PNE Industries Ltd
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Website: https://www.pne.com.sg
Company registration number 199905792R

PNE Industries Ltd Annual Report 2024

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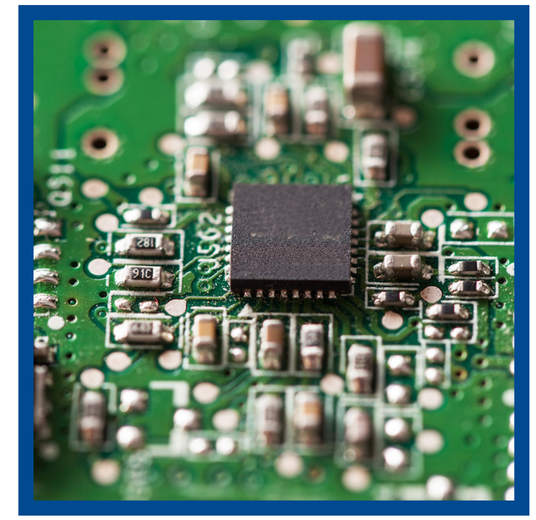
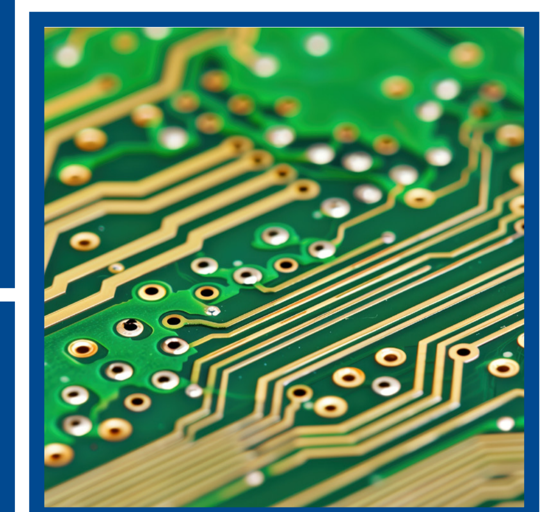
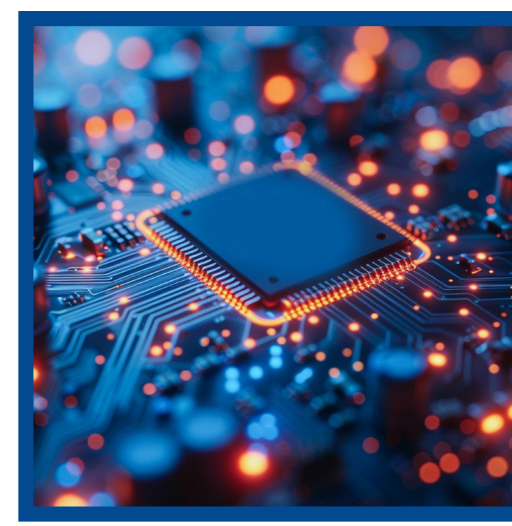
2024







Corporate Profile

PNE Industries Ltd has been listed on the SGX since May 2000. Established in 1983, the Group's core business comprises of the following two segments:

1. Contract manufacturing segment – manufacturing of electronic controllers and other electrical and electronic products.

2. Trading segment - manufacturing and trading of emergency lighting equipment and related products.

Headquartered in Singapore, the Group has sales offices and/or manufacturing facilities located in Singapore, Malaysia, China and the Netherlands.

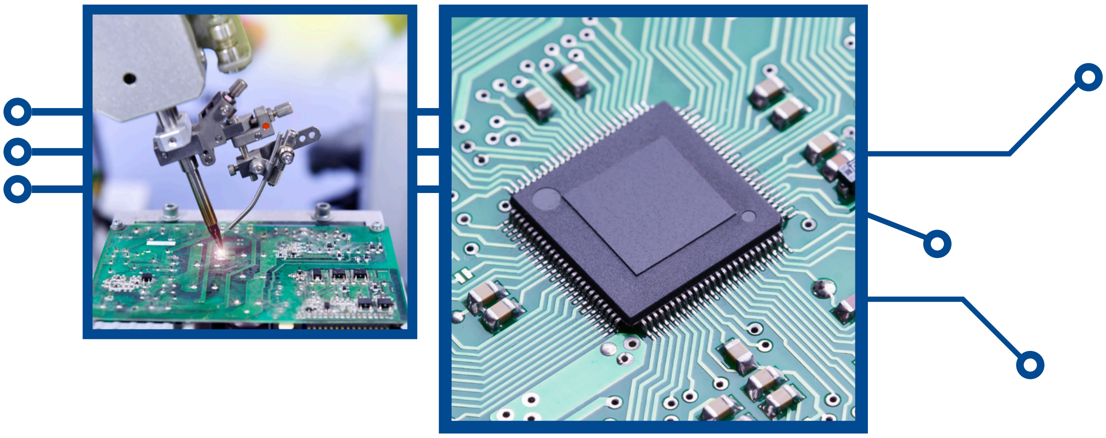
The Group is committed to providing quality products and services to its customers. It has stringent controls in its manufacturing procedures to ensure the production of high quality reliable products. PNE has been awarded the ISO9001:2015, ISO14001:2015, and IATF16949:2016 (LOC) certification, as well as various quality awards by its customers over the years.

Content

Chairman's Statement

Dear Shareholders

In today's dynamic economic environment, PNE Industries remains resilient, turning challenges into opportunities for growth and transformation. The financial year ended September 30, 2024 (FY24) was a year of recovery and growth, and it was clear that the collaboration and determination of our customers and employees made a difference. This report for FY24 is not just a reflection of our progress but an affirmation of the strong relationships and core values of excellence and evolution that continue to drive us forward.



Performance Highlights

For FY24, the Group achieved a revenue increase of $7.5 million, or 14%, bringing total revenue to $61.0 million (FY23: $53.5 million). Growth primarily came from the contract manufacturing segment, where revenues increased by $7.3 million, or 16%, to $53.3 million. The trading segment also contributed positively, with an increase of $0.1 million, or 2%, bringing revenue to $7.6 million.

Profit before tax more than doubled to $1.9 million (FY23: $0.8 million), driven by higher sales and a $0.4 million boost from improved foreign exchange gains.

Our gross profit rose by $0.7 million, reflecting higher sales. However, the gross profit margin edged lower slightly to 18.6% (FY23: 19.9%) due to changes in the product mix.

Operationally, the Group saw a rise in distribution costs aligned with higher sales. In contrast, administrative expenses declined due to tighter cost controls, including reduced staffing costs, underscoring our commitment to prudent financial management. Other operating expenses also decreased, aided by the absence of prior-year losses from the disposal of property, plant and equipment. Higher foreign exchange gains also contributed positively to our performance, partially offset by the absence of disposal gains from asset held for sale and right-of-use assets recorded in the prior year.

Our cash and bank balances remain firm at $25.0 million. While this represents a decrease from the previous year's $28.2 million, the decline was due in part to our investments in property, plant and equipment to expand and upgrade production capabilities, highlighting our focus on long-term growth.

Trade receivables increased by $1.7 million, reflecting the rise in sales, while inventories grew by $2.1 million. This increase is attributed to deferred customer deliveries, a strategic build-up of buffer stocks, and higher sales volumes, ensuring resilience in the face of potential supply chain disruptions.

Resilience in a Changing Landscape

The macroeconomic environment continues to present significant challenges, shaped by persistent geopolitical tensions and economic uncertainty. The ongoing Ukraine conflict and Israel-Gaza situation have dampened global market sentiment, particularly in Europe, a critical region for our operations. Inflationary pressures remain a constant across all our operational geographies, with Malaysia's upcoming minimum wage increase further compounding cost pressures.

In addition, the unpredictable nature of customer orders and ongoing fluctuations in the USD create further complexity, demanding heightened vigilance and robust strategies to manage risks effectively.

Driving Sustainable Growth

To address these challenges, PNE Industries prioritises innovation and operational efficiency. Investments in advanced technologies and production capabilities enhances productivity while reducing labour costs. Guided by lean manufacturing principles, we have continuously streamlined our processes to improve cost management and operational excellence.

Simultaneously, we remain focused on diversifying our customer base, reducing reliance on cost-driven competition, and emphasizing value-added services to differentiate ourselves in the market. By fostering deeper relationships with our customers and delivering tailored solutions, we are positioning the Group for long-term resilience and growth in an ever-evolving business environment.

Commitment to Shareholder Value

In recognition of our steady performance, the Board proposes a final dividend of two cents per share for FY24. Combined with the interim dividend of one cent per share paid earlier, this brings the total dividend for FY24 to three cents per share, consistent with FY23. This approach underscores our commitment to balancing shareholder rewards with reinvestment into the Group's growth trajectory to secure a sustainable future.

Commitment to Stakeholders

In line with our commitment to Board renewal, we are pleased to welcome Mr Tan Tee Ching, who joined the Board effective 1 October 2024. His expertise will be invaluable as we navigate future challenges and opportunities. At the same time, we extend our heartfelt appreciation to Mr Lim Meng Wee and Mr Tung Chee Weng, who will retire at the upcoming AGM. Their unwavering dedication and contributions have played a pivotal role in shaping the Group's progress and achievements.

Continuing the Journey Together

I would like to express my deepest gratitude to all our stakeholders, in particular to our shareholders, customers and dedicated employees. Your steadfast support and belief in our vision have been instrumental in enabling us to navigate another challenging year with resilience and optimism.

As we move forward, PNE Industries remains committed to pursuing excellence, capitalising on opportunities, and delivering sustainable value to all our stakeholders.

Wong Tuck Seng
Chairman

Corporate Information

Registered Office
996 Bendemeer Road #07-06
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Fax: (65) 6295 8440
industries@pne.com.sg
www.pne.com.sg

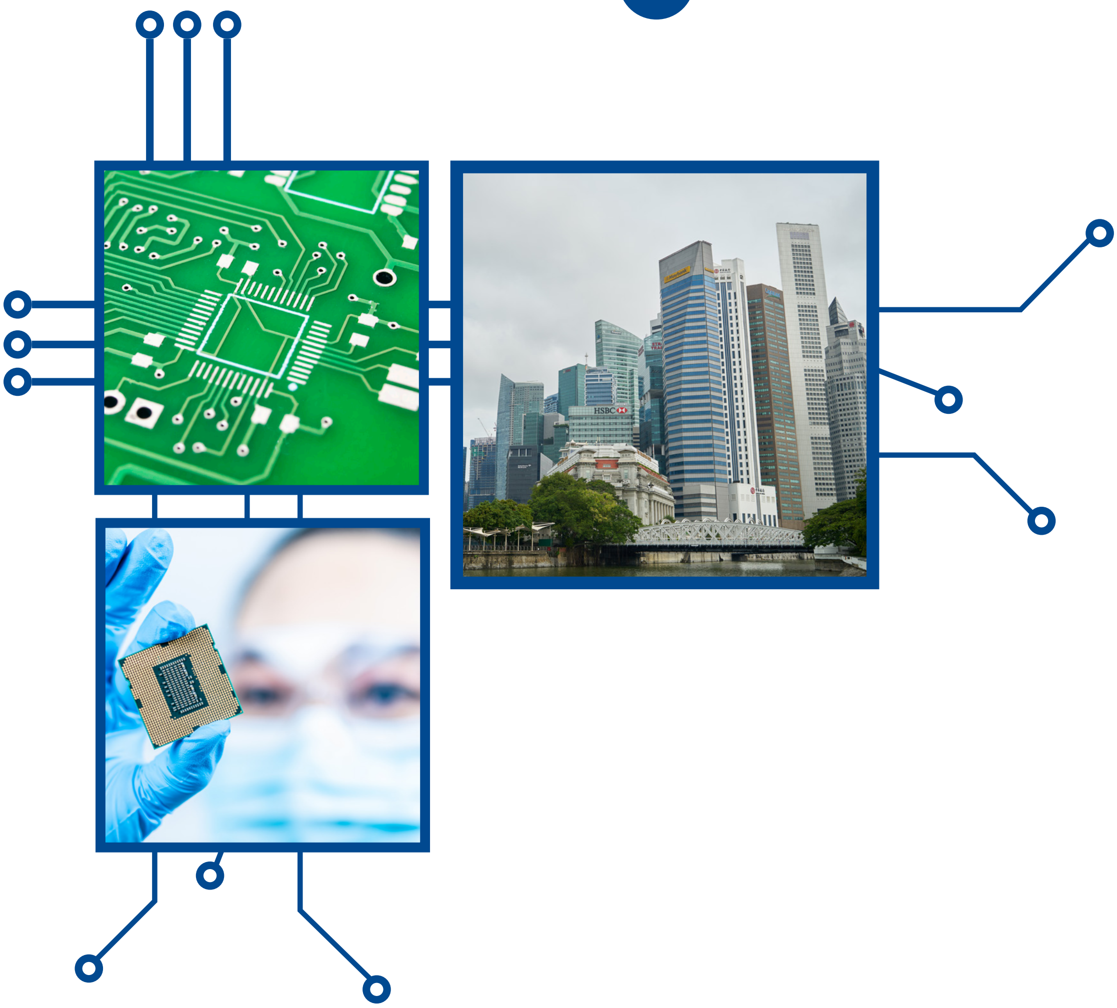
Company Secretary
Tan Meng Siew

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue,
Keppel Bay Tower #14-07
Singapore 098632

Auditors
Deloitte & Touche LLP
Audit Partner, Lim Bee Hui
(Appointed in FY2023)
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Group Structure

- 100% Da Xi Enterprises Ltd
- 100% PNE Appliance Controls Pte Ltd
- 100% PNE Electric Sdn Bhd
- 100% PNE Electronic Technology (Shenzhen) Co., Ltd
- 100% PNE International Pte Ltd
- 50% PNE Benelux B.V.
- 100% PNE Systems Sdn Bhd
- 100% PNE Translite Pte Ltd
- 100% Wanxi Holdings Pte Ltd

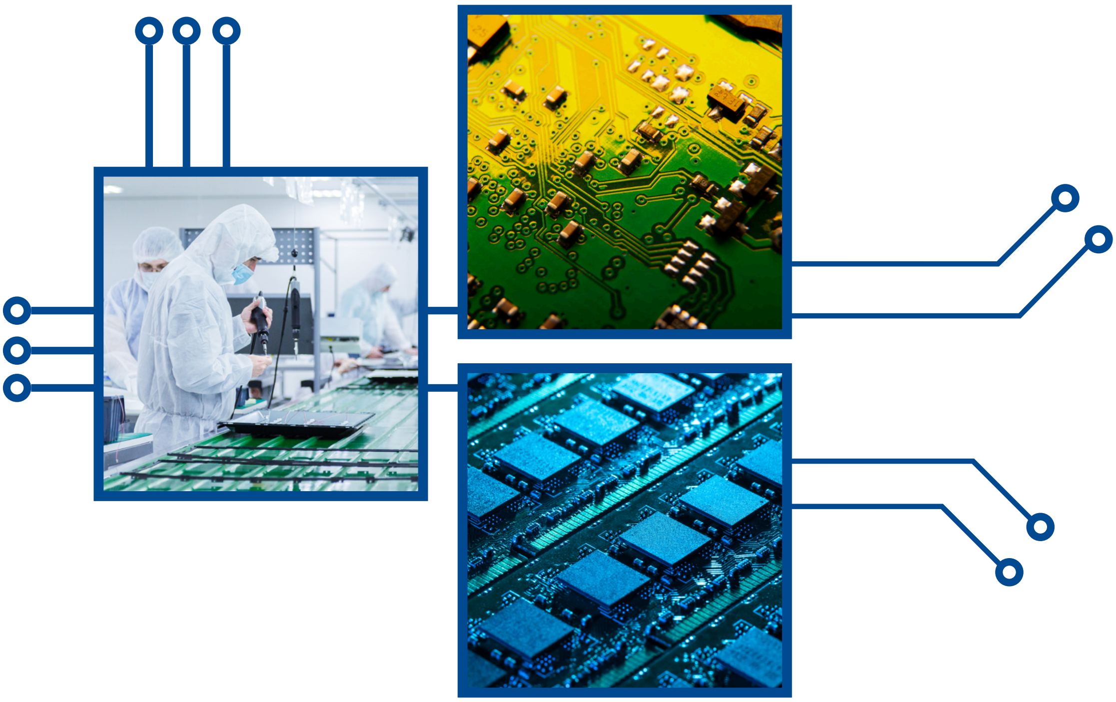


Products

The Company and its subsidiaries operate primarily in two business segments – contract manufacturing and trading.

