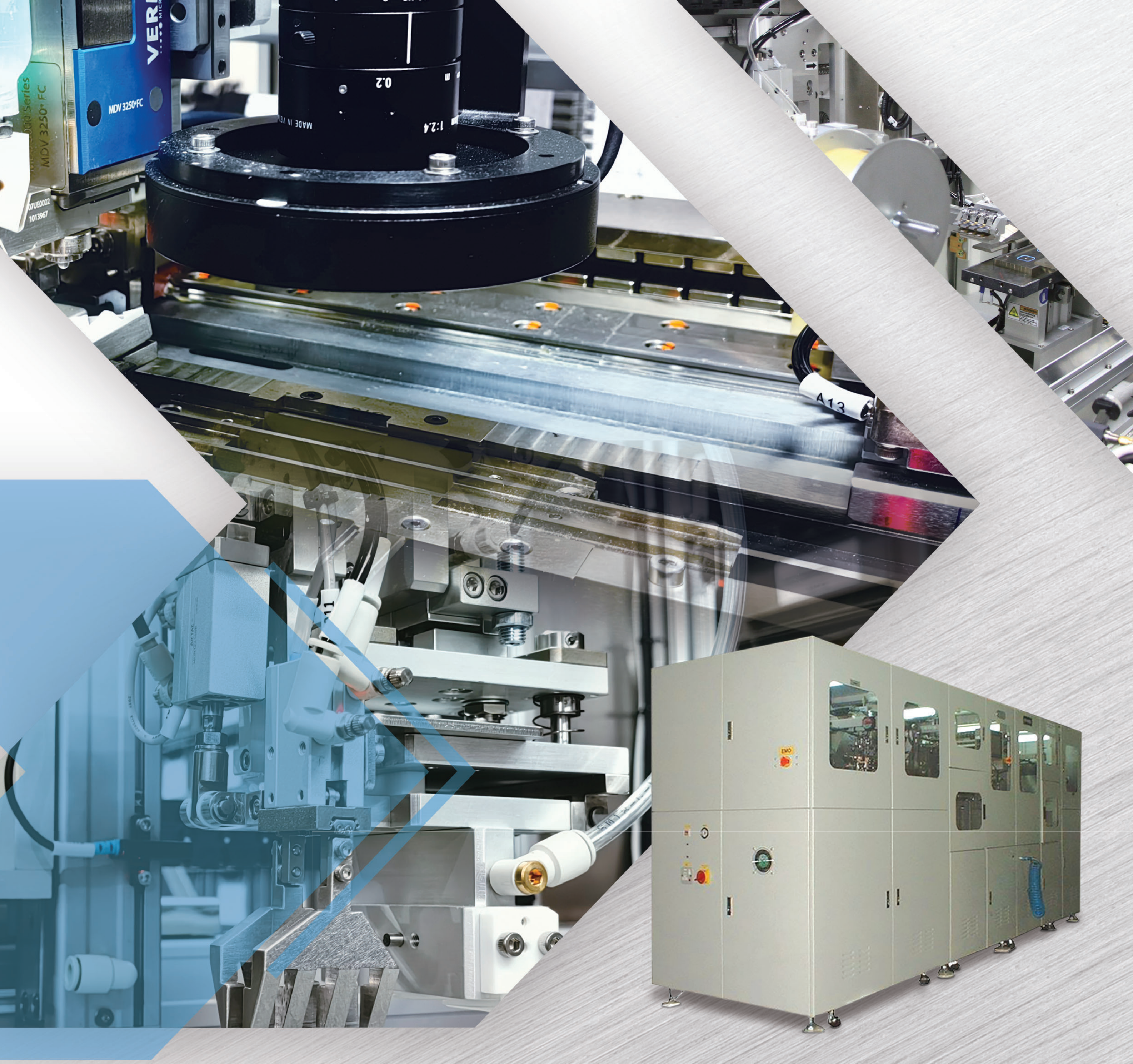


KINERGY

Kinergy Corporation Ltd.

