)

PROXY FORM
25TH ANNUAL GENERAL MEETING

IMPORTANT

1. The AGM (as defined below) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Printed copies of the Notice of AGM and this proxy form for the AGM (collectively, the "**Documents**") will **NOT** be sent to members. Instead, the Documents will be sent to members by electronic means via publication on the Company's corporate website at the URL https://www.ellipsiz.com/investor-relations/newsroom/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying announcement issued by the Company on 5 October 2020.
3. The AGM will be convened and held by electronic means pursuant to the Order, to minimise physical interactions and COVID-19 transmission risks. A member will **NOT** be able to attend the AGM in person. A member member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this proxy form is not valid for use and shall be ineffective for all purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should contact their respective agent banks to submit their votes by 5.00 p.m. on 15 October 2020.
5. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 October 2020.

I/We ____ (*Name*),

NRIC/Passport No./Company Registration No. ______________________________ of

____ (*Address*)

being a member/members of Ellipsiz Ltd (the "**Company**"), hereby appoint the Chairman of the 25th Annual General Meeting of the Company ("**AGM**"), as my/our proxy to attend, speak and vote on my/our behalf at the AGM to be held by electronic means on Tuesday, 27 October 2020 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against, or to abstain from voting on, the ordinary resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as my/our proxy for that resolution will be treated as invalid.

No.	Resolution	No. of Votes For*	No. of Votes Against*	No. of Votes Abstain*
Ordinary Business				
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020 together with the Auditor's Report thereon.			
2.	Re-election of Ms Iris Wu Hwee Tan as Director.			
3.	Re-election of Mr Adrian Lum Wen-Hong as Director.			
4.	Declaration of a final tax-exempt (one-tier) dividend of 0.5 cent per ordinary share.			
5.	Approval of Directors' fees of $297,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears.			
6.	Re-appointment of Ernst & Young LLP as Auditor of the Company and authorising the Directors to fix their remuneration.			
Special Business				
7.	Approval of authority to issue new shares.			
8.	Approval of Share Purchase Mandate.			

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or to "Abstain from voting on" the relevant resolution, please tick (√) in the relevant boxes provided above. Alternatively, if you wish to exercise your votes in a combination of "For", "Against" and "Abstain on" the relevant resolution, please insert the number of votes in the relevant boxes provided above.*

Dated this ________ day of ____________ 2020.

Total No. of Shares in:	No. of Shares
CDP Register	
Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of ordinary shares in the Company held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members of the Company, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary shares. If no number is inserted, this proxy form shall be deemed to relate to all the ordinary shares held by you.

2. The AGM will be convened and held by electronic means pursuant to the Order, to minimise physical interactions and COVID-19 transmission risks. A member will **NOT** be able to attend the AGM in person. A member member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Persons who hold shares of the Company through relevant intermediary(ies) (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore), including CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective agent banks to submit their votes by 5.00 p.m. on 15 October 2020.

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

4. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if sent by post, it has to be deposited at the registered office of the Company at 54 Serangoon North Avenue 4, #05-02, Singapore 555854; or

   (b) if sent electronically, it has to be submitted via email to the Company at agm2020@ellipsiz.com,

   in either case, not less than 72 hours before the time fixed for the AGM.

   A member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above or before scanning and sending it by email to the email address provided above.

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

5. This proxy form must, in the case of an individual, be signed by the appointor or his/her attorney duly authorised in writing. In the case of a corporation, the proxy form must be executed under its common seal or executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or signed on its behalf by its attorney or officer duly authorised.

6. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form.

7. In the case of members of the Company whose ordinary shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have ordinary shares entered against their names in the Depository Register 72 hours before the time of the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. All references to dates and times in this proxy form are to Singapore dates and times.

AGM
Proxy Form

AFFIX
POSTAGE
STAMP

The Company Secretaries
ELLIPSIZ LTD
54 Serangoon North Avenue 4
#05-02
Singapore 555854

This page has been intentionally left blank

This page has been intentionally left blank

ellipsiz
forward solutions
(Reg. No. 199408329R)
54 Serangoon North Avenue 4 #05-02
Singapore 555854
Tel : (65) 6518 2200
Fax : (65) 6269 2638
Email : ir@ellipsiz.com
www.ellipsiz.com