The products sold under the contract manufacturing business include electronic controllers and other electrical and electronic products. These products are made to each individual customer's unique specifications.

The products sold under the trading business include emergency lighting equipment and related products. These products are made based on general specifications for the mass market.



Electrical and Electronic Products

Due to the demands of increasingly sophisticated consumers, increasing number of electrical appliances are now equipped with intelligent features made possible by the use of microprocessors or by the connection to the Internet (devices incorporated with "Internet of Things" or IoT features). The Group, in collaboration with our customers, develops electronic controllers incorporating such intelligent features.

The Group's electronic controllers can be found in various domestic appliances and industrial electrical equipment, such as coffee machines, vacuum cleaners, steam ironing systems, gateways, train display and valve controllers etc. The Group also manufactures full product assemblies incorporating these electronic controllers, such as smart home-lighting devices with IoT features which allow users to control their lights over the Internet, as well as energy management systems with IoT features.

Emergency Lighting Equipment

Emergency lighting equipment is a type of lighting equipment that turns on or remains on when a power failure occurs. A type of such emergency lighting equipment is the "Exit" sign. "Exit" signs are self-lit signage installed in buildings to indicate to occupants the direction and location of emergency escape routes and/or exits. The Group designs, manufactures and distributes a wide range of emergency lighting equipment, including those for indoor use or outdoor use. These products are marketed under its own "PNE" brand.

The Group has developed an automatic testing system (ATS) to facilitate the periodical mandatory testing of emergency lights. Our IoT enabled ATS for emergency lights allows the tests to be conducted remotely. The automatic testing can also be done based on a predetermined schedule and can generate test reports as required by the regulatory authorities.

Board of Directors

Both of the Executive Directors of the Company, namely Messrs Tan Koon Chwee and Tan Kong Leong, are siblings. The Non-Independent and Non-Executive Director, namely Mr Tan Tee Ching, is the nephew of both Executive Directors.

Mr Wong Tuck Seng, *Independent Chairman*
First appointed on 1 October 2023. Last re-elected on 18 January 2024.
Mr Wong has been the Managing Director of Cristal Technology Corporation Pte Ltd since 1993. Prior to this, he was the Engineering Director of Acton Engineering Pte Ltd from 1992 to 1993 and General Manager of Boustead Environmental Engineering Pte Ltd from 1989 to 1991. From 1987 to 1988, he was with Uni-France Offshore Engineering Pte Ltd as a Business Development & Engineering Manager. Mr Wong has been engaged in numerous projects within both the private and government sectors in the construction and engineering industries. He is a Member of Institute of Mechanical Engineers, United Kingdom and holds a Bachelor of Science (BSc) (First Class Honours) from the University of Strathclyde, Glasgow, Scotland.

Mr Tan Koon Chwee, *Executive Managing Director*
First appointed on 25 September 1999. Last re-elected on 19 January 2023.
Mr Tan serves as the Chief Executive Officer of the Group. He is responsible for formulating and implementing the Group's corporate and business strategies and financial matters. He also oversees the marketing function of the Group. Mr Tan holds an Honours degree in the Bachelor of Science in Electrical and Electronic Engineering from the University of Strathclyde, Glasgow, Scotland. He has also been registered as a Professional Engineer since 1985.

Mr Tan Kong Leong, *Executive Director*
First appointed on 4 May 2000. Last re-elected on 18 January 2024.
Mr Tan assists the Managing Director in the management of the Group and in the budgeting of the costs of various projects. He is also responsible for the information technology function of the Group. In addition, he also oversees the material purchases. He joined the Group as an electronic engineer in 1986. He holds a degree in the Bachelor of Engineering (Electrical) from the Nanyang Technological University and a degree in the Master of Business Administration from the National University of Singapore.

Mr Tan Tee Ching, *Non-Independent and Non-Executive Director*
First appointed on 1 October 2024.
Mr Tan was a Chief Financial Officer at a listed company, PNE Micron Holdings Ltd for 15 years. Prior to this, he had audit experience in KPMG LLP. He holds a Master of Commerce (Accounting and Finance) from Griffith University & is currently a non-practicing member of both CPA Australia and the Institute of Singapore Chartered Accountants.

Mr Lim Meng Wee, *Independent Director*
First appointed on 1 June 2013. Last re-elected on 20 January 2022.
Mr Lim has been the Managing Director of SP Consulting (International) Pte Ltd since 1993. Prior to this, he held various management positions in ECS Computers (Asia) Pte Ltd, Seagate Technology Singapore Pte Ltd as well as Data General Hong Kong Limited. He has a diploma in electronics and communications engineering from the Singapore Polytechnic. He was a council member of the Singapore Manufacturing Federation from 2004 to 2021. He is the Vice President and a director on the board of the Singapore Christian Home. Mr Lim brings with him experience in organisation management and development in various industries, namely in the areas of business excellence, business continuity management, information security management, quality, environment and occupational health and safety.

Mr Tung Chee Weng, *Independent Director*
First appointed on 4 May 2000. Last re-elected on 19 January 2023.
Mr Tung was previously the General Manager of Centeonyx Pte Ltd. Prior to this, he was the General Manager of Centillion Environment & Recycling (Singapore) Pte Ltd from 2004 - 2006 and was Director (Service Division) of Veolia Water Systems (S) Pte Ltd from 1998 - 2004. From 1987-1998, he was with Seagate Technology International as a Director (Strategic Planning & Industrial Engineering). Mr Tung had also worked in various other companies in the construction and engineering industries for 17 years. He holds a Bachelor of Science (Mechanical Engineering) (Second Upper Class Honours) from the University of Strathclyde, Glasgow, Scotland.

Board of Directors

Both of the Executive Directors of the Company, namely Messrs Tan Koon Chwee and Tan Kong Leong, are siblings. The Non-Independent and Non-Executive Director, namely Mr Tan Tee Ching, is the nephew of both Executive Directors.

Mr Wang RenWei, *Independent Director*
First appointed on 1 October 2023. Last re-elected on 18 January 2024
Mr Wang is the managing director of Afitty Group since 2018. Prior to this, he held managerial roles in accounting and finance function for private and listed entities such as Gold Mantis Group in China, HBA Group, Epsilon Communication Group, Hong Leong International (HK) Group, Hung Hing Packaging Com (Wuxi) listed in Hong Kong and Hong Leong Asia Ltd listed in Singapore. Mr Wang is the ISCA Professional Business Accountant, ACCA member (FCCA), Accredited Tax Practitioner (Income Tax & GST) as well as Registered Management Consultant. He holds a Bachelor of Engineering (Electrical & Electronic Engineering) from Nanyang Technological University.

Key Management

Mr Chin Chew Khay
Director of PNE Systems Sdn Bhd
Mr Chin is responsible for the overall management of this subsidiary, which is involved in the marketing and sale of the Group's lighting products in Malaysia. Mr Chin joined this subsidiary since its incorporation in 1993, and has more than 20 years' experience in marketing and selling emergency lighting equipment.

Ms Tan Bee Foon
Chief Sustainability Officer and Group Human Resource General Manager
Ms Tan has more than 10 years of human resource management and development experience in private sectors before joining the Company in 1999. Ms Tan is responsible for human resource management and general administration for the Group. She is also the Group's Chief Sustainability Officer. She is involved in the formulation of the Group's sustainability agenda, human resource policies, and employee training or development activities. In addition, Ms Tan oversees all the administrative matters of the Group. She is responsible for strategizing and directing the implementation of group-wide sustainability practice, human resource policies, programmes, environmental, health and safety matters for the Group. Ms Tan is the sister of the two executive directors and aunt of the non-independent and non-executive director.

Ms Tan Meng Siew
Financial Controller and Company Secretary
Ms Tan was first appointed as financial controller in October 1999, and as company secretary in December 2004. She is responsible for the Group's overall finance and accounting functions. Ms Tan joined an international accounting firm in 1994 upon graduation and subsequently joined PNE PCB Pte Ltd in 1996. She is a member of the Institute of Singapore Chartered Accountants and holds the Bachelor of Accountancy (Second Class Upper Honours) from the Nanyang Technological University. Ms Tan is the niece of the two executive directors and the cousin of non-independent and non-executive director.

Corporate Governance

PNE Industries Ltd is committed to maintaining good standards of corporate governance to protect the interests of its shareholders and maximize long-term shareholder value. This report describes the Company's corporate governance practices in respect of the financial year ended September 30, 2024 ("FY2024") with specific reference to the Principles and the Provisions of the Code of Corporate Governance issued in 2018 ("Code"). The Company has generally complied with all of the Principles set out in the Code. Where there have been deviations from the Code, appropriate explanations have been provided in the relevant sections.

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

The principal functions of the Board are to protect and enhance long-term shareholder value, establish the overall strategy for the Group, and to monitor the performance of management. It sets the appropriate tone-from-the-top and ensures a code of conduct and ethics is in place to encourage the desired organizational culture. To assist in the execution of its responsibilities, the Board is supported by the Nominating Committee ("NC"), the Remuneration Committee ("RC"), and the Audit Committee ("AC"). The responsibilities and authorities of each committee are set out in their respective terms of reference. Although the Board has delegated specific responsibilities to these Board Committees, it is the Board which makes the final decision and the ultimate responsibility lies with the Board.

The Board meets periodically to consider and resolve major financial and business matters of the Group. Board meetings and general meetings with shareholders are scheduled in advance after consultation with all the directors to enable the directors to plan their schedule ahead. Prior to the Board meetings, all directors are provided with the agenda as well as the board papers so that they have complete, adequate, and timely information to enable them to be prepared for the meeting. Apart from board papers, the directors are also provided with information on an on-going basis so that they are kept informed and can better discharge their duties and responsibilities. The Company's Constitution allows for telephonic and video-conference meetings. In between Board meetings, major matters concerning the Group are also put to the Board for its decision by way of circulating resolution-in-writing for the directors' approval. Where necessary, informal meetings are held to deliberate on various issues.

Material transactions requiring Board approval include material acquisitions or disposals of assets, investments or divestments, corporate or financial restructuring, declarations of dividends and other returns to shareholders, and transactions involving a conflict of interest for a substantial shareholder or a director or interested person transactions. Where conflicts of interests arose, the relevant directors will recuse themselves from the discussions and decisions.

All directors have separate and independent access to the Company's senior management and company secretary at all times. Should any of the directors require independent professional advice, such professionals will be hired at the Company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

All directors are fiduciaries and act in good faith and objectively in the best interests of the Group when discharging their duties. Relevant news releases issued by authorities, including but not limited to the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority ("ACRA"), are circulated to the Board so that the Board as a whole is kept up-to-date on pertinent matters relating to the relevant regulatory requirements and their key changes such as listing rules, corporate governance, sustainability, risk management, financial reporting standards and the Companies Act 1967. The directors also continuously update themselves to familiarise on new laws and regulations as well as changing commercial risks and developments in order to keep abreast of changes in the industry and general economic environment. Training at external seminars and conferences are arranged for both existing and new directors at the Company's expense as and when appropriate.

New directors joining the Company are given an orientation by the Company's executive directors and/or senior management to familiarise them with the Group's business and operations. In addition, a newly appointed director who has no prior experience as a director of a listed company in Singapore must undergo mandatory training organized by Singapore Institute of Directors or Institute of Singapore Chartered Accountants in relation to the roles and responsibilities of a director of a listed company. During FY2024,

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training was arranged for Messrs Wong Tuck Seng and Wang RenWei, who were both appointed to the Board on October 1, 2023 and had no prior experience as directors of listed companies. The Company will separately arrange training for Mr Tan Tee Ching, who was appointed to the Board only on October 1, 2024.

During FY2024, two formal Board meetings were held. All directors as well as the company secretary attended the meetings, and the attendance of each Board member is set out in the table below.

Directors' attendance at Board/Committee/General meetings during FY2024 [(1)]:

Name	Annual General Meeting		Board Meeting		Audit Committee Meeting		Remuneration Committee Meeting		Nominating Committee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Wong Tuck Seng	1	1	2	2	1 [(2)]	1 [(2)]	-	-	-	-
Tan Koon Chwee	1	1	2	2	-	-	-	-	-	-
Tan Kong Leong	1	1	2	2	-	-	-	-	-	-
Lim Meng Wee	1	1	2	2	2	2	1	1	1	1
Tung Chee Weng	1	1	2	2	2	2	1	1	1	1
Wang RenWei	1	1	2	2	1 [(2)]	1 [(2)]	-	-	-	-
Tan Tee Ching[(3)]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tan Kong Heng[(4)]	1	1	1	1	-	-	1	1	1	1
Tan Kwong Soon[(4)]	1	1	1	1	1	1	-	-	-	-
Tan Lee Khiang[(4)]	1	1	1	1	1	1	1	1	1	1

Notes:
(1) Refers to meetings held/attended while each respective Director was in office.
(2) Messrs Wong Tuck Seng and Wang RenWei were appointed to the AC, NC, and RC on November 29, 2023.
(3) Mr Tan Tee Ching was appointed to the Board and to the AC, NC, and RC on October 1, 2024.
(4) Messrs Tan Kong Heng, Tan Kwong Soon, and Tan Lee Khiang had retired/resigned from the Board upon the conclusion of the AGM held on January 18, 2024.

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

The Board currently comprises of the following 7 members, of whom 2 are executive, 1 is non-executive, and 4 are independent.

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
Wong Tuck Seng (Chairman)	Independent	Member	Member	Member
Tan Koon Chwee (Managing Director)	Executive	-	-	-
Tan Kong Leong	Executive	-	-	-
Lim Meng Wee	Lead Independent	Chairman	Member	Member
Tung Chee Weng	Independent	Member	Member	Chairman
Wang RenWei	Independent	Member	Chairman	Member
Tan Tee Ching	Non-executive	Member	Member	Member

* Messrs Tan Kong Heng, Tan Kwong Soon, and Tan Lee Khiang had retired/resigned from the Board upon the conclusion of the AGM held on January 18, 2024.

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The NC adopts the definition in the Code as to what constitutes an independent director, and also considers the circumstances under which a director will not be considered independent under Rule 210(5)(d) of the SGX-ST Listing Manual. The independence of the directors is reviewed annually by the NC. The independent directors are also required to confirm annually that they do not have any relationships with the Company, its related corporations, its substantial shareholders, or its officers that may interfere, or may reasonably be perceived to interfere, with the exercise of their independent judgement.

Under the SGX-ST Listing Rule 210(5)(d)(iv), a director will no longer be considered independent if he has been a director of the company for an aggregate period of more than nine years. However, such director may continue to be considered independent until the conclusion of the next AGM of the issuer. Rule 210(5)(d)(iv) takes effect for an issuer's AGM for the financial year ending on or after 31 December 2023. As such, this rule is applicable to the Company from its AGM for the financial year ended on September 30, 2024. Currently, two of the four independent directors of the Company, namely Messrs Lim Meng Wee and Tung Chee Weng, have each served as Board members for more than nine years. In its deliberation as to the independence of Messrs Lim Meng Wee and Tung Chee Weng, the NC had reviewed, amongst others, their length of service, past contributions, their declarations of independence, and whether there are any relationships with the Company, its related corporations, substantial shareholders or its officers, or circumstances that may affect or appear to affect their independent judgement. Based on this, the NC is satisfied that they have exercised independent judgement and character in the best interests of the Company in discharging their duties and responsibilities. Each of the independent directors have also confirmed that they do not have any existing business and/or personal relationships whatsoever with the Group and its substantial shareholders or officers which may influence their objectivity in discharging their duties as independent directors of the Company. Each of the independent directors had also abstained from the deliberations and decisions on his own independence. Nevertheless, in view of Rule 210(5)(d)(iv) and as part of the Board's renewal process, Messrs Lim Meng Wee and Tung Chee Weng will be retiring from the Board upon the conclusion of the AGM to be held on January 23, 2025.