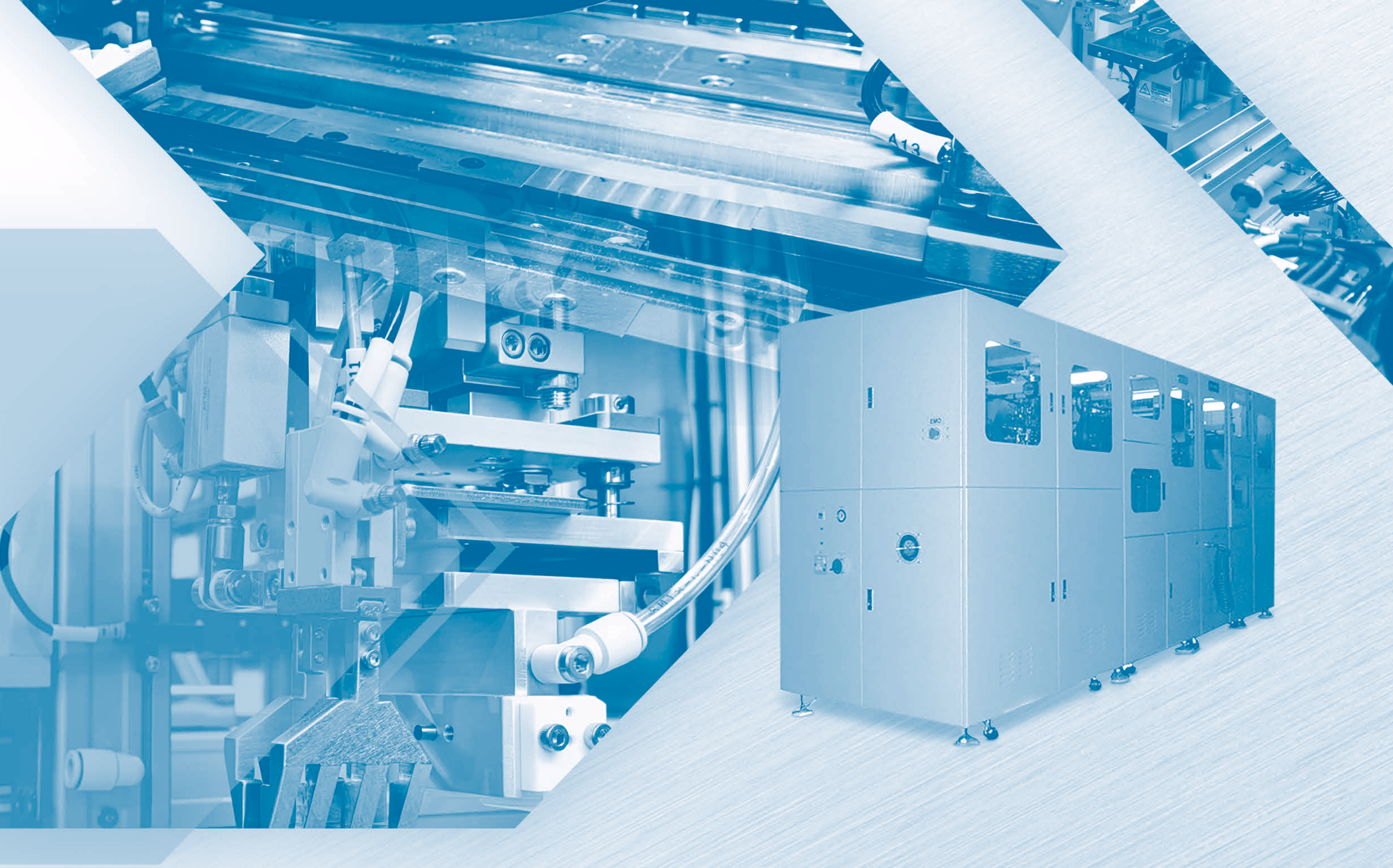
精技集團有限公司 *

(Incorporated in Singapore with limited liability)

(Stock Code: 3302)

2023 ANNUAL REPORT

* For identification purpose only



CONTENTS

CORPORATE PROFILE

COMPANY OVERVIEW

Established in Singapore in 1988, Kinergy Corporation Ltd. (the "Company", together with its subsidiaries, the "Group") is a major contract manufacturer specialising in the manufacture of equipment, machines, sub-systems, precision tools, spare parts and components in the semiconductor processing equipment ("SPE") industry, with in-house production facilities located in Singapore, the People's Republic of China (the "PRC" or "China"), the Philippines and Malaysia.

We provide Electronics Manufacturing Services ("EMS") for high-mix/low volume sub-systems and equipment, and also provide Original Design Manufacturing ("ODM") of our proprietary "Kinergy" brand of equipment.

We serve customers from various electronic industry sectors like surface mount equipment, semiconductor assembly equipment, medical analytical and other industrial equipment.

Our unique blend of multi-disciplinary engineering capabilities and manufacturing services, flexibility and responsiveness positions us as the partner of choice to our customers.

We pride ourselves on our ability to provide quality, timely and cost-effective manufacturing services and engineering solutions, tailored to support our customers' needs.

We also provide fund management and investment services.

Our business activities can be divided into the following three divisions:

1. EMS Division

Our EMS division manufactures EMS products, comprising (i) sub-systems, (ii) complete machines and (iii) components, on the "high mix, low volume" basis mainly for use in the semiconductor processing equipment industry. "High mix, low volume" means the orders we receive from the products we assembled have high variations in applications, lot sizes and processes but low production volume. Our EMS manufacturing process mainly involves the manual assembly of parts and the manufacturing process is labour intensive. We also provide maintenance and commissioning services for our customers at our customers' facilities.

Our customers, which are primarily SPE manufacturers, generally purchase our EMS products to be used in the manufacturing of equipment and the production of semiconductors.

Our Products and Services:

Our EMS products manufactured by our EMS division are classified into three types as follows:

Sub-systems

We assemble components and parts manufactured or procured by us into sub-systems, which form critical modules to equipment and machines which would be used by our customers to produce semiconductor processing equipment. Our major sub-systems products include magazine handlers, work-holders and sliders.

Complete Machines

We manufacture complete machines according to our customers' specifications by integrating parts and components. As part of the process, we provide value-added engineering services to improve our customers' existing designs and enhance their existing products.

We also collaborate with our customers to conceptualise, design and manufacture their new products. We produce complete machines such as dicing machines, lapping machines, lifters and polishing machines which mainly cater for customers in the data storage and electronics industry.

Components

We manufacture mechanical components which are used by our customers in the manufacturing of equipment and machines, such as dry pumps and housings, for customers in the SPE industry.

Our customers are internationally "Best of Class" players in their respective fields.

2. ODM Division

Our ODM division designs and manufactures ODM products, comprising (i) automated equipment, (ii) precision tooling components such as trim and form dieset; and (iii) spare parts, for use mainly in the semiconductor industry.

Our Products and Services:

Our ODM products are classified into three types as follows:

Automated Equipment

We design, develop and manufacture automated equipment according to our customers' needs and requirements. The automated equipment manufactured by us is generally used in semiconductor processing. Our Automated Equipment Department is responsible in design and manufacturing. Some of the machines designed and manufactured by us include the following:

Auto Frame Loader — equipment that automatically takes the fragile wire bonded lead-frames from magazines and places them onto a loading frame using robotic arm. The loading frame is then manually placed into the mould for encapsulation. We make both Cartesian and scara robot models of Auto Frame Loader.

Auto-buffing equipment — equipment that removes excess mould resin bleed and tape residue from the sensitive surface of Quad Flat No-Lead (QFN) package lead frames using a nylon wheel mounted on a rotating spindle head assembly precisely positioned over the work area.

Detape Equipment — equipment that removes the adhesive backing tape from Quad Flat No-Lead (QFN) leadframes after encapsulation moulding. Some tapes are polyimide based tapes and these require the frame to be at even temperature of more than 180°C.