The Chairman of the Board is currently Mr Wong Tuck Seng, an independent director. He was appointed as Chairman on January 18, 2024 upon the retirement of the ex-Chairman Mr Tan Kong Heng, a non-executive director, after the conclusion of the 2024 AGM held on that day. Throughout FY2024, independent directors formed a majority of the Board members.

There had been no domination of the Board's discussions or decision-making by any individual or small group of individuals. Being fiduciaries, each Board member is required to discharge their duties and responsibilities objectively in the best interests of the Company at all times, and in the process of doing so, each Board member will exercise their own independent judgement. There had also been robust discussions at Board meetings. Thus, it is the opinion of the Board that the decision-making process of the Board had remained independent, and was not unduly influenced by any single individual or small group of individuals.

The independent directors and the non-executive directors, led by the lead independent director, meet at least once annually without the presence of Management and provides feedback to the Board and/or the Chairman as appropriate after such meeting.

The Company has a board diversity policy in place that addresses various aspects of diversity, including amongst others, gender, age, skills, experience, and other relevant aspects of diversity. The Board aims to comprise of directors with diverse experiences, competencies and perspectives such that collectively, they provide an appropriate balance of skills and expertise suitable for the Group. The Board also takes into consideration the impact on its effectiveness and efficiency when determining the size of the Board. Appointments to the Board will be based on the merits of the individual candidates as well as the requirements of the Board. The Board has set targets on having an adequate number and proportion of independent directors to help ensure that the overall level of independence of the Board is sufficient for objective decision-making, having adequate diversity of age so that the Board can draw from a wider breadth of exposure and experiences of the Board members, as well as having an appropriate overall balance of skills and competencies in its Board so that the Board members as a whole has the necessary capabilities to exercise effective oversight and execution of their responsibilities. Overall, these targets benefit the Group as the decisions and considerations of the Board will be enriched by the broader range of perspectives and experiences of its members. The current composition of the Board meets these targets. The NC and the Board will continuously review its size and composition to ensure that these remain appropriate in light of

Corporate Governance

the ever-changing environments. There are currently no female directors on the Board. The Board is of the view that gender is but one of many aspects of diversity, and the Board will still select candidates based on criteria such as the candidate's personal integrity, competencies and ability to contribute, and these are attributes which are not dependent on gender. If there is a need for renewal or expansion of the Board in future, the Board will ensure as far as possible that female candidates be included for consideration.

Principle 3: Chairman and Chief Executive Officer
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.

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the roles of the Chairman and the Chief Executive Officer ("CEO") of the Company are undertaken separately. The Chairman of the Company is Mr Wong Tuck Seng, an independent director, while the Managing Director and CEO of the Company is Mr Tan Koon Chwee. Prior to Mr Wong Tuck Seng's appointment, the Chairman of the Company was Mr Tan Kong Heng, brother of Mr Tan Koon Chwee. Mr Tan Kong Heng has retired upon the conclusion of the Company's 2024 Annual General Meeting.

The roles of the Chairman and CEO are separated in order to increase accountability and enhance the ability of the Board for independent decision making. The division of responsibilities between the role of Chairman and the role of the CEO are set out in writing and endorsed by the Board. Part of the duties of the Chairman includes the scheduling of Board meetings and setting the board meeting agenda in consultation with the Company's Managing Director cum CEO. The Chairman also assists to ensure compliance with the Company's guidelines on corporate governance. He promotes a culture of openness and debate during Board meetings and facilitates the effective contribution of all directors at Board meetings.

The CEO's role is to be responsible for the day-to-day operations of the Group, implementing the Group's strategies and policies, and for conducting the Group's business. The Group CEO is required to attend the AC and Board meetings on the invitation of the AC and the Board and to update the AC and the Board on the strategic and operational business aspects of the Group.

Mr Lim Meng Wee ("Mr Lim"), who is the Chairman of the Board's Audit Committee, is also the Lead Independent Director. As the Lead Independent Director, Mr Lim is available to shareholders if they have concerns for which contact through the normal channels of the Chairman, the CEO, or the financial controller has failed to provide satisfactory resolution, or when such contact is inappropriate. Mr Lim also provides leadership in situations where the Chairman is conflicted.

With the separation of roles between the Chairman and the CEO, as well as the presence of independent directors on the Board, including the presence of a lead independent director, there is adequate segregation of responsibilities to ensure an appropriate balance of power and influence, thus allowing greater capacity of the Board for independent decision making.

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

The Nominating Committee ("NC") currently comprises of 5 members (as listed in Principle 2), the majority of whom are independent. The lead independent director is also a member of the NC.

The NC works in accordance with its written terms of reference duly adopted by the Board. It is primarily responsible for reviewing the structure, size and composition of the Board, and for assessing the performance of the Board, its committees and directors. It also determines annually whether or not a director is independent and makes recommendations to the Board on appointment and re-appointment of directors. In accordance with the Company's Constitution, one-third of the directors retire from office at each AGM and submit themselves for re-election at regular intervals of at least once every three years. If the director retiring is a NC member, he must abstain from deliberating and voting on his own nomination for re-election.

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Pursuant to Regulation 93, Messrs Tan Koon Chwee, Lim Meng Wee, and Tung Chee Weng shall retire at the forthcoming AGM by rotation. As part of Board renewal, Messrs Lim Meng Wee and Tung Chee Weng will not be seeking for re-election at the AGM and will retire at the conclusion of the forthcoming AGM. Mr Tan Tee Ching, being newly appointed to the Board on October 1, 2024, shall also retire pursuant to Regulation 92. Being eligible, Messrs Tan Koon Chwee and Tan Tee Ching have offered themselves for re-election. The NC, having assessed their qualifications, performance and contributions to the Company, had recommended their nominations for re-election. The Board concurred with the NC's recommendation. The requisite information required under Appendix 7.4.1 of the SGX-ST Listing Manual relating to the directors seeking re-election, detailing information such as their qualification, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 21 to 23 of this Annual Report.

The NC is also responsible for identifying and nominating candidates for the approval of the Board when the need for a new director is identified, whether to fill board vacancies as and when they arise, or to enhance the Board's effectiveness and capabilities. Potential candidates can be identified from various sources and may include suggestions by members of the Board or the Group's professional advisors. The NC also has the authority to engage recruitment consultants to assist it in the search and assessment process for potential candidates to join the Board. The potential candidates would be evaluated by the NC based on various criteria, including amongst others, their experience, professional qualifications, principal commitments, and personal attributes, before the NC submits its recommendation to the Board for approval. For re-election of incumbent directors, the NC would also consider, amongst others, the incumbent directors' competencies, independence, past participation, attendance and contributions. A new director can be appointed to the Board via a board resolution and shall hold office until the first AGM held after his appointment, during which he would have to submit himself for re-election.

The NC would generally avoid recommending to the Board the appointment of an alternate director as it is of the view that an alternate director should only be appointed under special circumstances, such as when an existing director has a medical emergency. If the appointment of an alternate director is deemed necessary, the NC would ensure that the alternate director is appropriately qualified, knows the duties and responsibilities of a director, and is familiar with the Group's business affairs. No alternate directors were appointed throughout FY2024.

As the NC has been charged with the responsibility of reviewing the independence of every independent director annually, the NC has established a process to determine a director's independence. After the end of each financial year, the Form of Declaration of Independence will be sent to the independent directors for their confirmation and declaration. They will have to consider if they satisfy the criteria of independence as stipulated in the Code and in the Listing Manual. Each director must also confirm in the Form whether he considers himself to be independent despite not having any of the relationships identified in the Code or the Listing Manual. The duly signed Declaration Forms will then be tabled for the NC's review. In considering whether a director is independent, the NC will not solely base its assessment on the Declaration Form but will also consider if the director has exercised and can continue to exercise independent judgment. The NC will then present its conclusion to the Board for its concurrence. The NC will convene a meeting if circumstances arise to require a review of the independence of an independent director in between the annual review.

No maximum number of listed company board representations for board members has been set as the NC and the Board are of the view that setting a maximum number of listed company board representations a director may hold can be arbitrary. The contribution of each director would depend on his individual circumstances, including whether or not he has a full-time vocation or other responsibilities, his individual capabilities and the nature and the complexity of the organisations in which he holds appointments. The NC, with the concurrence of the Board, was satisfied that each of the directors is able to and had adequately carried out his duties as a director of the Company in FY2024, and had given sufficient time and attention to the affairs of the Company.

The NC held one meeting in FY2024. All members of the NC attended the meeting.

Corporate Governance

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

The Board has implemented a process which is carried out by the NC to annually assess the effectiveness of the Board as a whole, and that of each of its board committees and individual directors. The performance criteria and evaluation procedures has been established by the NC and approved by the Board. The performance criteria include matters such as board composition, board processes, access and flow of information, and attendance.

Each director will complete and submit questionnaires covering the various performance criteria established by the NC for the Board, the board committees, and the individual directors. The responses to the questionnaires are collated and submitted to the NC for its review and deliberation. The NC then presents the results as well as its conclusions and recommendations to the Board, which will in turn discuss and consider the results presented by the NC.

The last Board performance evaluation was conducted in November 2024. Based on the review, the NC was satisfied that the Board was effective as a whole and that each and every director had demonstrated commitment and had contributed to the effective functioning of the Board and the Board Committees.

The Company did not engage any external consultant to facilitate the Board performance evaluation for FY2024.

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

The Remuneration Committee ("RC") currently comprises of 5 members (as listed in Principle 2). All members of the RC are non-executive, the majority of whom, including the RC Chairman, are independent.

The RC works in accordance with its written terms of reference duly adopted by the Board. It is primarily responsible for recommending to the Board the framework of remuneration for the Board and key executives. It also determines specific remuneration packages for each executive director, including the terms of the service agreements of the executive directors, and reviews the remuneration of the key executives. The remuneration covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, and benefits-in-kind, if any. Termination clauses incorporated in the service agreements of the executive directors are also reviewed by the RC to ensure that the clauses are fair, reasonable, and not overly generous. The RC aims to be fair in rewarding the directors and key management personnel, and is cautious not to reward poor performance.

The RC is supported by the Group Human Resource General Manager in carrying out its responsibilities. If required, external professional advice would be sought at the Company's expense. If external remuneration consultants are engaged, the RC would ensure that existing relationships, if any, between the Company and its remuneration consultants would not affect the independence and objectivity of the remuneration consultants. No remuneration consultant was appointed in FY2024.

The RC held one meeting in FY2024. All members of the RC attended the meeting.

Corporate Governance

Principle 7: Level and Mix of Remuneration
The level and mix 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.

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

The Group endeavours to set a level of remuneration that is appropriate to attract, retain and motivate all directors and staff, and thus helping to ensure that their interests are aligned with the interests of the Group. The remuneration generally includes a fixed as well as a variable component. The variable component is determined based on the performance of the individual employee as well as the performance of the employee's business unit and the Group. The performance of employees is assessed based on both quantitative as well as non-quantitative factors such as their working attitude and team spirit. All employees also enjoy benefits that are consistent with general market practices, such as medical benefits. Remuneration of non-executive directors take into consideration their effort, time spent, and responsibilities.

There is no contractual provision that allows the Group to reclaim remuneration from the directors or staff in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Group, as the remuneration package is moderate and not excessive.

The annual directors' fees are reviewed by the RC before being recommended to the Board. The proposed fees are paid in arrears upon approval by shareholders at the Company's AGM.

The Company does not have any share-based remuneration schemes for directors and employees. As most of the Group's employees are foreigners based at its overseas factories, many of its employees may not wish to or be able to participate in such schemes.

The remuneration of the directors of the Company for FY2024 are as follows:

Name of director	Base/fixed salary	Variable or performance-related income/bonuses	Fees	Options granted
$250,001 to $500,000				
Tan Koon Chwee	95%	0%	5%	NA
Tan Kong Leong	96%	0%	4%	NA
Nil to $250,000				
Wong Tuck Seng	0%	0%	100%	NA
Lim Meng Wee	0%	0%	100%	NA
Tung Chee Weng	0%	0%	100%	NA
Wang RenWei	0%	0%	100%	NA
Tan Kong Heng*	0%	0%	100%	NA
Tan Kwong Soon*	0%	0%	100%	NA
Tan Lee Khiang*	0%	0%	100%	NA

* Messrs Tan Kong Heng, Tan Kwong Soon, and Tan Lee Khiang had retired/resigned from the Board upon the conclusion of the AGM held on January 18, 2024. Their fees are for the period from October 1, 2023 to January 18, 2024.

Based on the current organization and reporting structure of the Group, it is more appropriate for three executives who are not also directors of the Company to be identified as the Group's top key executives instead of five as required under the Code. The names and profiles of these key executives of the Group are stated on page 7 of the annual report. One of the key executive is the immediate family member of the two executive directors and aunt of the non-executive and non-independent director, while another key executive is the niece of the two executive directors and cousin of the non-executive and non-independent director.

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The total remuneration paid to the directors and key executives are stated on page 58 of the annual report.

Given the sensitive nature of employee remuneration, and the competitive pressures from both within and outside the Group upon disclosing such information, the Board has decided that detailed disclosure of each director's or key executive's remuneration (as recommended in Provision 8.1), as well as the remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company (as recommended in Provision 8.2), is not in the interests of the Company. Instead of the full details, disclosure of the directors' remuneration is made in bands of $250,000 with a breakdown by percentages of the mix of remuneration. The Board is of the view that such information is sufficient for shareholders to understand the Group's remuneration level and structure.

The Company's two executive directors and a subsidiary's Head of Business Development are also substantial shareholders of the Company, and they draw remuneration and/or directors' fees in their respective capacities. Apart from this, there is no remuneration paid to any other substantial shareholders of the Company.

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

The Board recognizes the importance of risk management and internal controls, and acknowledges its responsibility for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board's policy is that risks should be managed within the Group's overall risk tolerance. The risk management functions are currently managed by the Audit Committee ("AC").

It is noted that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The review of the Group's system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board has received assurance from the Group's two executive directors (one of whom is the CEO) and the financial controller that, as at September 30, 2024, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the Group's risk management and internal control systems were adequate and effective to address key financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management and the AC, and the aforesaid assurances from the executive directors and the financial controller, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology controls, and risk management systems were adequate and effective in addressing the material risks as at September 30, 2024. However, it should be noted that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement, human error, losses, fraud or other irregularities.

The financial risks and management policies of the Group are laid out on pages 50 to 57 of the Annual Report.

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

The AC currently comprises of 5 members (as listed in Principle 2). All members of the AC are non-executive, the majority of whom, including the AC Chairman, are independent. Of the members, Messrs Wang RenWei and Tan Tee Ching has formal accounting training and experience. They and the other members of the AC have many years of experience in senior management positions and have sufficient financial management expertise to discharge the AC's functions. None of the members are former partners or directors of the Company's existing external and internal audit firms, nor do they have any financial interest in the audit firms.

The AC works in accordance with its written terms of reference duly adopted by the Board. Some of its primary responsibilities are as follows:

a. To review the audit plans and findings of the Company's internal auditors, and their evaluation of the systems of internal controls arising from their audit

b. To review the audit plans of the external auditors

c. To review the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the external auditors' report on those financial statements

d. To review half-yearly and full year results announcements of the Group and Company before their submission to the Board of Directors

e. To review interested person transactions

f. To review annually the independence and objectivity of the external auditors, taking into consideration the non-audit services provided to the Group

g. To ensure that a review of the effectiveness of the Group's significant internal controls is conducted at least annually

h. To review the co-operation and assistance given by the management to the Group's external auditors

i. To review the re-appointment of the external auditors of the Group

The AC has full authority to investigate any matters within its terms of reference, and has full access to the management of the Company. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC held two meetings during FY2024. All members of the AC attended the meetings. The AC meets with the external auditors at least once a year without the presence of Management. While there was no private meeting with the internal auditors in the past year, the AC and the internal auditors have full access to each other and are able to communicate with each other freely.

For FY2024, the external auditors of the Company was Deloitte & Touche LLP. Having reviewed the aggregate fees paid/payable to the external auditors for FY2024, and a breakdown of the fees for audit and non-audit services provided by the auditors, the AC is of the opinion that the independence of the auditors has not been affected by the provision of the non-audit services. The external auditors had affirmed their independence in this respect. The AC is satisfied that the independence of the external auditors has not been impaired. Further, it was noted that the appointment of the external auditors for the Company and its subsidiaries are in compliance with Rules 712 and 715 of the SGX-ST Listing Rules in relation to its auditors.

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Deloitte & Touche LLP has served as the external auditors of the Group for 25 consecutive audits since the financial year ended September 30, 2000. As part of the Group's efforts to manage its overall business costs and expenses, the Board is of the view that it would be an opportune time to review the appointment of the external auditors as the review would provide the Group with an opportunity to benchmark its audit fees and realise cost efficiencies. Any change of the external auditors would also enable the Group to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Group. Following an evaluation of the available proposals from various audit firms which have experience in auditing public listed companies in Singapore, the Board, in consultation with the AC, proposes that Forvis Mazars LLP be nominated for appointment as the auditors of the Company for the financial year ending September 30, 2025 in place of Deloitte & Touche LLP. In reviewing the suitability of Forvis Mazars LLP, the AC and the Board took into consideration various factors, inter alia, the requirements of Rule 712 and Rule 715 of the Listing Manual, the Audit Quality Indicators Disclosure Framework issued by ACRA, the adequacy of resources and experience of the audit firm and the audit engagement partner, having regard to the existing needs and audit requirements of the Group. The scope of audit services to be provided by Forvis Mazars LLP will be comparable to the services provided by Deloitte & Touche LLP. The appointment of Forvis Mazars LLP will be effective upon the approval of shareholders at the forthcoming AGM. Deloitte & Touche LLP will retire as auditors of the Company at the forthcoming AGM.

Internal Audit

The Group has outsourced the internal audit function to an external party, namely BDO LLP. The internal auditors carry out their function according to the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal audit is carried out by staff with relevant qualifications and experience.

The hiring, removal, evaluation and compensation of the internal auditors are approved by the AC. The internal auditors during their course of audit have unfettered access to the Group's documents, records, properties and personnel, including the AC. The internal auditors' primary line of reporting is to the chairman of the AC. Administratively, they report to the Managing Director of the Company, who is assisted by the financial controller on this matter.

The AC determines the scope of audit examination and approves the internal audit plans presented by the internal auditors.

The AC has reviewed with the internal auditors their risk-based internal audit plan and their evaluation of the system of internal controls, their audit findings and the management's responses to address the findings. The Board commented that the Group's internal controls, including financial, operational, compliance and information technology controls and overall risk management system are adequate and effective for FY2024. The AC concurred with the Board's comment and is satisfied that the internal auditor is independent, adequately qualified and resourced to discharge its duties effectively.

Whistleblowing

The Group has a whistleblowing policy in place under the oversight of the AC and setting out the procedures by which staff or any other persons can raise concerns about possible improprieties and for such matters to be independently investigated without any fears of reprisals. The identity of the whistle-blower will be kept confidential. Any issue raised would be investigated independently and the appropriate follow up actions carried out. In FY2024, there were no reports received through the whistleblowing mechanism.

Corporate Governance

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

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

The Company aims to treat all shareholders fairly and equitably. It has an investor relations policy to guide communications and engagements with shareholders. Shareholders are kept informed of the developments and performance of the Group through timely announcements via SGXNET and the press (where appropriate) as well as the annual report and annual sustainability report. Results and any other matters that are likely to materially affect the price or value of the Company's shares are announced on a timely basis via the SGXNET in accordance to the requirements of the SGX-ST. If there is any inadvertent disclosure made to a select group, the Company would make the same disclosure publicly to all others as promptly as possible. Shareholders are also able to provide feedback to the Company via email or through its corporate website at https://www.pne.com.sg.

Active participation from shareholders at general meetings is welcomed by the Company. To facilitate voting by shareholders, the Company's Constitution allows shareholders who are unable to attend the general meetings to appoint up to 2 proxies to attend, participate and vote on their behalf. Corporations providing nominee and custodial services may appoint more than 2 proxies to attend, participate and vote in general meetings on behalf of shareholders who hold shares through such corporations. Proxy forms can be sent to the Company by mail. Each distinct matter requiring shareholders' approval is proposed as a separate resolution to avoid the bundling of resolutions. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Voting during general meetings is done by poll via electronic polling. Shareholders are briefed on the voting procedures prior to voting. An independent scrutineer is appointed to validate shareholders' votes at the meetings. Voting in absentia, such as by mail, email or fax, is currently not implemented due to concerns over integrity of information and authentication of shareholder identity.

Generally, all directors, senior management and the external auditors will be present at the AGMs to address shareholders' questions and concerns. The entire Board, the financial controller cum company secretary, and the external auditors attended the 2024 AGM held on January 18, 2024.

The Company does not publish minutes of general meetings of shareholders on its corporate website as it is of the view that such minutes is an internal document and should only be made available to its shareholders upon request but not to the public at large. Furthermore, shareholders, including those who did not attend the relevant general meeting, have a right to be furnished copies of minutes of general meeting pursuant to Section 189 of the Companies Act 1967. Accordingly, the Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders are treated fairly and equitably by the Company.

The Company does not have a formal dividend policy. The Board considers factors such as the Group's performance, financial position, future plans, external economic environment, and other factors deemed appropriate when deciding the amount of dividends to be declared or proposed. The Company has paid dividends at least once annually since 2007 and twice annually since 2014. Any pay-outs are promptly communicated via announcements through SGXNET.

Corporate Governance

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

The Company recognizes the contributions and impact that its stakeholders can have on the Group's growth and development. As such, it continuously maintains multiple communication channels as appropriate with its various stakeholders to engage with them and also receive their feedback. The stakeholders are identified based on the impact that they have, or may potentially have, on the Group. The Group's efforts on sustainability takes into consideration the concerns of its various stakeholders. Full details of the Group's sustainability efforts can be found in its annual Sustainability Report, which will be available on or before 31 January 2025.

The Company maintains a current corporate website at https://www.pne.com.sg to communicate and engage with stakeholders on a regular basis and attend to their queries.

Listing Rule 1207(19) – Dealing in Securities
The Group has adopted the SGX-ST's Listing Rule 1207(19) with respect to dealings in the Company's securities. The Group's directors and officers are not allowed to deal in the Company's securities during the period beginning one month prior to the announcement of the half and full year results, and ending on the day of the announcement of the results, or while they are in possession of unpublished price-sensitive information. Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations.

Interested Person Transactions
The Company has procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. There were no interested person transactions with amounts of $100,000 or more during the year ended September 30, 2024. The Company does not have any shareholders' mandate for interested person transactions.

Material Contracts and Loans
Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that there were no material contracts and loans of the Company and its subsidiaries involving the interests of the controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

Sustainability
The Group's Sustainability Report highlights its commitment towards sustainability, and describes its practices on material economic, environment, social and governance ("ESG") factors. It is prepared in accordance with the Global Reporting Initiative ("GRI") Standards 2021, and complies with Singapore Exchange Securities Limited Listing Rules 711A and 711B. The full report will be available on or before 31 January 2025 via SGXNET and the Company's website at https://www.pne.com.sg.

In application of the GRI Standards 2021, the Group prioritised the four defining principles for sustainability report content:

Stakeholder Inclusiveness (Principle 1): Ensuring a comprehensive engagement approach.
Sustainability Context (Principle 2): Placing our initiatives within the broader sustainability landscape.
Materiality (Principle 3): Emphasising the relevance and significance of reported information.
Completeness (Principle 4): Ensuring a comprehensive and accurate portrayal of our ESG efforts.

Corporate Governance

Material topics

The following have been identified as the material topics of substantial significance to both our business's sustainable value chain and our stakeholders. Various measures are put in place to monitor and manage these factors to help ensure the sustainable growth of the Group.

Material Topics	List of ESG Indicator	
Corporate Governance	2-9 to 2-21	Governance
Product and Service Quality	2-22, 2-28	Strategy, policies and practices
Compliance	2-27	Compliance with laws and regulations
Economic Performance	201-1	Direct economic value generated and distributed
Anti-Bribery and Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken
Energy Consumption	302-1	Energy consumption from within the organisation
Training and Education	302-3	Energy intensity
Water Consumption	303-1	Water withdrawal
GHG and Other Emissions	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
	305-4	GHG emissions intensity
Waste Generation	306-3	Waste generated
Employment	401-1	New employee hires and employee turnover
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	401-3	Parental leave
Occupational Health and Safety	403-1	Occupational health and safety management system
	403-2	Hazard identification, risk assessment, and incident investigation
	403-3	Occupational health services
	403-4	Worker participation, consultation, and communication on occupational health and safety
	403-5	Worker training on occupational health and safety
	403-6	Promotion of worker health
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
	403-9	Work-related injuries
Development and Training	404-1	Average hours of training per year per employee
	404-3	Percentage of employees receiving regular performance and career development reviews
Diversity	405-1	Diversity of governance bodies and employees

Corporate Governance

Additional Information on Directors Seeking Re-election

Pursuant to SGX-ST Listing Manual Rule 720(6) and Appendix 7.4.1, the additional information on directors seeking re-election this year are as follows:

		Tan Koon Chwee	Tan Tee Ching
1	Date of Appointment	25 September 1999	1 October 2024
2	Date of last re-appointment (if applicable)	19 January 2023	NA
3	Age	68	52
4	Country of principal residence	Singapore	Singapore
5	The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Tan was recommended by the NC and approved by the Board, after taking into consideration his experience and contributions since he was appointed as a managing director.	The re-election of Mr Tan was recommended by the NC and approved by the Board, after taking into consideration his experience.
6	Whether appointment is executive, and if so, the area of responsibility	Executive.	Non-Independent and Non-Executive.
7	Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director.	Non-Independent and Non-Executive Director, member of AC, RC and NC.
8	Professional qualifications	• Bachelor of Science in Electrical and Electronic Engineering from the University of Strathclyde, Glasgow, Scotland. • Registered as Professional Engineer since 1985.	• Master of Commerce (Accounting and Finance) from Griffith University. • Non-practicing member of both CPA Australia and the Institute of Singapore Chartered Accountants.
9	Working experience and occupation(s) during the past 10 years	• Executive Managing Director of PNE Industries Ltd. • Has been with the Group since 1987.	• Associate Advisor (Real Estate Salesperson) at Propnex Realty Pte Ltd • Chief Financial Officer at a listed company, PNE Micron Holdings Ltd.
10	Shareholding interest in the listed issuer and its subsidiaries	9,443,875 shares (11.25%).	622,500 shares (0.74%).

Corporate Governance

		Tan Koon Chwee	Tan Tee Ching
11	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	Messrs Tan Koon Chwee and Tan Kong Leong, who are executive directors as well as substantial shareholders of the Company, are siblings. They, together with Messrs Tan Kong Heng, Tan Kwong Soon, Tan Kong Sin and Tan Kwang Hua (Deceased), who are also substantial shareholders of the Company, are siblings. Mr Tan Koon Chwee is the brother-in-law of Ms Teo Boon Lui (the spouse of Mr Tan Kwong Soon), who is also a substantial shareholder by virtue of the joint CDP account she has with Mr Tan Kwong Soon and under which the Company's shares are held. Mr Tan Koon Chwee is also the uncle of Mr Tan Tee Ching, who is the non-independent & non-executive director of the Company, Mr Tan Wei Kang, who is a substantial shareholder of the Company and Head of business development of a subsidiary, and Ms Tan Meng Siew, who is the financial controller and company secretary of the Company.	Mr Tan Tee Ching is the nephew of Messrs Tan Koon Chwee and Tan Kong Leong, who are the executive directors as well as substantial shareholders of the Company. He is the son of Mr Tan Kwong Soon and Ms Teo Boon Lui, who are substantial shareholders by virtue of their joint CDP account. He is also the nephew of Messrs Tan Kong Heng, Tan Kong Sin and Tan Kwang Hua (Deceased), who are substantial shareholders as well. Mr Tan Tee Ching is the cousin of Mr Tan Wei Kang, who is also a substantial shareholder of the Company and Head of business development of a subsidiary, and Ms Tan Meng Siew, who is the financial controller and company secretary of the Company.
12	Conflict of interest (including any competing business)	None	None
13	Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
14	Other Principal Commitments including directorships – Past 5 years	NIL	NIL

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		Tan Koon Chwee	Tan Tee Ching
15	Other Principal Commitments including directorships – Present	Directorships: • Duolink Networks Sdn Bhd • Focal Dynamic Sdn Bhd • PNE Appliance Controls Pte Ltd • PNE Benelux B.V. • PNE Electric Sdn Bhd • PNE Electronic Technology (Shenzhen) Co., Ltd • PNE International Pte Ltd • PNE Systems Sdn Bhd • PNE Translite Pte Ltd • Wanxi Holdings Pte Ltd • Da Xi Enterprises Ltd	Directorships: • General Leader (M) Sdn Bhd

Each of the above directors seeking re-election has confirmed that their replies to items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual is "no".

Directors' Statement

for the financial year ended September 30, 2024

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended September 30, 2024.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 31 to 77 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 September 30, 2024, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1. Directors

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

Tan Koon Chwee
Tan Kong Leong
Lim Meng Wee
Tung Chee Weng
Wong Tuck Seng
Wang RenWei
Tan Tee Ching (Appointed on October 1, 2024)

2. Arrangements to enable Directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act 1967 except as follows:

Names of directors and companies in which interests are held	Shareholdings registered in names of directors	
	At beginning of year	At end of year
PNE Industries Ltd		
- Ordinary shares		
Tan Koon Chwee	9,359,575	9,443,875
Tan Kong Leong	8,614,875	8,614,875

The directors' interests in the shares of the Company as at October 21, 2024 were the same as at September 30, 2024 except for Mr Tan Tee Ching who was appointed as director on October 1, 2024, and held 622,500 ordinary shares in the Company as at October 1, 2024 and October 21, 2024.

Directors' Statement

for the financial year ended September 30, 2024

4. Share options

(a) *Options to take up unissued shares*
During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*
During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*
At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. Audit committee

The Audit Committee of the Company carried out its functions in accordance with Section 201B of the Companies Act 1967, and the Singapore Exchange Listing Manual.

The Audit Committee is chaired by Mr Lim Meng Wee, an independent director, and includes Mr Tung Chee Weng, Mr Wong Tuck Seng and Mr Wang RenWei, all are independent directors. On October 1, 2024, Mr Tan Tee Ching joined the Audit Committee as the non-independent and non-executive director.

The Audit Committee works in accordance with written terms of reference duly adopted by the Board. Some of its primary responsibilities are as follows:

(a) To review the audit plans and findings of the Company's internal auditors, and their evaluation of the systems of internal controls arising from their audit;

(b) To review the audit plans of the external auditors;

(c) To review the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the external auditors' report on those financial statements;

(d) To review half-yearly and full-year results announcements of the Group and Company before their submission to the Board of Directors;

(e) To review interested person transactions;

(f) To review annually the independence and objectivity of the external auditors, taking into consideration the non-audit services provided to the Group;

(g) To ensure that a review of the effectiveness of the Group's significant internal controls is conducted at least annually;

(h) To review the co-operation and assistance given by the management to the Group's external auditors; and

(i) To review the re-appointment of the external auditors of the Group.