Media Deflash Equipment — equipment that removes mould flash from the leads of leadframes after encapsulation moulding. This is done with high pressure media blasting of the frames.

Strip laser markers — equipment that automates the process of engraving identification marks, which are usually characters, logos or two-dimensional (2D) code by a laser beam on the plastic or ceramic surfaces of the IC packages as well as side rails of leadframes.

Precision Tooling

We design, develop and manufacture precision tools including dies for trimming and forming of encapsulated integrated circuit (IC) chips by cutting and bending the terminals of the lead frame to different shapes. The precision tools we manufacture are prone to wear and tear as they are subject to continuous production runs.

3. Investment Division

Our investment division principally engages in providing fund management services and conducting investment activities in equity securities and funds which include equity fund raising activities for non-listed corporations and related consultation services.

Post-Covid-19, our Investment Division has been very active during the year ended 31 December 2023 in the formation of funds and in identifying potential investment targets. During the year ended 31 December 2023, the total assets under management ("AUM") as at 31 December 2023 was approximately S$168 million.

COMMITMENT TO QUALITY

We are committed to providing our customers with high-quality and cost-efficient products with timely delivery. This is achieved through the process of continual improvement and commitment of resources to meet and maintain the effectiveness of the quality management system and compliance to applicable product performance safety, statutory and customers' requirements. We obtained ISO 9001:2015 certification for quality management system. Our plant in Nantong is also certified for both ISO 9001:2015 and ISO 14001:2015 for environment management systems.

Our core competencies in a wide range of engineering disciplines, in particular, precision kinetics, electronic control, material technology and precision tooling, coupled with our ability to leverage on the combined knowledge and skill sets from both our EMS and ODM divisions, is a key differentiating competitive factor for us.

We are a three-time Enterprise 50-award winner (in 1999, 2000 and 2001).

Our headquarters is located in Singapore. We currently have manufacturing and service facilities in Singapore, Nantong (the PRC), the Philippines, Malaysia as well as marketing presence in Japan. Our investment division is located in Shanghai (the PRC).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lim Kuak Choi Leslie *(Chief Executive Officer)*
Mr. Du Xiaotang
Mr. Lim Khin Mann
Mr. Henry Lee Wong *(ceased to be an alternate Director to Mr. Lim Khin Mann with effect from 23 December 2023 and is no longer a member of the Board since then)*
Mr. Tay Kim Kah *(Group Financial Controller)*

Non-executive Directors

Mr. Loh Kin Wah *(Chairman of the Board)*
Mr. Wang Yizhe *(resigned with effect from 21 August 2023)*
Mr. Fan Zhirong *(appointed with effect from 21 August 2023)*

Independent Non-executive Directors

Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka
Mr. Hoon Chee Wai
Dr. Ang Peng Huat

BOARD COMMITTEES

Audit Committee

Mr. Hoon Chee Wai *(Chairman)*
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka
Dr. Ang Peng Huat

Nomination Committee

Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka *(Chairman)*
Mr. Tay Kim Kah
Mr. Hoon Chee Wai

Remuneration Committee

Dr. Ang Peng Huat *(Chairman)*
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka
Mr. Loh Kin Wah

AUTHORISED REPRESENTATIVES

Mr. Lim Kuak Choi Leslie
Mr. Lee Cheuk Wang

JOINT COMPANY SECRETARIES

Mr. Lee Cheuk Wang
Ms. Gn Jong Yuh Gwendolyn

COMPLIANCE ADVISER

China Everbright Capital Limited
12/F, Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Loeb & Loeb LLP
2206–19 Jardine House
1 Connaught Place, Central
Hong Kong

LEGAL ADVISERS AS TO SINGAPORE LAWS

Shook Lin & Bok LLP
1 Robinson Road
#18–00 AIA Tower
Singapore 048542

EXTERNAL AUDITORS

Ernst & Young LLP

REGISTERED OFFICE

1 Changi North Street 1
Singapore 498789

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Singapore 498789

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F
148 Electric Road
North Point
Hong Kong

STOCK CODE

3302

PRINCIPAL SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14–07
Singapore 098632
(with effect from 31 January 2022)

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point, Hong Kong

COMPANY'S WEBSITE

www.kinergy.com.sg

PRINCIPAL BANKERS

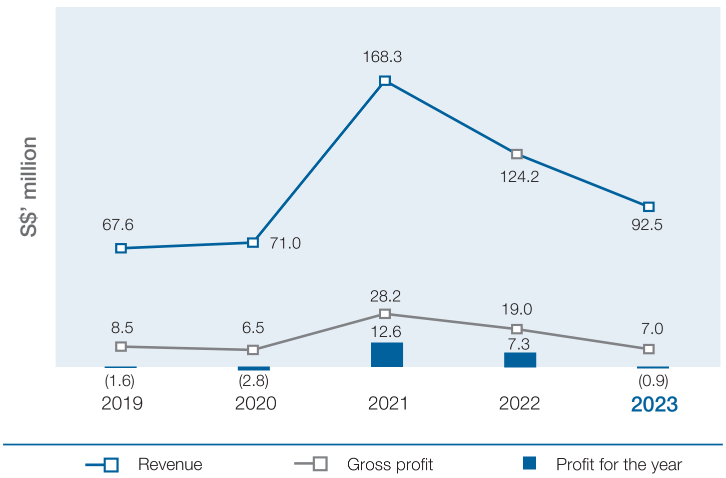
United Overseas Bank Limited
Citibank N.A. Singapore
DBS Bank Limited
Bank of China
The Hongkong and Shanghai Banking Corporation