The Audit Committee has full authority to investigate any matters within its terms of reference, and has full access to the management of the Company. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee held 2 meetings during the year. All members of the Audit Committee attended the meetings.

Directors' Statement

for the financial year ended September 30, 2024

The Audit Committee has recommended to the Board that Forvis Mazars LLP be nominated for appointment as the external auditors of the Group in place of the retiring auditors, Messrs Deloitte & Touche LLP, at the forthcoming Annual General Meeting.

The Group is in compliance with Listing Rules 712 and 715 of the Singapore Exchange Securities Trading Limited as suitable auditing firms have been appointed to meet the Group's audit obligations.

ON BEHALF OF THE DIRECTORS

Tan Koon Chwee

Tan Kong Leong

December 13, 2024

Independent Auditor's Report to the Members of PNE Industries Ltd

for the financial year ended September 30, 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PNE Industries Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 31 to 77.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 September 30, 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in the audit
Allowance for inventories As at September 30, 2024, the Group has inventories of $25.3 million, which is approximately 30% of its total assets. The Group has made an allowance for inventories as at September 30, 2024 amounting to $1.6 million. The value of the inventories and the usage are affected by market demand and technological advances. Management is required to assess at each reporting date whether there is any indication that the cost of inventories exceeds the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.	We performed the following: • Evaluated the design and implementation of relevant controls over the valuation of inventories. • Enquired and challenged management on their analysis and assessment made based on ageing, physical condition and past and expected utilisation/sales of inventories, in arriving at the allowance for inventories and assessed the reasonableness and accuracy of the allowance recognised. • On a sample basis, assessed the net realisable value of inventories by comparing the cost of inventories against the selling price and cost to sell and challenged the appropriateness of the level of inventory allowance.

Independent Auditor's Report to the Members of PNE Industries Ltd

for the financial year ended September 30, 2024

Key Audit Matters *(continued)*

Key audit matters	How the matter was addressed in the audit
There is judgement involved in assessing the amount of inventory allowance required. The relevant disclosure with respect to allowance for inventories has been set out in Note 9 to the financial statements.	• Assessed and evaluated the inventory ageing analysis of the Group at year end, taking into consideration the impact of changes in technology and customers' preference and our knowledge of the Group's business and the industry in which it operates. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements in Note 9.
Loss allowance for trade receivables As at September 30, 2024, the Group has trade receivables of $22 million, which is approximately 26% of its total assets. The Group has made a loss allowance for trade receivables as at September 30, 2024 amounting to $1.4 million of which $1.2 million relates to a debtor with a slow repayment pattern. The trade receivables due from this debtor amounted to $1.4 million net of an allowance of $1.2 million. The Group calculates the expected credit loss ("ECL") of trade receivables by using an allowance matrix that is based on its historical credit loss allowance, debtors' ability to pay and any relevant forward-looking information that may be specific to the debtors and economic environment. The recoverability and ECL assessment requires the exercise of significant judgements, assumptions and estimates by management. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables. The Group's disclosure on trade receivables is set out in Note 7 of the financial statements.	We performed the following: • Reviewed management's assessment of impairment of trade receivables through analysis of ageing of receivables, assessment of material overdue individual trade receivables. • Inquired management if there are any known disputed receivables. • For loss allowance recognised for this debtor, we evaluated and reviewed management's assessment on credit quality and recoverability by considering amongst other factors, subsequent receipts, payment history, settlement arrangement and/or the ongoing business relationship with the debtor. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements in Note 7.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Independent Auditor's Report to the Members of PNE Industries Ltd

for the financial year ended September 30, 2024

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

Independent Auditor's Report to the Members of PNE Industries Ltd

for the financial year ended September 30, 2024

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Lim Bee Hui.

Deloitte & Touche LLP
Public Accountants and Chartered Accountants, Singapore

December 13, 2024

Statements of Financial Position

as at September 30, 2024

	Note	Group		Company	
		2024	2023	**2024**	2023
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	6	**24,957**	28,193	**21,881**	19,544
Trade receivables	7	**21,957**	20,284	**-**	-
Other receivables	8	**1,311**	1,491	**341**	372
Inventories	9	**25,294**	23,244	**-**	-
Income tax recoverable		**287**	-	**6**	-
Total current assets		**73,806**	73,212	**22,228**	19,916
Non-current assets					
Property, plant and equipment	10	**5,149**	4,318	**-**	-
Right-of-use assets	11	**2,276**	2,456	**-**	-
Investments in subsidiaries	12	**-**	-	**20,445**	19,514
Investment in associate	13	**474**	457	**-**	-
Financial assets at fair value through other comprehensive income	14	**1,341**	1,479	**156**	132
Deferred tax assets	15	**392**	547	**-**	-
Total non-current assets		**9,632**	9,257	**20,601**	19,646
Total assets		**83,438**	82,469	**42,829**	39,562
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	**10,490**	9,102	**39**	29
Other payables	17	**2,223**	2,026	**407**	380
Lease liabilities	18	**798**	732	**-**	-
Income tax payable		**57**	92	**-**	6
Total current liabilities		**13,568**	11,952	**446**	415
Non-current liabilities					
Lease liabilities	18	**914**	1,208	**-**	-
Deferred tax liabilities	15	**-**	2	**-**	-
Total non-current liabilities		**914**	1,210	**-**	-
Capital and reserves					
Share capital	19	**36,991**	36,991	**36,991**	36,991
Currency translation reserve		**(2,181)**	(3,202)	**-**	-
Capital reserve		**938**	938	**-**	-
Investment revaluation reserve		**270**	408	**64**	40
Accumulated profits		**32,938**	34,172	**5,328**	2,116
Net equity		**68,956**	69,307	**42,383**	39,147
Total liabilities and equity		**83,438**	82,469	**42,829**	39,562

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended September 30, 2024

	Note	2024 $'000	2023 $'000
Revenue	20	**60,975**	53,528
Cost of sales		**(49,634)**	(42,887)
Gross profit		**11,341**	10,641
Other operating income	21	**2,115**	2,055
Distribution costs		**(1,357)**	(1,254)
Administrative expenses		**(9,643)**	(9,849)
Other operating expenses	22	**(581)**	(764)
Share of results of associate	13	**66**	41
Finance costs	23	**(78)**	(105)
Profit before tax		**1,863**	765
Income tax expense	24	**(579)**	(12)
Profit for the year	25	**1,284**	753
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to profit or loss:			
Net fair value loss on financial assets at FVTOCI		**(138)**	(346)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**1,021**	(2,975)
Other comprehensive income (loss) for the year, net of tax		**883**	(3,321)
Total comprehensive income (loss) for the year		**2,167**	(2,568)
Earnings per share (cents)			
Basic and diluted	26	**1.5**	0.9

See accompanying notes to financial statements.

Statements of Changes in Equity

for the financial year ended September 30, 2024

	Share capital $'000	Currency translation reserve [1] $'000	Capital reserve [2] $'000	Investment revaluation reserve $'000	Accumulated profits $'000	Net $'000
Group						
Balance at October 1, 2022	36,991	(227)	938	754	36,776	75,232
Total comprehensive loss for the year:						
Profit for the year	-	-	-	-	753	753
Other comprehensive loss for the year	-	(2,975)	-	(346)	-	(3,321)
Total	-	(2,975)	-	(346)	753	(2,568)
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	-	-	-	-	(3,357)	(3,357)
Balance at September 30, 2023	36,991	(3,202)	938	408	34,172	69,307
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	1,284	1,284
Other comprehensive income for the year	-	1,021	-	(138)	-	883
Total	-	1,021	-	(138)	1,284	2,167
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	-	-	-	-	(2,518)	(2,518)
Balance at September 30, 2024	**36,991**	**(2,181)**	**938**	**270**	**32,938**	**68,956**

(1) Comprises exchange differences arising from the translation of the net investment in foreign entities.

(2) Laws and regulations in the People's Republic of China ("PRC") require foreign investment enterprises to appropriate from profit after tax, an amount to the capital reserve fund.

See accompanying notes to financial statements.

Statements of Changes in Equity

for the financial year ended September 30, 2024

	Share capital $'000	Investment revaluation reserve $'000	Accumulated profits $'000	Total $'000
Company				
Balance at October 1, 2022	36,991	30	4,600	41,621
Total comprehensive income for the year:				
Profit for the year	-	-	873	873
Other comprehensive income for the year	-	10	-	10
Total	-	10	873	883
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	-	-	(3,357)	(3,357)
Balance at September 30, 2023	36,991	40	2,116	39,147
Total comprehensive income for the year:				
Profit for the year	-	-	5,730	5,730
Other comprehensive income for the year	-	24	-	24
Total	-	24	5,730	5,754
Dividends, representing transaction with owners, recognised directly in equity (Note 28)	-	-	(2,518)	(2,518)
Balance at September 30, 2024	**36,991**	**64**	**5,328**	**42,383**

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

for the financial year ended September 30, 2024

	2024 $'000	2023 $'000
Operating activities		
Profit before tax	**1,863**	765
Adjustments for:		
Share of results of associate	**(66)**	(41)
Depreciation of property, plant and equipment	**721**	829
Depreciation of right-of-use assets	**781**	838
Additional (Reversal of) impairment on property, plant and equipment	**10**	(47)
Reversal of impairment on right-of-use assets	**-**	(29)
Interest income	**(1,038)**	(1,096)
Dividend income	**(9)**	(8)
Finance costs	**78**	105
(Gain) Loss on disposal of property, plant and equipment	**(62)**	224
Gain on disposal of asset held for sale	**-**	(202)
Gain on disposal of right-of-use assets	**-**	(141)
Property, plant and equipment written off	**21**	31
Loss allowance recognised on trade receivables (net)	**505**	475
Loss allowance for inventories (net)	**135**	179
Operating cash flows before movements in working capital	**2,939**	1,882
Trade receivables	**(2,943)**	774
Other receivables	**80**	(259)
Inventories	**(947)**	(2,219)
Trade payables	**1,338**	408
Other payables	**137**	161
Cash generated from operations	**604**	747
Interest received	**1,038**	1,096
Interest paid	**(78)**	(105)
Income tax paid	**(369)**	(554)
Withholding tax paid	**(246)**	-
Net cash from operating activities	**949**	1,184
Investing activities		
Dividends received from associate	**40**	71
Dividends received from equity instruments held at FVTOCI	**9**	8
Proceeds from disposal of property, plant and equipment	**63**	141
Proceeds from disposal of asset held for sale	**-**	404
Proceeds from disposal of right-of-use assets	**-**	225
Purchase of property, plant and equipment	**(1,302)**	(538)
Net cash (used in) from investing activities	**(1,190)**	311

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

for the financial year ended September 30, 2024

	2024 $'000	2023 $'000
Financing activities		
Dividends paid	**(2,518)**	(3,357)
Repayment of lease liabilities	**(777)**	(909)
Net cash used in financing activities	**(3,295)**	(4,266)
Net decrease in cash and cash equivalents	**(3,536)**	(2,771)
Cash and cash equivalents at beginning of year	**28,048**	30,956
Net effect of foreign exchange rate changes	**290**	(137)
Cash and cash equivalents at end of year (Note 6)	**24,802**	28,048

See accompanying notes to financial statements.

Notes to Financial Statements

for the financial year ended September 30, 2024

1. General

The Company (Registration No. 199905792R) is incorporated in Singapore with its principal place of business and registered office at 996 Bendemeer Road, #07-06, Singapore 339944. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company is that of investment holding and provision of management services. The principal activities of the subsidiaries and associate are disclosed in Notes 12 and 13 respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2024 were authorised for issue by the Board of Directors on December 13, 2024.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Adoption of new and revised standards

In the current year, the Group and the Company have applied all the new and revised SFRS(I) Accounting Standards that are mandatorily effective for an accounting period that begins on or after October 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*

The Group has adopted the amendments to SFRS(I) 1-1 for the first time in the current period. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Notes to Financial Statements

for the financial year ended September 30, 2024

1. **General** *(continued)*

The Group had previously recognised deferred tax for leases on an aggregate temporary difference basis. Following the amendments, the Group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively, which are now disclosed in Note 15. There was no impact to the opening retained earnings as at October 1, 2023 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under SFRS(I) 1-12.

New/revised standards and improvements to the standards not yet adopted
At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group were issued but not effective:

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current* [1]
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants* [1]
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements* [1]
- Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments* [2]
- Amendments to SFRS(I) 18: *Presentation and Disclosure in Financial Statement* [3]
- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

[1] Applies to annual periods beginning on or after January 1, 2024
[2] Applies to annual periods beginning on or after January 1, 2026
[3] Applies to annual periods beginning on or after January 1, 2027
[4] Effective date is deferred indefinitely

Management anticipates that the adoption of the above amendments to SFRS(I)s in future periods will not have a material impact on the financial statements in the period of their initial adoption.

2. **Material accounting policy information**

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transaction between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Notes to Financial Statements
for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Fair value measurement
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial instruments
Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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

<u>Classification of financial assets</u>
All recognised financial assets are subsequently measured in their entirety at either amortised cost, fair value through other comprehensive income (‘FVTOCI’) or fair value through profit or loss (‘FVTPL’) based on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

The Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

<u>Amortised cost and effective interest method</u>
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss under “other operating income” line item.

<u>Equity instruments designated as at FVTOCI</u>
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated profits.

The Group has designated all investments in equity instruments that are not held for trading as FVTOCI on initial recognition (see Note 14).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other operating income" line item in profit or loss.

<u>Foreign exchange gains and losses</u>
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in either the "other operating income" or the "other operating expenses" line items; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

<u>Impairment of financial assets</u>
The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and other receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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

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

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownerships of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Financial liabilities at amortised cost
Financial liabilities at amortised cost include trade and other payables. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised either in the "other operating income" or "other operating expenses" line items in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Capital reserve
Pursuant to relevant laws and regulations in the People's Republic of China ("PRC") applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiaries, the dividend declaring subsidiaries are required to maintain two statutory reserves, being a statutory surplus reserve fund and an enterprise fund. Appropriations to such reserves are made out of profit after tax of the statutory financial statements of the subsidiaries. The subsidiaries are required to transfer 10% of its profit after tax as reported in its PRC statutory financial statements to the statutory surplus reserve fund until the balance reached 50% of its registered capital. The statutory surplus reserve fund can be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital.

Leases

The Group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statements of financial position.

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

Notes to Financial Statements

for the financial year ended September 30, 2024

2. **Material accounting policy information** *(continued)*

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in "Impairment of non-financial assets".

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses" in the consolidated statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	2% to 5%
Plant and machinery	-	10% to 20%
Furniture, fittings and office equipment	-	10% to 33.33%
Motor vehicles	-	10% to 20%

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate is incorporated in these consolidated financial statements using the equity method of accounting. Investment in an associate is initially recognized at cost, and are subsequently accounted for by including the Group's share of its profit or loss and other comprehensive income of the associate in the carrying amount of the investment until the date on which significant influence ceases. Dividends received reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

When necessary, adjustments are made to align the associate's accounting policies with the those of the Group.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue recognition

The Group recognises revenue from the sale of goods.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

Sale of goods

The Group manufactures and sells electrical and electronic products, emergency lighting, electrical apparatus, light fittings and related products.

Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to Financial Statements

for the financial year ended September 30, 2024

2. Material accounting policy information *(continued)*

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Notes to Financial Statements

for the financial year ended September 30, 2024

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's material accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

<u>Allowance for inventories</u>

The value of the inventories and the usage are affected by market demand and technological advances. Management is required to assess at each reporting date whether there is any indication that the cost of inventories exceeds the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. There is judgement involved in assessing the amount of inventory allowance required.

The carrying amount of inventories is disclosed in Note 9.

<u>Calculation of loss allowance</u>

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

As at the end of the reporting period, management noted that one of its debtors continues to show slow repayment pattern, and an allowance of doubtful debts amounting to $1.2 million (2023 : $0.6 million) was made in respect of this receivable. Management's assessment is based on credit quality and recoverability of the receivables by considering amongst other factors subsequent receipts, payment history, settlement arrangement and the ongoing business relationship with the debtor. The recoverability and ECL assessment requires the exercise of significant judgements, assumptions and estimates by management. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.

The carrying amount of trade receivables is disclosed in Note 7.

Notes to Financial Statements

for the financial year ended September 30, 2024

3. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Valuation of financial assets at FVTOCI

In estimating the fair value of financial assets at FVTOCI, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the models which includes using Enterprise Value ("EV")/Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") multiples to derive with the fair value of the financial assets.

There is judgement involved in assessing the reasonableness of such inputs used in the model which are disclosed in Note 4(c)(vi).

The carrying amount of financial assets at FVTOCI is disclosed in Note 14.

4. Financial instruments, financial risks and capital management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at amortised cost	**47,324**	49,095	**22,201**	19,897
Financial assets at FVTOCI:				
Equity instruments designated as at FVTOCI	**1,341**	1,479	**156**	132
Financial liabilities				
Amortised cost	**11,313**	9,623	**446**	409
Lease liabilities	**1,712**	1,940	-	-

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and Company do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements.

(c) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Group does not hold nor issue derivative financial instruments for speculative purpose.

There has been no change to the Group's exposure to these financial risks nor the manner in which it manages and measures the risks.

Notes to Financial Statements

for the financial year ended September 30, 2024

4. Financial instruments, financial risks and capital management *(continued)*

(i) Foreign exchange risk management

Foreign exchange risk arises from a change in foreign currency exchange rate which is expected to have an adverse effect on the Group and the Company in the current reporting period and in future years.

The Group has sales and purchases primarily denominated in United States dollars, Malaysian ringgit and Singapore dollars. Fluctuations in the exchange rate between the United States dollars, Malaysian ringgit and Singapore dollars against the functional currency of the group entity will therefore have an impact on the Group. With a higher proportion of sales than purchases and expenses denominated in either United States dollars or Malaysian ringgit, any depreciation of United States dollars or Malaysian ringgit against Singapore dollars will have an unfavourable impact on the Group.

The Group does not have any formal policy with respect to the foreign currency exposure and does not intend to pursue such a policy in the future.

At the reporting date, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Assets		**Liabilities**	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Group				
United States dollars	**26,019**	27,285	**15,282**	14,471
Singapore dollars	**9,649**	-	-	204
Malaysian ringgit	**3,208**	4,253	-	14
Company				
United States dollars	**6,782**	3,027	-	-
Malaysian ringgit	**2,909**	3,603	-	-

The Company has investments in foreign subsidiaries whose net assets are exposed to currency risk.

Notes to Financial Statements

for the financial year ended September 30, 2024

4. Financial instruments, financial risks and capital management *(continued)*

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes receivables to and payables from foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the United States dollar, Singapore dollar and Malaysian ringgit strengthen by 10% against the functional currency of each group entity with all other variables being held constant, profit before tax will increase (decrease) by:

	United States dollar impact		Singapore dollar impact		Malaysian ringgit impact	
	2024	2023	**2024**	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Profit or loss						
Group [(i)]	**1,073** [(i)]	1,281 [(i)]	**965** [(i)]	(20) [(i)]	**321** [(i)]	424 [(i)]
Company [(ii)]	**678** [(ii)]	303 [(ii)]	**-**	-	**291** [(ii)]	360 [(ii)]

[(i)] This is mainly attributable to the exposure outstanding on foreign currency denominated cash and bank balances, receivables and payables at year end.

[(ii)] This is mainly attributable to the exposure on foreign currency denominated cash and bank balances at year end.

If the United States dollar, Singapore dollar and Malaysian ringgit weaken by 10% against the functional currency of each group entity with other variables being held constant, profit before tax will decrease (increase) by the same amount.

(ii) Interest rate risk management

All financial assets and liabilities at the end of the reporting period do not bear interest except for cash and bank balances and lease liabilities. The Group's profit or loss and equity are not affected by the changes in interest rates as the interest-bearing instruments are carried at fixed interest rates.

(iii) Credit risk management

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group and the Company have adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

As at September 30, 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

Notes to Financial Statements

for the financial year ended September 30, 2024

4. Financial instruments, financial risks and capital management *(continued)*

The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments except as highlighted in Note 3. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables: Lifetime ECL - not credit-impaired Other receivables: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

Notes to Financial Statements

for the financial year ended September 30, 2024

4. Financial instruments, financial risks and capital management *(continued)*

The table below detail the credit quality of the Group's financial assets.

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
2024						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	**23,334**	**(1,377)**	**21,957**
Other receivables	8	Performing	12-month ECL	**410**	-	**410**
					(1,377)	
2023						
Trade receivables	7	(i)	Lifetime ECL (simplified approach)	21,176	(892)	20,284
Other receivables	8	Performing	12-month ECL	618	-	618
					(892)	
Company						
2024						
Other receivables	8	Performing	12-month ECL	**320**	-	**320**
2023						
Other receivables	8	Performing	12-month ECL	353	-	353

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated from historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 7 includes further details on the loss allowance for these assets.

Notes to Financial Statements

for the financial year ended September 30, 2024

4. Financial instruments, financial risks and capital management *(continued)*

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except that as at September 30, 2024, the Group has 3 (2023 : 2) major outstanding third party debtors amounting to $15,572,000 (2023 : $12,632,000) which accounted for 67% (2023 : 60%) of the total gross trade receivable balance.

The Group places its cash and bank balances with reputable institutions.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

(iv) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified at FVTOCI. These equity investments are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Note 14.

Equity price sensitivity
The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

In respect of these equity investments, if the inputs to the valuation model had been 5% higher/lower while all other variables were held constant; the Group's investment revaluation reserve would increase/decrease by $67,000 (2023 : $74,000). 5% is the sensitivity rate used when reporting equity price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity price.

(v) Liquidity risk management
The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Non-derivative financial liabilities
Other than the Group's lease liabilities as disclosed in Note 18, all non-derivative financial liabilities of the Group and the Company as at September 30, 2024 and September 30, 2023 are non-interest bearing, repayable on demand and due within 12 months from the date of the reporting period.

Non-derivative financial assets
All non-derivative financial assets of the Group and the Company as at September 30, 2024 and September 30, 2023 are repayable on demand or due within 12 months from the end of the reporting period and non-interest bearing except for the Group's and Company's fixed deposits and equity instrument as disclosed in Notes 6 and 14 respectively.

Notes to Financial Statements

for the financial year ended September 30, 2024

4. Financial instruments, financial risks and capital management *(continued)*

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

Financial Assets	Fair value as at ($'000) 2024 Assets	Fair value as at ($'000) 2023 Assets	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets at fair value through other comprehensive income – quoted equity shares	**156**	132	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets at fair value through other comprehensive income – unquoted equity shares	**1,185**	1,347	Level 3	Market approach (i)	Discount for Lack of Control ("DLOC")	The higher the DLOC, the lower the fair value.

In 2024 and 2023, the Guideline Transaction Method was adopted as the primary approach in estimating the fair value of the Company's unquoted equity shares. The external valuation expert applied the EV/EBITDA multiple of similar transactions for the past 2 years involving companies who are in the business of provision of services and/or solutions relating to Internet of Things ("IOT"), taking into consideration an implied discount for lack of control ("DLOC") of 25% (2023 : 25%) for transactions involving more than 50% of the shareholdings.

There has been no transfer between the different levels of the fair value hierarchy during the year ended September 30, 2024 and September 30, 2023.

(d) Capital management policies and objectives

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

The capital structure of the Group consists of issued capital, reserves and accumulated profits.

The Company's Board of Directors reviews the capital structure on a yearly basis and balances the Group's overall capital structure through the payment of dividends.

The Group's overall strategy remains unchanged from prior year.

Notes to Financial Statements

for the financial year ended September 30, 2024

5. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash, unless otherwise stated.

During the year, subsidiaries of the Group entered into the following transactions with a related party:

	Group	
	2024	2023
	$'000	$'000
Transactions with associate:		
Purchase of goods	**11**	271
Commission expense	**912**	886
Dividend income	**40**	7

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2024	2023
	$'000	$'000
Short-term benefits	**1,779**	1,889
Post-employment benefits	**44**	39
	1,823	1,928

Notes to Financial Statements

for the financial year ended September 30, 2024

6. Cash and bank balances

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Fixed deposits	**15,264**	19,770	**15,059**	16,960
Cash and bank balances	**9,693**	8,423	**6,822**	2,584
Total	**24,957**	28,193	**21,881**	19,544
Less: Fixed deposits pledged	**(155)**	(145)		
Cash and cash equivalents in consolidated statement of cash flows	**24,802**	28,048		

Cash and bank balances comprise cash and fixed deposits held by the Group and the Company which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Fixed deposits bear interest at average interest rates ranging from 3.17% to 5.64% (2023 : 2.48% to 5.53%) per annum and with a tenure of three months or less. Fixed deposits of $155,000 (2023 : $145,000) have been pledged for bank guarantees granted to third parties on behalf of the Group.

At September 30, 2024, the Group had cash and bank balances placed with banks in the People's Republic of China amounting to $529,000 (2023 : $402,000). The repatriation of these cash into Singapore is subject to the Foreign Exchange Control Regulations in China.

7. Trade receivables

	Group	
	2024	2023
	$'000	$'000
Outside parties	**23,334**	21,176
Loss allowance - outside parties	**(1,377)**	(892)
	21,957	20,284

As at October 1, 2022, trade receivables from contracts with customers amounted to $23,070,000 (net of allowance of $513,000).

The average credit period on sales of goods ranged from 30 days to 100 days (2023 : 30 days to 100 days). No interest is charged on outstanding trade receivables that are beyond the credit timeframe.

Notes to Financial Statements

for the financial year ended September 30, 2024

7. Trade receivables *(continued)*

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group					
		Trade Receivables - days past due				
	Not past due $'000	Up to 3 months $'000	4 months to 6 months $'000	7 months to 12 months $'000	>12 months $'000	Total $'000
2024						
Expected credit loss rate	**0.09%**	**0.38%**	**0.15%**	**98.93%**	**100%**	
Estimated total gross carrying amount at default	**20,571**	**22**	**1,379**	**561**	**801**	**23,334**
Lifetime ECL	**(19)**	**-**	**(2)**	**(555)**	**(801)**	**(1,377)**
						21,957
2023						
Expected credit loss rate	0.10%	1.22%	6.55%	44.67%	100%	
Estimated total gross carrying amount at default	18,858	82	687	1,305	244	21,176
Lifetime ECL	(19)	(1)	(45)	(583)	(244)	(892)
						20,284

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the approach set out in SFRS(I) 9:

	Lifetime ECL - non-credit impaired (collectively assessed) $'000	Lifetime ECL - credit impaired (individually assessed) $'000	Total $'000
Balance as at October 1, 2022	175	338	513
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(139)	614	475
Amounts written off	-	(88)	(88)
Exchange difference	-	(8)	(8)
Balance as at September 30, 2023	36	856	892
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(13)	518	505
Amounts written off	-	(12)	(12)
Exchange difference	-	(8)	(8)
Balance as at September 30, 2024	**23**	**1,354**	**1,377**

Notes to Financial Statements

for the financial year ended September 30, 2024

7. Trade receivables *(continued)*

The Group writes off trade receivables when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

8. Other receivables

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Value-added tax recoverable	**69**	20	-	-
Prepayments	**755**	727	**21**	19
Deposits	**301**	292	-	-
Subsidiaries (Note 12)	-	-	**246**	278
Export tax rebates recoverable	**77**	126	-	-
Others	**109**	326	**74**	75
	1,311	1,491	**341**	372

The Group measures the loss allowance for other receivables at an amount equal to 12-month expected credit losses ("ECL"). The ECL on other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Management believes that there is no loss allowance required using 12-month ECL as it is not material.

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

9. Inventories

	Group	
	2024	2023
	$'000	$'000
Finished goods	**5,375**	4,786
Work in progress	**1,173**	1,373
Raw materials	**18,746**	17,085
	25,294	23,244

During the year, an allowance for inventories of $135,000 (2023 : $179,000) was made in respect of write-down of inventory to net realisable value.

Notes to Financial Statements

for the financial year ended September 30, 2024

10. Property, plant and equipment

	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost:						
At October 1, 2022	268	4,613	10,840	1,470	934	18,125
Additions	-	-	440	98	-	538
Disposals	-	(836)	(75)	(3)	-	(914)
Write off	-	(38)	(672)	(29)	-	(739)
Exchange differences	(18)	(261)	(746)	(106)	(47)	(1,178)
At September 30, 2023	250	3,478	9,787	1,430	887	15,832
Additions	-	414	646	242	-	1,302
Disposals	-	-	(1,244)	-	(30)	(1,274)
Write off	-	(3)	(89)	(54)	-	(146)
Exchange differences	17	249	356	42	34	698
At September 30, 2024	**267**	**4,138**	**9,456**	**1,660**	**891**	**16,412**
Accumulated depreciation:						
At October 1, 2022	-	2,168	8,690	701	800	12,359
Depreciation for the year	-	80	509	180	60	829
Eliminated on disposals	-	(493)	(19)	(3)	-	(515)
Write off	-	(18)	(661)	(29)	-	(708)
Exchange differences	-	(112)	(532)	(50)	(43)	(737)
At September 30, 2023	-	1,625	7,987	799	817	11,228
Depreciation for the year	-	82	427	175	37	721
Eliminated on disposals	-	-	(1,017)	-	(30)	(1,047)
Write off	-	(1)	(72)	(52)	-	(125)
Exchange differences	-	100	269	14	33	416
At September 30, 2024	-	**1,806**	**7,594**	**936**	**857**	**11,193**
Impairment:						
At October 1, 2022	-	357	34	-	-	391
(Reversal) Impairment loss	-	(343)	296	-	-	(47)
Eliminated on disposal	-	-	(34)	-	-	(34)
Exchange differences	-	(14)	(10)	-	-	(24)
At September 30, 2023	-	-	286	-	-	286
Impairment loss	-	-	10	-	-	10
Eliminated on disposal	-	-	(226)	-	-	(226)
At September 30, 2024	-	-	**70**	-	-	**70**
Carrying amount:						
At September 30, 2024	**267**	**2,332**	**1,792**	**724**	**34**	**5,149**
At September 30, 2023	250	1,853	1,514	631	70	4,318

Notes to Financial Statements

for the financial year ended September 30, 2024

11. Right-of-use assets

The Group leases its leasehold land, factory and office space and office equipment. The average lease term of factory and office space and office equipment ranges from 2 to 5 years (2023 : 2 to 3 years). The average lease term of leasehold land is 56 years (2023 : 56 years).