FINANCIAL HIGHLIGHTS AND SUMMARY

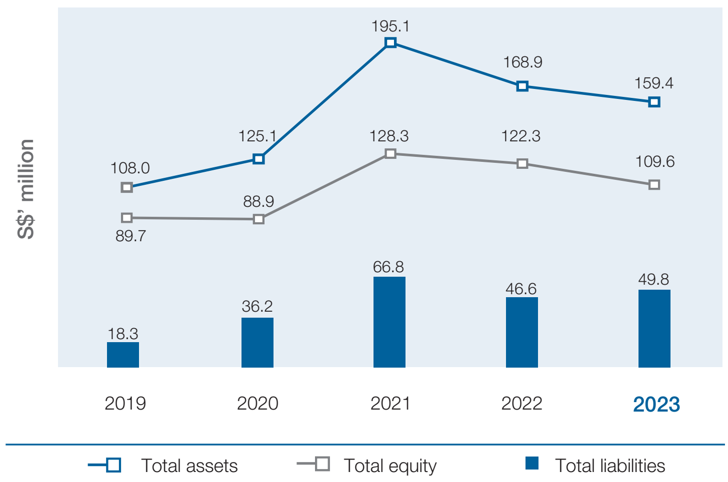
	For the year ended 31 December				
	2019 S$'000	2020 S$'000	2021 S$'000	2022 S$'000	**2023 S$'000**
Revenue	67,624	70,979	168,325	124,202	**92,490**
Gross profit	8,483	6,500	28,220	19,001	**7,001**
EBITDA	520	5,277	17,122	13,579	**3,870**
EBIT	2,079	2,510	13,798	9,717	**(357)**
Profit/(loss) before tax	(1,863)	(3,089)	13,699	9,361	**(1,019)**
Income tax credit/(expense)	231	252	(1,143)	(2,084)	**93**
Profit/(loss) for the year	(1,632)	(2,837)	12,556	7,277	**(926)**

	As at 31 December				
	2019 S$'000	2020 S$'000	2021 S$'000	2022 S$'000	**2023 S$'000**
Total assets	107,954	125,143	195,136	168,914	**159,373**
Total liabilities	(18,287)	(36,197)	(66,838)	(46,612)	**(49,818)**
Net assets	89,667	88,946	128,298	122,302	**109,555**
Equity attributable to equity holders of the parent	84,938	87,391	113,423	106,484	**94,620**
Non-controlling interests	4,729	1,555	14,875	15,818	**14,935**
Total equity	89,667	88,946	128,298	122,302	**109,555**

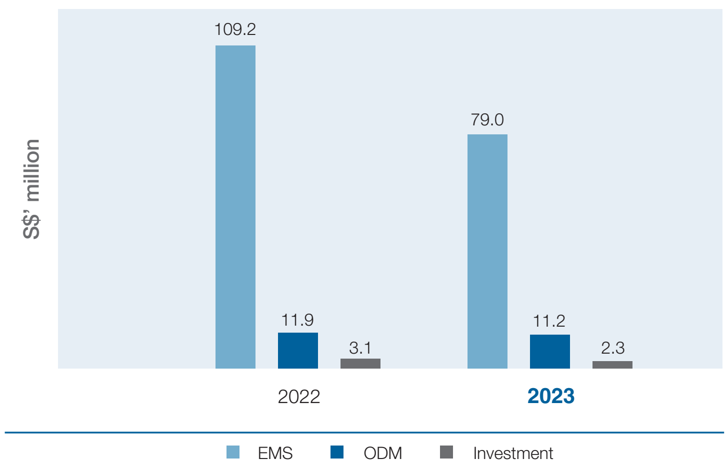
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



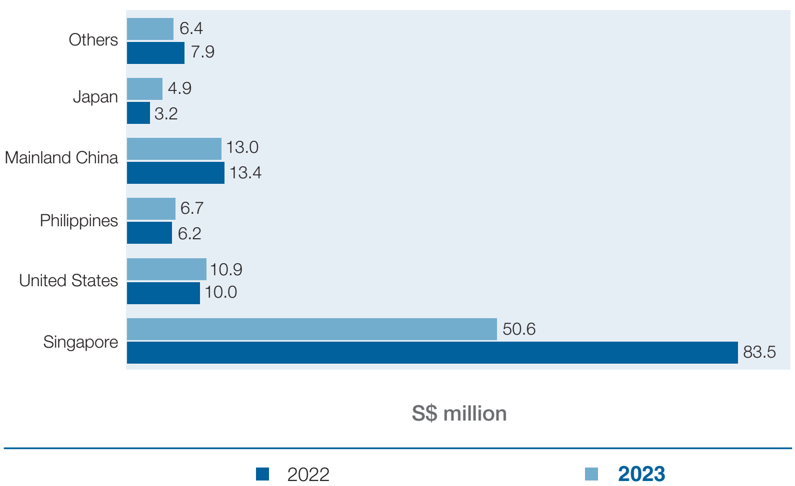
CONSOLIDATED STATEMENT OF FINANCIAL POSITION



REVENUE BY SEGMENT



REVENUE BY GEOGRAPHICAL REGION



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of the Company, I hereby present the annual report of the Group for the year ended 31 December 2023.

BUSINESS OVERVIEW AND STRATEGY

The Group is mainly engaged in three reportable business segments, namely (i) electronics manufacturing services (EMS), (ii) original design manufacturing (ODM), and (iii) investment. We manufacture high-tech and high precision electronic equipment. Some of these high-tech electronic equipment is designed, manufactured and sold under the "Kinergy" trademark. Over 80% of the electronic equipment manufactured by the Group are produced under contract agreements for our customers who provide the design of their electronic equipment or their subsystems. The third division of the business of the Group is the investment funds operating under Shanghai GenLight Capital Management Co. Ltd. * 上海光朴創業投資管理有限公司 (formerly known as Shanghai CEL Puyan Equity Investment Management Limited* (上海光控浦燕股權投資管理有限公司) ("Shanghai GenLight"). The Group owns 51% equity in Shanghai GenLight. This is the only division at the Group that is profitable during the year ended 31 December 2023.

During the year ended 31 December 2023, the revenue of the Group was mainly derived from our EMS division which accounted for approximately 85.4% of the total revenue of the Group, whereas that from our ODM division and investment division accounted for approximately 12.1% and 2.5% of the total revenue of the Group, respectively.