	Leasehold land $'000	Factory and office space $'000	Office equipment $'000	Total $'000
Group				
Cost:				
At October 1, 2022	1,519	3,783	28	5,330
Disposal	(137)	-	-	(137)
Exchange differences	(96)	(254)	-	(350)
At September 30, 2023	1,286	3,529	28	4,843
Addition	-	663	-	663
Derecognition of right-of-use assets	-	(730)	-	(730)
Modification of lease	-	(102)	-	(102)
Exchange differences	86	(34)	-	52
At September 30, 2024	**1,372**	**3,326**	**28**	**4,726**
Accumulated depreciation:				
At October 1, 2022	610	1,107	12	1,729
Depreciation for the year	24	810	4	838
Disposal	(53)	-	-	(53)
Exchange differences	(40)	(87)	-	(127)
At September 30, 2023	541	1,830	16	2,387
Depreciation for the year	23	754	4	781
Derecognition of right-of-use assets	-	(730)	-	(730)
Exchange differences	38	(26)	-	12
At September 30, 2024	**602**	**1,828**	**20**	**2,450**
Impairment:				
At October 1, 2022	31	-	-	31
Reversal of impairment loss	(29)	-	-	(29)
Exchange differences	(2)	-	-	(2)
At September 30, 2023 and September 30, 2024	-	-	-	-
Carrying amount:				
At September 30, 2024	**770**	**1,498**	**8**	**2,276**
At September 30, 2023	745	1,699	12	2,456

Notes to Financial Statements

for the financial year ended September 30, 2024

12. Investments in subsidiaries

	Company	
	2024	2023
	$'000	$'000
Unquoted equity shares, at cost	**20,445**	19,514

Details of the subsidiaries are as follows:

Name of subsidiary	Proportion of ownership interest/ voting power held 2024 %	2023 %	Principal activities/ Country of incorporation
Da Xi Enterprises Ltd [3]	**100**	100	Dormant/ British Virgin Islands
PNE Appliance Controls Pte Ltd	**100**	100	Dealers in electronic and electrical appliances/ Singapore
PNE Electric Sdn Bhd [1]	**100**	100	Manufacture of electronic and electrical products/ Malaysia
PNE Electronic Technology (Shenzhen) Co., Ltd [2]	**100**	100	Manufacture of electronic and electrical products/ People's Republic of China
PNE International Pte Ltd	**100**	100	Investment holding/ Singapore
PNE Systems Sdn Bhd [1]	**100**	100	Dealers in domestic and commercial electrical appliances/ Malaysia
PNE Translite Pte Ltd	**100**	100	Trading and assembly of emergency lighting, electrical apparatus, light fittings and related products/ Singapore
Wanxi Holdings Pte Ltd	**100**	100	Investment holding/ Singapore

Notes:

Audited by Deloitte & Touche LLP, Singapore except as follows:

[1] Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

[2] Audited by overseas practices of Deloitte Touche Tohmatsu Limited for consolidation purposes.

[3] Not required to be audited by law in the country of incorporation and not material.

In 2024, the Company's wholly-owned subsidiary, PNE Electric Sdn Bhd ("PNE Elec") increased its paid-up share capital by $931,000 via an allotment and issuance of 3,000,000 new ordinary shares to the Company by way of subscription in cash ("Increase of Share Capital") for the purpose of working capital requirement. Subsequent to the increase of share capital, the Company holds 11,000,000 ordinary shares in PNE Elec and it remains as a wholly-owned subsidiary of the Company.

The Group is in compliance with Listing Rules 712 and 715 of the Singapore Exchange Securities Trading Limited as management is of the view that suitable auditing firms have been appointed to meet the Group's audit obligations.

Notes to Financial Statements

for the financial year ended September 30, 2024

12. Investments in subsidiaries *(continued)*

Some of the Company's transactions and arrangements are between members of the Group and related companies and the effect of these, on the basis determined between the parties, is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

There were no significant restrictions on the Company or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

Significant transactions with subsidiaries:

	Company	
	2024	2023
	$'000	$'000
Dividend income	**5,573**	1,105
Management fee income	**1,602**	1,584

13. Investment in associate

	Group	
	2024	2023
	$'000	$'000
Unquoted equity shares, at cost	**155**	155
Share of post-acquisition accumulated profits, net of dividends received	**385**	359
Currency realignment	**(66)**	(57)
	474	457

Details of the Group's associate are as follows:

Name of associate	Proportion of ownership interest/ voting power held		Principal activities/ Country of incorporation
	2024	2023	
	%	%	
PNE Benelux BV [1]	50	50	Marketing and engineering services/ The Netherlands

Note:

[1] No audit is required in the country of incorporation and the share of results are not material to the Group.

Notes to Financial Statements

for the financial year ended September 30, 2024

13. Investment in associate *(continued)*

Summarised financial information in respect of the Group's associate is set out below:

	2024 $'000	2023 $'000
Current assets	**1,058**	963
Non-current assets	**6**	15
Total assets	**1,064**	978
Current liabilities	**(212)**	(160)
Net assets	**852**	818

	2024 $'000	2023 $'000
Revenue	**999**	1,007
Profit for the year	**131**	82
Group's share of associate's profit for the year	**66**	41
Dividends received from associate during the year	**40**	71

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in these consolidated financial statements:

	2024 $'000	2023 $'000
Net assets of the associate	**852**	818
Proportion of the Group's ownership in associate	**50%**	50%
Group's share of associate's net assets	**426**	409
Goodwill	**48**	48
Carrying amount of the Group's share of associate's net assets	**474**	457

Notes to Financial Statements

for the financial year ended September 30, 2024

14. Financial assets at fair value through other comprehensive income

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Investments in equity instruments designated at FVTOCI:				
Quoted equity shares	**156**	132	**156**	132
Unquoted equity shares	**1,185**	1,347	-	-
	1,341	1,479	**156**	132

These investments in equity instruments are not held for trading. Instead they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

15. Deferred tax assets (liabilities)

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the year:

	Tax over book depreciation $'000	Right-of-use assets* $'000	Provisions $'000	Lease liabilities* $'000	Tax losses $'000	Total $'000
Group						
Balance at October 1, 2022	(2)	(457)	140	498	-	179
Credit (Charge) to profit or loss for the year (Note 24)	(16)	135	148	(154)	224	337
Exchange differences	-	31	12	(14)	-	29
Balance at September 30, 2023	(18)	(291)	300	330	224	545
(Charge) Credit to profit or loss for the year (Note 24)	7	33	(172)	(37)	50	(119)
Exchange differences	-	2	(34)	(2)	-	(34)
Balance at September 30, 2024	**(11)**	**(256)**	**94**	**291**	**274**	**392**

* As at October 1, 2022, the Group recognises deferred tax asset of $498,000 (September 30, 2023 : $330,000) and deferred tax liability of $457,000 (September 30, 2023: $291,000) in relation to its lease liabilities and right-of-use assets respectively, following the adoption of the amendments to SFRS(I) 1-12 as disclosed in Note 2.

Notes to Financial Statements

for the financial year ended September 30, 2024

15. Deferred tax assets (liabilities) *(continued)*

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position presentation purposes:

	Group	
	2024	2023
	$'000	$'000
Deferred tax assets	**392**	547
Deferred tax liabilities	-	(2)
	392	545

At the end of the reporting period, certain subsidiaries of the Group has unutilised tax losses of $1,733,000 (2023 : $1,374,000). These unutilised tax losses include $Nil (2023 : $49,000) arising from a subsidiary operating in a certain foreign tax jurisdiction that will expire within five years, are available for set off against future taxable profits.

During the year, a deferred tax asset has been recognised in respect of $1,611,000 (2023 : $1,318,000) of such losses. No deferred tax assets were recognised in the financial statements on the remaining $122,000 (2023 : $56,000) of tax losses due to the uncertainty of their realisation. The utilisation of these tax benefits is subject to the agreement of tax authorities and compliance with certain provisions of the tax legislation of the countries in which the subsidiaries operate.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised is $13,946,000 (2023 : $18,837,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not crystallise in the foreseeable future.

16. Trade payables

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Outside parties	**8,913**	7,179	**39**	29
Related parties (Note 5)	**177**	418	-	-
Contract liability	**1,400**	1,505	-	-
	10,490	9,102	**39**	29

The average credit period on purchases of goods is 30 to 90 days (2023 : 30 to 90 days). No interest is charged on outstanding trade payable balances beyond the credit timeframe.

Contract liability relates to advance consideration received from customers for contract revenue. The contract liability as at October 1, 2022 amounted to $1,204,000.

The decrease in contract liability balances from 2023 to 2024 was mainly due to delivery of finished goods to the customers during the year.

The amount of revenue recognised in the current period which relates to brought-forward contract liability is $105,000 (2023 : $153,000). There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Notes to Financial Statements

for the financial year ended September 30, 2024

17. Other payables

	Group		Company	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Accruals	**2,223**	2,026	**407**	380

18. Lease liabilities

	Group	
	2024	2023
	$'000	$'000
Maturity analysis:		
Year 1	**856**	803
Year 2	**758**	686
Year 3	**184**	572
Year 4	**-**	2
	1,798	2,063
Less: Future interest	**(86)**	(123)
	1,712	1,940
Analysed as:		
Current	**798**	732
Non-current	**914**	1,208
	1,712	1,940

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury function.

The above represents leases for factory and office space and office equipment. The weighted average incremental borrowing rate was 4.32% (2023 : 3.30%) per annum.

As at September 30, 2024 and September 30, 2023, the fair values of the Group's lease liabilities approximates their carrying amounts.

Notes to Financial Statements

for the financial year ended September 30, 2024

18. Lease liabilities *(continued)*

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	October 1, 2023 $'000	Financing cash flows [1] $'000	Addition and Modification of lease liability $'000	Exchange differences $'000	**September 30, 2024 $'000**
Lease liabilities	1,940	(777)	561	(12)	**1,712**

			Non-cash changes		
	October 1, 2022 $'000	Financing cash flows [1] $'000	Modification of lease liability $'000	Exchange differences $'000	September 30, 2023 $'000
Lease liabilities	2,931	(909)	-	(82)	1,940

[1] The cash flows make up the repayment of lease liabilities in the consolidated statement of cash flows.

19. Share capital

	Group and Company			
	2024 '000	2023 '000	**2024 $'000**	2023 $'000
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning and end of year	**83,917**	83,917	**36,991**	36,991

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

Notes to Financial Statements
for the financial year ended September 30, 2024

20. Revenue

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 27).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2024	2023
	$'000	$'000
Segment revenue		
Contract manufacturing	**53,322**	46,042
Trading	**7,644**	7,478
Others	**9**	8
	60,975	53,528

21. Other operating income

	Group	
	2024	2023
	$'000	$'000
Foreign exchange gain (net)	**496**	88
Government grant income	**53**	27
Gain on disposal of asset held for sale	**-**	202
Gain on disposal of property, plant and equipment	**62**	-
Gain on disposal of right-of-use assets	**-**	141
Income from sale of scrap	**259**	312
Interest income from fixed deposits	**1,038**	1,096
Reversal of impairment loss on right-of-use asset	**-**	29
Reversal of impairment loss on property, plant and equipment	**-**	47
Others	**207**	113
	2,115	2,055

22. Other operating expenses

	Group	
	2024	2023
	$'000	$'000
Property, plant and equipment written off	**21**	31
Loss on disposal of property, plant and equipment	**-**	224
Impairment loss on property, plant and equipment	**10**	-
Loss allowance recognised on trade receivables	**505**	475
Expenses relating to leases of low value assets	**4**	5
Expenses relating to short-term leases	**41**	29
	581	764

Notes to Financial Statements

for the financial year ended September 30, 2024

23. Finance costs

	Group	
	2024	2023
	$'000	$'000
Interest expense on lease liabilities	**78**	105

24. Income tax expense

	Group	
	2024	2023
	$'000	$'000
Current tax:		
Singapore	**-**	6
Foreign	**326**	472
Withholding tax	**246**	-
Deferred tax	**66**	(294)
(Over) Under provision in prior years:		
Current tax	**(112)**	(129)
Deferred tax	**53**	(43)
	579	12

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2023 : 17%) to profit before tax as a result of the following differences:

	Group	
	2024	2023
	$'000	$'000
Profit before tax	**1,863**	765
Income tax expense at statutory rate	**317**	130
(Non-taxable income) Non-deductible items	**(31)**	130
Effects of different tax rates of overseas operations	**132**	128
Exempt income	**(7)**	(43)
Unrecognised deferred tax benefits	**18**	-
Realisation of deferred tax related to disposal	**-**	(101)
Tax effect of utilisation of deferred tax assets previously not recognised	**(7)**	(6)
Withholding tax	**246**	-
(Over) Under provision of taxes in prior years		
Current tax	**(112)**	(129)
Deferred tax	**53**	(43)
Others	**(30)**	(54)
	579	12

Notes to Financial Statements

for the financial year ended September 30, 2024

25. Profit for the year

Other than those disclosed elsewhere in the notes to the financial statements, profit for the year has been arrived at after charging:

	Group	
	2024	2023
	$'000	$'000
Directors' remuneration:		
Directors of the Company	**1,086**	1,197
Directors of subsidiaries	**70**	76
Employee benefits expense (including directors' remuneration)	**14,807**	14,525
Cost of defined contribution plans (included in employee benefits expense)	**932**	889
Audit fees:		
Paid to auditors of the Company and Deloitte network firms	**261**	256
Paid to other auditors	**3**	7
Non-audit fees:		
Paid to auditors of the Company and Deloitte network firms	**19**	19
Cost of inventories included in cost of sales	**49,634**	42,887

26. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2024	2023
Profit for the year ($'000)	**1,284**	753
Number of fully paid ordinary shares in issue during the year (in '000)	**83,917**	83,917

As there are no dilutive potential ordinary shares issued and/or granted, the fully diluted earnings per share is the same as the basic earnings per share.

Notes to Financial Statements

for the financial year ended September 30, 2024

27. Segment information

(a) Business segment

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products on which information is prepared and reportable to the Group's chief operating decision maker for the purposes of resources allocation and assessment of performance.

The Group's reportable segments are therefore contract manufacturing, trading and others, as described below:

Contract manufacturing - The products sold include electronic controllers and electronic and electrical products.

Trading - The products sold include emergency lighting equipment and related products.

Others - Refer to others which do not fall into the above segments.

Information regarding the Group's reporting segments is presented below.

(i) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Revenue		Net Profit	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Contract manufacturing	**53,322**	46,042	**710**	(94)
Trading	**7,644**	7,478	**545**	642
Others	**9**	8	**(418)**	(815)
Total	**60,975**	53,528	**837**	(267)
Interest income			**1,038**	1,096
Share of results of associate			**66**	41
Finance costs			**(78)**	(105)
Profit before tax			**1,863**	765
Income tax expense			**(579)**	(12)
Profit for the year			**1,284**	753

Notes to Financial Statements

for the financial year ended September 30, 2024

27. Segment information *(continued)*

Revenue reported above represents revenue generated from external customers after excluding all inter-segment sales between contract manufacturing segment and trading segment during the year amounting to $6,726,000 (2023 : $6,057,000).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment, before finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(ii) Segment assets and liabilities

	2024 $'000	2023 $'000
Segment assets		
Contract manufacturing	**51,883**	47,862
Trading	**3,837**	3,665
Others	**741**	723
Total segment assets	**56,461**	52,250
Unallocated	**26,977**	30,219
Consolidated assets	**83,438**	82,469
Segment liabilities		
Contract manufacturing	**13,220**	11,747
Trading	**791**	938
Others	**414**	383
Total segment liabilities	**14,425**	13,068
Unallocated	**57**	94
Consolidated liabilities	**14,482**	13,162

All assets are allocated to reportable segments other than cash and bank balances (Note 6), income tax recoverable, financial assets at fair value through other comprehensive income (Note 14), and deferred tax assets (Note 15).

All liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities (Note 15).

Notes to Financial Statements

for the financial year ended September 30, 2024

27. Segment information *(continued)*

(iii) Other segment information

	Depreciation		Additions to non-current assets*		Loss allowance (Reversal) on trade receivables		Allowance for (reversal of) inventories	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Contract manufacturing	**1,357**	1,516	**1,299**	535	**510**	484	**250**	261
Trading	**145**	151	**3**	3	**(5)**	(9)	**(115)**	(82)
	1,502	1,667	**1,302**	538	**505**	475	**135**	179

* excluding deferred tax assets.

In addition to the depreciation reported above, impairment loss $10,000 (2023 : reversal of impairment loss of $47,000) and reversal of impairment loss $Nil (2023 : $29,000) attributable to the reportable segment under contract manufacturing was recognised in respect of property, plant and equipment and right-of-use assets respectively in 2024.

(b) Geographical information

The Group's activities are mainly located in Europe, Malaysia, Singapore and the People's Republic of China.

The Group's revenue is analysed by geographical location of its customers and the analysis on the carrying amount of non-current assets is based on geographical location of its assets.

	Revenue from external customers		Non-current assets	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Romania	**24,692**	24,683	-	-
Netherlands	**5,308**	5,792	**474**	457
People's Republic of China	**11,461**	5,851	**1,379**	2,202
Malaysia	**6,235**	5,535	**5,361**	4,292
Singapore	**5,226**	4,951	**685**	280
Others	**8,053**	6,716	-	-
	60,975	53,528	**7,899**	7,231

(c) Information about major customers

Included in revenue arising from contract manufacturing sales to customers is revenue of $36,398,000 (2023 : $32,272,000) which arose from sales to the Group's 2 (2023 : 2) major groups of customers, each of whom accounted for more than 10% of the Group's total external revenue.

Notes to Financial Statements

for the financial year ended September 30, 2024

28. Dividends

On February 16, 2024, a one-tier tax-exempt final dividend of $0.020 per share (2023 : one-tier tax-exempt final dividend of $0.030 per share) was paid to shareholders in respect of the year ended September 30, 2023, amounting to a total dividend of $1,679,000 (2023 : $2,518,000 for the year ended September 30, 2022).

In respect of the year ended September 30, 2024:

(a) The Company declared and paid a one-tier tax-exempt interim dividend of $0.010 per share totaling $839,000 on June 14, 2024 (2023 : one-tier tax-exempt interim dividend of $0.010 per share totaling $839,000).

(b) The directors proposed that a one-tier tax-exempt final dividend of $0.020 per share be paid to shareholders. This dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is $1,679,000.

Statistics of Shareholdings

as at December 10, 2024

Issued share capital	:	S$36,991,168
Number of shares	:	83,916,757
Class of shares	:	ordinary shares
Voting rights	:	one vote per share

The Company does not have any treasury shares or subsidiary holdings.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	33	2.85	1,441	0.00
100 - 1,000	279	24.14	136,972	0.16
1,001 - 10,000	546	47.23	2,321,793	2.77
10,001 - 1,000,000	284	24.57	18,097,364	21.57
1,000,001 and above	14	1.21	63,359,187	75.50
Total	**1,156**	**100.00**	**83,916,757**	**100.00**

Based on information available to the Company as at December 10, 2024, approximately 21.51% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Tan Koon Chwee	9,443,875	11.25
2	Tan Kong Heng	8,829,100	10.52
3	Tan Kong Leong	8,614,875	10.27
4	Tan Kong Sin	6,474,632	7.72
5	Estate of Tan Kwang Hua, deceased	6,384,375	7.61
6	Tan Kwong Soon or Teo Boon Lui	4,709,750	5.61
7	Tan Wei Kang Eugene	4,596,750	5.48
8	Lam Kue Yen	4,314,500	5.14
9	Tan Kong Guan	2,520,000	3.00
10	Tan Kian Hie	1,968,500	2.35
11	Tan Bee Foon	1,823,905	2.17
12	Tan Kian Chuan (Chen Jianquan)	1,336,150	1.59
13	DBS Nominees (Private) Limited	1,217,275	1.45
14	Chua Cheng Hwee Rona (Cai Jinghui Rona)	1,125,500	1.34
15	Tan Kim Kim	984,500	1.17
16	Tan Pai Li	878,200	1.05
17	Phillip Securities Pte Ltd	875,253	1.04
18	Tan Jian Hui	741,187	0.88
19	Citibank Nominees Singapore Pte Ltd	720,500	0.86
20	ABN Amro Clearing Bank N.V.	662,750	0.79
	Total	**68,221,577**	**81.29**

Statistics of Shareholdings

as at December 10, 2024

Substantial Shareholders as shown in the Register of Substantial Shareholders

S/No.	Name	Direct Interest	Deemed Interest
1	Tan Koon Chwee	9,443,875	Nil
2	Tan Kong Heng	8,829,100	Nil
3	Tan Kong Leong	8,614,875	Nil
4	Tan Kong Sin	6,474,632	Nil
5	Estate of Tan Kwang Hua, deceased	6,384,375	Nil
6	Tan Kwong Soon or Teo Boon Lui	4,709,750	Nil
7	Tan Kwong Soon	Nil	4,709,750
8	Teo Boon Lui	Nil	4,709,750
9	Tan Wei Kang Eugene	4,596,750	Nil
10	Lam Kue Yen	4,314,500	Nil

Notice of Annual General Meeting

PNE INDUSTRIES LTD (Company Registration No. 199905792R)

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of PNE Industries Ltd will be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 1, Orchid Lodge, Level 2, Singapore 769162 on Thursday, 23 January 2025 at 9.00 a.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Financial Statements for the year ended 30 September 2024 and the Auditors' Report thereon.

2. To declare a final dividend of S$0.02 (2023: S$0.02) per ordinary share for the year ended 30 September 2024.

3. To approve the Directors' Fees of S$150,000/- (2023: S$147,500/-) for the year ended 30 September 2024.

4(a). To re-elect Mr Tan Koon Chwee, the Director retiring pursuant to Regulation No. 93 of the Company's Constitution.

4(b). To re-elect Mr Tan Tee Ching, the Director retiring pursuant to Regulation No. 92 of the Company's Constitution.

4(c). To record the retirement of Mr Lim Meng Wee, the Director retiring pursuant to Regulation No. 93 of the Company's Constitution.

4(d). To record the retirement of Mr Tung Chee Weng, the Director retiring pursuant to Regulation No. 93 of the Company's Constitution.

5. To appoint Messrs Forvis Mazars LLP as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte & Touche LLP, and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolution as Ordinary Resolution:

6. "That pursuant to Section 161 of the Companies Act 1967, authority be and is hereby given to the Directors to:

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

   (bb) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) 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

   (ii) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

Notice of Annual General Meeting

PNE INDUSTRIES LTD (Company Registration No. 199905792R)

Provided that:

(iii) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (iv) below), and provided further that where shareholders of the Company ("Shareholders")are not given the opportunity to participate in the same on a pro-rata basis ("non-pro-rata basis"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (iv) below);

(iv) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (iii) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:

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

(bb) new Shares arising from exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(cc) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and

(v) (unless revoked or varied by the Company in general meeting), the authority so conferred 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."

7. To transact any other business.

By Order of the Board

TAN MENG SIEW
Company Secretary

Singapore
Date: 8 January 2025

Notice of Annual General Meeting

PNE INDUSTRIES LTD (Company Registration No. 199905792R)

Notes:

A member is entitled to appoint a proxy to attend and vote in his place. A proxy need not be a Member of the Company. Members wishing to vote by proxy at the Meeting may use the proxy form enclosed. To be valid, the completed proxy form must be lodged at the registered office of the Company at 996 Bendemeer Road #07-06, Singapore 339944 not less than 48 hours before the Meeting.

NOTICE OF BOOK CLOSURE
NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of PNE Industries Ltd will be closed at 5.00 p.m. on 28 January 2025 for the preparation of dividend entitlement and shall reopen on the following working day.

Duly completed and stamped registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on 28 January 2025 will be registered to determine shareholders' entitlements to the said dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 28 January 2025 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the AGM to be held on 23 January 2025, will be made on 14 February 2025.

EXPLANATORY NOTE TO RESOLUTION 4(a):
Mr. Tan Koon Chwee is an Executive Managing Director of the Company. He will, upon re-election, continue to serve as Executive Managing Director of the Company. Mr. Tan Koon Chwee was last re-elected in 2023.

EXPLANATORY NOTE TO RESOLUTION 4(b):
Mr. Tan Tee Ching is a Non-Independent and Non-Executive Director of the Company. He is a member of the Nominating, Audit, and Remuneration Committees. He will, upon re-election, continue to serve as member of the Nominating, Audit, and Remuneration Committees respectively.

Detailed information on these two directors seeking re-election (including information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST) can be found under "Board of Directors" and "Corporate Governance-Additional Information" in the Company's Annual Report 2024.

EXPLANATORY NOTE TO RESOLUTION 4(c):
Mr. Lim Meng Wee, upon his retirement at the conclusion of the Annual General Meeting, shall cease to be the Chairman of Audit Committee and a member of the Nominating Committee and Remuneration Committee.

EXPLANATORY NOTE TO RESOLUTION 4(d):
Mr. Tung Chee Weng, upon his retirement at the conclusion of the Annual General Meeting, shall cease to be the Chairman of Remuneration Committee and a member of the Audit Committee and Nominating Committee.

EXPLANATORY NOTE TO RESOLUTION 5:
Resolution 5 relates to the appointment of Messrs Forvis Mazars LLP as the Auditors of the Company, in place of the retiring Auditors, Messrs Deloitte & Touche LLP, and to hold office until the conclusion of the next annual general meeting of the Company. In accordance with Rule 1203(5) of the Listing Manual of the SGX-ST:

(a) the Company had received a copy of the professional clearance letter from Deloitte & Touche LLP to Forvis Mazars LLP, confirming that they are not aware of any professional reasons why Forvis Mazars LLP should not accept appointment as the new Auditors of the Company;

(b) the Company confirms that there were no disagreements with Deloitte & Touche LLP on accounting treatments within the last 12 months;

Notice of Annual General Meeting

PNE INDUSTRIES LTD (Company Registration No. 199905792R)

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the Appendix to Shareholders dated 8 January 2025 (the "Appendix") to the Annual Report for FY2024 of the Company in connection with the Proposed Change of Auditors;

(d) the reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of the Appendix; and

(e) the Board confirms that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Forvis Mazars LLP as its new Auditors, after taking into account the various factors in Section 2.3 and 2.4 of the Appendix.

For further information in relation to the Proposed Change of Auditors, please refer to the Appendix which is circulated to Shareholders together with the Company's Annual Report for FY2024.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:
The ordinary resolution proposed in item (6) above if passed will empower the Directors of the Company from the date of the above Meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company, with a sub-limit of 20% for issue of shares other than on a pro-rata basis, to shareholders for the time being for such purposes as they consider would be in the interests of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

General:

1. The AGM will be held, in a wholly physical format, at the venue, date and time stated above. There will be no option for members to participate virtually.

2. Printed copies of this Notice of AGM, accompanying Proxy Form and the Request Form for a printed copy of the Annual Report and Appendix will be despatched by post to members. The Annual Report and Appendix will not be sent to the members except upon request. These documents will also be published on the Company's corporate website at URL: https://pne.com.sg/industries/ and will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

3. Authenticated members, including CPF and SRS investors, and proxy(ies) will be able to ask questions and vote at the AGM by attending the AGM in person. Arrangements have also been put in place to permit members to submit their questions ahead of the AGM. Please refer to Notes 12 and 13 below for further details.

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

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

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

Voting by Proxy

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

Notice of Annual General Meeting

PNE INDUSTRIES LTD (Company Registration No. 199905792R)

6. Completion and return of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

7. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

8. In the case of a member whose shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any Proxy Form lodged if such member is not shown to have Shares entered against his/her/its name in the depository register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if submitted electronically, be submitted via email to srs.proxy@boardroomlimited.com; or

   (b) if submitted by post, to be sent to the registered office of the Company, 996 Bendemeer Road #07-06, Singapore 339944.

   in either case, by 9.00 a.m. on 20 January 2025, being 72 hours before the time for holding the AGM.

   A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before scanning and sending it by email to the email address provided above or submitting it by post to the address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

10. CPF/SRS investors who hold the Company's shares:

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

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by 9.00 a.m. on 14 January 2025 to submit their votes.

11. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies.

<u>**Submission of Questions prior to the AGM**</u>

12. Members, including CPF and SRS investors, may submit substantial and relevant questions relating to the business of the AGM in advance and in any case, not later than 9.00 a.m. on 15 January 2025 through any of the following means:

   (a) if submitted by post, to the registered office of the Company, 996 Bendemeer Road #07-06, Singapore 339944; or

   (b) if submitted electronically, be submitted via email to srs.proxy@boardroomlimited.com.

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PNE INDUSTRIES LTD (Company Registration No. 199905792R)

A member who wishes to submit the questions is required to indicate the full name (for individuals)/ company name (for corporates), NRIC/Passport No./Company Registration No., email address, contact number, shareholding type and number of shares held together with their submission, before submitting it in the manner stated above.

13. The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the Meeting by publishing the responses to those questions on SGXNET at URL https://www.sgx.com/securities/company-announcements and the Company's website at URL https://pne.com.sg/industries/ at least seventy-two (72) hours (being 17 January 2025), prior to the closing date and time for the lodgement of the proxy forms on 20 January 2025. Where substantial relevant questions submitted by Shareholders are unable to be addressed prior to the Meeting, the Company will address them during the Meeting. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received.

14. The Company's Annual Report 2024 and Appendix has been published on the Company's corporate website and may be accessed at URL: https://pne.com.sg/industries/. The Annual Report 2024 and Appendix will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

PERSONAL DATA PRIVACY:

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

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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Proxy Form

PNE INDUSTRIES LTD
Company registration no. 199905792R
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. The Annual Report, Appendix and Notice of Annual General Meeting ("AGM") dated 8 January 2025 and the proxy form have been made available on SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at URL https://pne.com.sg/industries/.
2. The AGM will be held, in a wholly physical manner, at the venue, date and time as stated below. There will be no option for members to participate virtually.
3. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see note 2 for the definition of "relevant intermediary").
4. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 January 2025.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Meeting.

*I/We ____ (Name)
(*NRIC / Passport / Company Registration No. ______________) of ______________________
____ (Address) being a *member/members of PNE Industries Ltd, hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of shareholdings (%)

and/or (delete as appropriate)

or failing the person, or either or both persons referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM (the "Meeting") of the Company to be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 1, Orchid Lodge, Level 2, Singapore 769162 on Thursday, 23 January 2025 at 9.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

All resolutions put to the vote at the Meeting shall be conducted by poll.

No.	Ordinary Resolutions	For	Against	Abstain
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Financial Statements for the year ended 30 September 2024.			
2.	To declare a final dividend of S$0.02 (2023: S$0.02) per ordinary share for the year ended 30 September 2024.			
3.	To approve the Directors' Fees of S$150,000/- (2023: S$147,500/-) for the year ended 30 September 2024.			
4(a).	To re-elect Mr Tan Koon Chwee, the Director retiring pursuant to Regulation No. 93 of the Company's Constitution.			
4(b).	To re-elect Mr Tan Tee Ching, the Director retiring pursuant to Regulation No. 92 of the Company's Constitution.			
5.	To appoint Messrs Forvis Mazars LLP as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte & Touch LLP, and to authorise the Directors to fix their remuneration.			
	SPECIAL BUSINESS			
6.	Approval of the ordinary resolution pursuant to Section 161 of the Companies Act 1967.			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution or to abstain from voting on a resolution, please indicate with a "X" in the "For", "Against" or "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For, "Against" or "Abstain" in the "For", "Against" or "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Signed this ______ day of __________ 2025.

Total Number of Shares

____
Signature(s) of Member(s)/Common Seal
* Delete Accordingly

Important: Please read notes overleaf

FOLD THIS FLAP FOR SEALING

Proxy Form

Affix
Postage
Stamp

The Company Secretary
PNE Industries Ltd
996 Bendemeer Road #07-06
Singapore 339944

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Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument ("Proxy Form") appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the shares held by you.
2. A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
4. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
5. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.
6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (excluding SRS investors) and who wish to exercise their votes by appointing a proxy or proxies should approach their respective relevant intermediaries to submit their voting instructions as soon as possible. In the case of CPF/SRS investors, they must do so **at least seven (7) working**

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   days before the AGM (i.e. by 14 January 2025, 9.00 a.m.) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint a proxy or proxies to vote on their behalf **by 9.00 a.m. on 20 January 2025**.
7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

   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 registered office of the Company, 996 Bendemeer Road #07-06, Singapore 339944 or by scanning and sending it via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.proxy@boardroomlimited.com as soon as possible, in either case, **by 9.00 a.m. on 20 January 2025(being at least seventy-two (72) hours before the time appointed for holding the Meeting)**.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY:
By submitting a proxy form appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 January 2025.

GENERAL:
The Company shall be entitled to reject the proxy form appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.