PERFORMANCE REVIEW

The Group recorded a revenue of $92.5 million for the year ended 31 December 2023. This is a decline of 25.5% when compared with $124.2 million for the year ended 31 December 2022.

Net loss after tax for the year ended 31 December 2023 amounted to approximately $0.9 million as compared to net profit after tax of $7.3 million for the year ended 31 December 2022. Loss per share was 0.28 Singapore cents for the year ended 31 December 2023 as compared to the earning per share of 0.5 Singapore cents per share for year ended 31 December 2022.

FINAL DIVIDEND

The Board does not recommend a payment of final dividend for the year ended 31 December 2023.

ACKNOWLEDGEMENTS

As we look forward to another year of growth and developments, on behalf of the Board, I would like to thank our stakeholders, customers and partners, for their trust and confidence in the Group. I would also like to thank our management and staff for their hard work, dedication and proactive response to the rapid changes around us.

We remain committed to delivering sustainable returns and look forward to the continuous support of all of our stakeholders as we forge ahead in managing future challenges.

Loh Kin Wah
Chairman of the Board

28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Established in Singapore in 1988, we are a major contract manufacturer specialising in the manufacture of equipment, machines, sub-systems, precision tools, spare parts and components mainly in the SPE industry, with in-house production facilities located in Singapore, the PRC, the Philippines and Malaysia. We have three divisions, namely EMS, ODM and investment divisions. Our EMS division focuses primarily on manufacturing of sub-system, complete machines and components, for original design manufacturers and the provision of post-warranty period maintenance and commissioning services to our customers. Our ODM division focuses primarily on designs and manufacturing automated equipment, precision tools and spare parts under our own “Kinergy” brand for use in the semiconductor back-end equipment industry. Our investment division focuses primarily on provision of fund management services and investment activities in equity securities and funds.

During the year ended 31 December 2023, the revenue of the Group was mainly derived from our EMS division, which accounted for approximately 85.4% of total revenue of the Group whereas that from our ODM and investment divisions accounted for approximately 12.1% and 2.5% of total revenue of the Group, respectively.

BUSINESS REVIEW AND PROSPECT

Total revenue of the Group for the year ended 31 December 2023 decreased by approximately 25.5% year-on-year (“YOY”).

The continued economic quagmire of uncertainties, worsened by sporadic emergence of disruptive events like the Gaza war which brought about some trading difficulties owing to the restrictions and safety unpredictability of ships sailing through the Suez Canal. Avoiding sailing through the Suez leads to increased transportation cost and time from circumnavigation around the Cape of Good Hope.

EMS Division

Total revenue generated from our EMS Division for the year ended 31 December 2023 decreased by approximately 27.7% YOY mainly due to a decline in the semiconductor industry.

In spite of the abovementioned uncertainties, the semiconductor industry that the Group operates in is in business improvement mode for the wafer fabrication sector. The anticipated upswing in the business is affected by the Semiconductor Process Equipment (SPE) industry activating their manufacturing activities and supply chain. However, there is no certainty that the semiconductor conditions are fast improving in 2024. Under such uncertain conditions, the Group will have to prepare for the upswing and still keep the operating costs of the Group as low as possible.

Meanwhile, our EMS division is gaining traction with many new customers. We focus sharply on conducting successful business with these new Wafer Fabrication Equipment (WFE) manufacturers.

During the year ended 31 December 2023, we acquired another 51% equity stakes in Continuumm Technologies Pte Ltd (“Continuumm Technologies”) to own 100% equity of the said company.

ODM Division

Our ODM division revenue has shown a slight decline for the year ended 31 December 2023 by approximately 5.9% YOY. This division focuses in SPE used in the Outsourced Semiconductor Assembly and Test (OSAT) at the moment. The business cycle of OSAT typically lags behind WFE manufacturers by six months. We therefore do not expect OSAT business to pick up until 2025.

Meanwhile, our ODM division is preparing to work on the OSAT market with the help of Towa Corporation which has about 57% in market share of the auto moulding equipment among the OSAT companies worldwide.

Test socket machining of our ODM Division in Philippines is running into business downturn. We are re-purposing many of the machines to make precision ferrous and non-ferrous components for customers which are not allowed by their governments to buy these components from China.

The strong precision Kinetic equipment design capabilities of our ODM division is also used to help one of our associates, Liteleaf Pte. Ltd. ("Liteleaf"), in the precision agriculture industry to design Moving Gutters System (MGS). This MGS is an automated system for the cultivation of agriculture that save significantly the use of labour and water and reduce other operating costs of fertilisers and environmental footprint. Liteleaf is owned as to approximately 8% by the Company as at the date of this report.

Investment Division

Revenue from fund management fee for the year ended 31 December 2023 decreased by approximately 25.5% growth YOY due to a reduction of fund size in one of the funds under management of the Group. Net profit increased by approximately 6.7% YOY mainly due to higher fair value of investment securities.

Shanghai GenLight faced constraints in their operation during the year ended 31 December 2023. The trade and technology wars between China and the West (USA, Europe, Japan, South Korea, Taiwan) continue to adversely affect many export-oriented companies. As a result, the landscape of good performance companies has changed significantly. Consequent to this change, in the fortunes of industries in China it is imperative of Shanghai GenLight to re-examine the investable industries and companies in China.

The Shanghai GenLight team will closely study the change of business status in the China economy to discover the industries and companies that are good investment targets. The SPE industry is still highly investment worthy as are high-tech equipment in the medical and test-and-analysis equipment.

On a consolidated basis, the Group recorded a revenue of approximately S$92.5 million for the year ended 31 December 2023. This represents a decline of approximately 25.5% when compared with the revenue recorded of approximately S$124.2 million for the year ended 31 December 2022. Net loss after tax for the year ended 31 December 2023 amounted to approximately S$0.9 million as compared to net profit after tax of approximately S$7.3million for the year ended 31 December 2022. Loss per Share was approximately 0.28 Singapore cents was recorded for the year ended 31 December 2023 as compared to the earning per Share of approximately 0.5 Singapore cents per Share recorded for year ended 31 December 2022.

Looking ahead, barring unforeseen circumstances, the Group is cautiously hopeful for the current financial year 2024. The semiconductor industry is seeing greater demand for SPE as demand for Integrated Chips shows signs of picking up.

FINANCIAL REVIEW

Revenue

The following table sets forth the components of our revenue by operating segments for the years indicated:

	For the year ended 31 December		
	2023 S$'000	2022 S$'000	Percentage change %
EMS	**78,953**	109,176	**(27.7)**
ODM	**11,223**	11,921	**(5.9)**
Investment	**2,314**	3,105	**(25.5)**
	92,490	124,202	**(25.5)**

Revenue of the Group decreased by approximately S$31.7 million or 25.5% from approximately S$124.2 million for the year ended 31 December 2022 to approximately S$92.5 million for the year ended 31 December 2023.

The decrease was primarily attributable to the decrease in sales volume from EMS division.

Cost of sales

Cost of sales of the Group primarily consists of material costs, labour costs and overhead expenses. The following table sets forth a breakdown of our cost of sales by operating segments for the years indicated:

	For the year ended 31 December		
	2023 S$'000	2022 S$'000	Percentage change %
EMS	**74,905**	94,439	**(20.7)**
ODM	**10,584**	10,762	**(1.7)**
Investment	**—**	—	**—**
	85,489	105,201	**(18.7)**

Cost of sales of the Group decreased by approximately S$19.7 million or 18.7% from approximately S$105.2 million for the year ended 31 December 2022 to approximately S$85.5 million for the year ended 31 December 2023. The decrease was mainly attributable to the decrease in revenue from EMS division.

Gross profit and gross profit margin

As a result of the changes in the revenue and cost of sales above, the gross profit decreased by approximately S$12.0 million or 63.2% from approximately S$19.0 million for the year ended 31 December 2022 to approximately S$7.0 million for the year ended 31 December 2023.

Gross profit margin of the Group decreased by approximately 7.7% from approximately 15.3% for the year ended 31 December 2022 to approximately 7.6% for the year ended 31 December 2023. The decrease was primarily attributable to the decrease in the revenue for the year ended 31 December 2023. A substantial portion of the cost of sales is fixed cost, thus, a decline in sales revenue did not decrease the cost of sales.

Other income and gains

Other income and gains increased by approximately S$0.3 million or 4.3% from approximately S$6.9 million for the year ended 31 December 2022 to approximately S$7.2 million for the year ended 31 December 2023. The increase was primarily due to (i) net gain on disposal of investment securities of approximately S$0.9 million; (ii) gain on deemed disposal of associate of approximately S$0.4 million; (iii) gain on bargain purchase of approximately S$0.5 million; and (iv) increase in other income of approximately S$0.1 million. The increase was partially offset by (i) decrease in government grant of approximately S$0.6 million; (ii) decrease in bank interest income of approximately S$0.2 million; and (iii) decrease in net fair value gains on investment securities of approximately S$0.8 million.

Sales and marketing expenses

Sales and marketing expenses of the Group decreased by approximately S$0.6 million or 18.9% from approximately S$3.3 million for the year ended 31 December 2022 to approximately S$2.6 million for the year ended 31 December 2023, which was in line with the decrease in revenue of the Group for the year ended 31 December 2023.

General and administration expenses

General and administration expenses of the Group increased by approximately S$1.3 million or 9.6% from approximately S$13.1 million for the year ended 31 December 2022 to approximately S$14.3 million for the year ended 31 December 2023. The increase was mainly due to the higher staff wages and salaries.

Other expenses

Other expenses increased by approximately S$23,000, which was mainly due to higher foreign exchange loss which was largely impacted by the exchange rate fluctuation from US Dollar to Singapore Dollar.

Finance costs

Comparing to the year ended 31 December 2022, finance costs of the Group incurred during the year ended 31 December 2023 increased by approximately S$0.1 million primarily due to additional of lease liabilities.

(Loss)/Profit before tax

The Group suffered a loss before tax of approximately S$1.0 million for the year ended 31 December 2023 as compared to a profit before tax of approximately S$9.4 million for the year ended 31 December 2022. The main cause is due to a substantial decline in revenue from the semiconductor industry.

Income tax credit/(expense)

Income tax credit of the Group amounted to S$93,000 for the year ended 31 December 2023 as compared to the tax expenses of S$2.1 million for the year ended 31 December 2022. This is in line with the profit/(loss) before tax.

(Loss)/Profit for the year

As a result of the above, the Group recorded a net loss after tax of approximately S$0.9 million for the year ended 31 December 2023 as compared to profit after tax of approximately S$7.3 million recorded for the year ended 31 December 2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2023, the Group had cash and cash equivalents of approximately S$18.1 million. The Board is of the opinion that the financial position of the Group is healthy, and the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

FUNDING AND TREASURY POLICY`

Funding requirements are monitored by the Group and liquidity review is performed from time to time. This approach takes into account the maturity of the Group's financial instruments, financial assets and liabilities, projected cash flows from operations and the general working capital requirements. The Group aims to strike a balance between continuity of funding and flexibility through the effective use of its internal financial resources, bank and other borrowings and trade finance banking facilities.

Cash and cash equivalents

The following table sets forth the breakdown of our cash and cash equivalents as at the respective dates indicated:

	As at 31 December	
	2023	2022
	S$'000	S$'000
Cash and bank balances	**18,126**	11,290
Short-term deposits	**15**	8,808
	18,141	20,098
Denominated in RMB	**12,592**	14,281
Denominated in USD	**4,781**	4,333
Denominated in SGD	**437**	1,013
Denominated in other currencies	**331**	471
	18,141	20,098

Cash flow

The following table sets forth a summary of our cash flows for the years indicated:

	For the year ended 31 December	
	2023	2022
	S$'000	S$'000
Net cash flow generated from operating activities	**1,151**	2,939
Net cash flow generated from/(used in) investing activities	**2,875**	(12,320)
Net cash flow used in financing activities	**(5,389)**	(9,753)
Net decrease in cash and cash equivalents	**(1,363)**	(19,134)
Effects of exchange rate changes on cash and cash equivalents	**(594)**	(2,474)
Cash and cash equivalents at 1 January	**20,098**	41,706
Cash and cash equivalents at 31 December	**18,141**	20,098

Net cash flow generated from operating activities

The Group generates cash from operating activities primarily from sales of goods. Cash flows from operating activities reflects profit/(loss) before taxation for the year adjusted for (i) non-cash items such as depreciation of property, plant and equipment, depreciation of prepaid land lease payments, amortisation of intangible assets and other items, which lead to the operating cash generated before changes in working capital; (ii) effects of cash flows arising from changes in working capital, including changes in inventories, trade and other receivables and trade and other payables which lead to cash flow generated from operations; and (iii) interest income received, interest expense paid and income tax paid, which result in net cash generated from operating activities.

For the year ended 31 December 2023, net cash generated from operating activities of the Group was approximately S$1.2 million and, primarily reflected: (i) decrease in inventories of approximately S$8.7 million; (ii) increase in trade payables of approximately S$1.9 million; and (iii) interest income received of approximately S$0.2 million, which were partially offset by: (i) cash used in operating income before investing in working capital of approximately S$5.3 million; (ii) increase in trade and other receivables of approximately S$2.1 million; (iii) increase in prepayments, deposits and other receivables of approximately S$0.2 million; (iv) tax paid of approximately S$1.1 million; and (iv) decrease in other payables and accruals of S$1.1 million.

Net cash flow generated from investing activities

Cash flow from investing activities mainly relates to purchase and disposal of property, plant and equipment and purchase of investment securities.

For the year ended 31 December 2023, the net cash flow of the Group generated from investing activities was approximately S$2.9 million, which was primarily generated from: (i) proceeds from disposal of investment securities of approximately S$7.2 million; and (ii) net cash inflow from acquisition of subsidiaries of approximately S$0.2 million and which were partially set off by (i) purchase of property, plant and equipment of approximately S$4.3 million and (ii) an increase in advance payment for property, plant and equipment of approximately S$0.2 million.

Net cash flow used in financing activities

Cash flows from financing activities includes net proceeds from bank loans, proceeds from ordinary Shares issued, payment of principal portion of lease liabilities and dividend paid on ordinary Shares.

For the year ended 31 December 2023, the net cash flow used in financing activities of the Group was approximately S$5.4 million mainly used in (i) payment of lease liabilities of approximately S$1.1 million; (ii) payment of interest of lease liabilities of approximately S$0.2 million; (iii) repayment of bank loan of approximately S$11.1 million; (iv) payment of bank loan interest of S$0.6 million; (v) dividend paid on ordinary shares of approximately S$1.3 million; and (v) dividend paid to non-controlling interests of approximately S$2.0 million, which were partially set off by proceeds from bank loan of approximately S$10.9 million.

NET CURRENT ASSETS

The Group's net current asset decreased by approximately S$11.4 million from approximately S$54.9 million as at 31 December 2022 to approximately S$43.5 million as at 31 December 2023. The decrease was primarily due to (i) decrease in cash and cash equivalents of approximately S$2.0 million; (ii) an increase in trade and other payables of approximately S$3.1 million; (iii) increase in interest-bearing loans and borrowings of approximately S$2.0 million; and (iv) decrease in inventories of approximately S$7.6 million; which were partially set off by (i) increase in trade receivables and prepayments, deposits and other receivables of approximately S$2.7 million; and (ii) decrease in income tax payable of approximately S$0.6 million.

CAPITAL EXPENDITURE

Capital expenditure of the Group consisted of purchases cost relating to property, plant and equipment.

For the year ended 31 December 2023, capital expenditure of the Group amounted to approximately S$4.3 million for the acquisition of property, plant and equipment. The Group funded such capital expenditure with bank borrowings and internal funds.

Capital and investment commitments

Capital and investment commitments of the Group primarily relate to commitment for the equity investment and purchase of property, plant and equipment.

As at 31 December 2023, capital and investment expenditure of the Group contracted for as at 31 December 2023 but not recognised in the financial statements are as follows:

	As at 31 December 2023 S$'000
Contracted, but not provided for:	
Property, plant and equipment	877
Investment securities	8,683
	9,560

Investment securities

The balance of S$8.7 million pertains to the remaining investment commitments of the Group.

INDEBTEDNESS

Bank loan and other borrowings

As at 31 December 2023, the Group has outstanding balances from interest-bearing loans and borrowings of approximately S$21.0 million (31 December 2022: approximately S$21.2 million):

	Interest rate/annum	Maturity	Group As at 31 December 2023 S$'000	2022 S$'000
Lease liabilities	2.5%–7.5% (Company: 3.0%)	2022–2040	4,881	4,748
S$5,000,000 bank loan	2%	August 2025	2,132	3,377
S$5,000,000 bank loan	2.5%	June 2026	2,578	3,565
S$408,333 bank loan	1.67%	May-2024	408	—
Bank trade financing	3.15%–6.9% (Company: 5.75%)	2023	10,294	8,526
Bank overdrafts	5%	On demand	599	1,032
			20,892	21,248
Repayable:				
Current:				
— within a period not exceeding one year			14,862	12,763
Non-current:				
— within a period of more than one year but not exceeding two years			2,360	3,497
— within a period of more than two years but not exceeding five years			3,670	4,988
			6,030	8,485
			20,892	21,248

All the above borrowings are unsecured and are denominated primarily in Singapore Dollar, United States Dollar and Renminbi.

Contingent liabilities

As at 31 December 2023, the Group did not have any contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Net debt to equity ratio

Net debt to equity ratio equals total interest-bearing loans and borrowings net of cash and cash equivalents divided by total equity. Net debt to equity ratio as at 31 December 2023 was approximately 0.03 (31 December 2022: 0.01).

Gearing ratio

Gearing ratio equals total debt divided by total equity. Total debt includes bank loans and lease liabilities. Gearing ratio of the Group as at 31 December 2023 was approximately 0.19 (31 December 2022: 0.17).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 December 2023, the Group has no future plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Company, Continuumm Technologies and Synesys Technologies Pte. Ltd. ("Synesys") entered into a subscription and shareholders agreement and a supplementary agreement on 7 January 2022 and 27 February 2022 (collectively referred to as the "Agreements"), respectively, pursuant to which the Company agreed to subscribe for 2,113,725 ordinary shares in Continuumm Technologies, representing approximately 49.0% equity interest for a cash consideration of S$2,113,725. Synesys is the parent company of Continuumm Technologies and both Synesys and Continuumm Technologies are Independent Third Parties. Continuumm Technologies has its capabilities in wire harness and cable assembly for semiconductor industry. On 21 March 2022, the completion took place following the satisfaction of all conditions under the Agreements. Further, on 30 June 2023, the Company entered into a Share Sale Agreement (the "2023 Share Agreement") with Synesys to purchase the remaining 2,200,000 shares in Continuumm Technologies with a purchase consideration of S$15,000. The completion took place on 12 July 2023 following the satisfaction of all conditions as set out in the 2023 Share Agreement and hence Continuumm Technologies has subsequently become a wholly-owned subsidiary of the Group.

On 6 September 2022, the Company, Ms. Cheng Tsing Liu and Mr. Shih Ching Yen (together the "Parties") entered into a subscription agreement (the "Subscription Agreement") with Liteleaf pursuant to which the Company, Ms. Cheng and Mr. Shih have conditionally agreed to subscribe for, and Liteleaf has conditionally agreed to allot and issue, a total of 4,119,259, 3,486,756 and 300,637 new ordinary shares of Liteleaf at the subscription price of S$1.00 per share, respectively. Total consideration of S$4,119,259 would have been payable by the Company in cash. As at 6 September 2022, Ms. Cheng, the spouse of Mr. Loh, holds 80% of the issued share capital in Liteleaf. Accordingly, each of Ms. Cheng and Liteleaf is an associate of Mr. Loh and a connected person of the Company. The Subscription Agreement constituted a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription Agreement was more than 0.1% but less than 5%, the Subscription Agreement is subject to reporting and announcement requirements, but was exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. On 30 June 2023, given the change in Singapore's domestic market environment affecting the potential investment return of Liteleaf, after arm's length negotiations among the Parties, the Parties entered into a written mutual consent, pursuant to which the Parties unanimously agreed to terminate the Subscription Agreement and the Parties were released and discharged from their respective unperformed obligations under the Subscription Agreement with effect from 30 June 2023. For further details, please refer to the announcements of the Company dated 6 September 2022 and 30 June 2023.

Save as disclosed above, there were no other significant investments held by the Group, and no material acquisitions or disposals of subsidiaries, associates and joint ventures conducted by the Group during the year ended 31 December 2023.

USE OF PROCEEDS

Listing proceeds

Total net proceeds of the listing (the "Listing") of the shares of the Company (the "Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") amounted to approximately S$40.4 million. As at 31 December 2023, approximately S$34.7 million has been used in accordance with the future plan disclosed in the prospectus of the Company dated 30 June 2018. Details of the use of the net proceeds are set out below:

Use of proceeds	Allocation (% of net proceeds)	Allocation (S$'million)	Unutilised balance as at 1 January 2023 (S$'million)	Utilisation during the year ended 31 December 2023 (S$'million)	Unutilised amount as at 31 December 2023 (S$'million)	Expected time of full utilisation
Expansion of production capacity	40.4%	16.3	–	–	–	N/A
Development and acquisition of engineering and technological knowledge	29.3%	11.8	–	–	–	N/A
Expansion of marketing activities in Japan, Europe and the United States ("US")	17.6%	7.1	5.8	0.1[(1)]	5.7	By 4th Quarter of 2024
Strengthening our research and development	11.7%	4.7	–	–	–	N/A
General working capital	1.0%	0.5	–	–	–	N/A
	100.0%	40.4	5.8	0.1	5.7	

Note:

(1) All of which were spent on marketing activities in Japan.

As at 31 December 2023, the Group has not fully utilised the net proceeds for expansion of our marketing activities in Japan, Europe and the U.S.

Proceeds from share subscription agreements[1]

As at 31 December 2023, all net proceeds raised from share subscription agreements[1] has been utilised:-

Use of proceeds	Planned use of net proceeds %	Unutilised balance at 01 January 2023 (S$'million)	Utilisation during the year ended 31 December 2023 (S$'million)	Unutilised amount as at 31 December 2023 (S$'million)
Acquisition of associates	43%	0.1	0.1	–
Future funding needs on new private equity fund that Shanghai GenLight may established	54%	–	–	–
General working capital	3%	–	–	–
	100%	0.1	0.1	–

Note:

(1) In April 2021, the Company issued 62,974,070 ordinary shares at S$0.1022 per share (equivalent to HK$0.60 per share) following the completion of the share subscription agreements dated 15 December 2020.

Save as disclosed above, the Directors are not aware of any other material change or delay in the use of proceeds.

INTEREST RATE RISK MANAGEMENT

Exposure of the Group to interest rate risk relates primarily to the cash and bank deposits held by the Group, interest-bearing bank and other borrowings. The Group mainly controls its exposure to interest rate risks associated with certain cash holdings and bank deposits, interest-bearing bank and other borrowings by placing them into appropriate short-term deposits at fixed rate of interest and at the same time by borrowing loans at a mixture of fixed rates of interest.

The Group had not used any interest rate swaps to hedge its exposure to interest rate risk during the year ended 31 December 2023.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is SGD. The Group mainly operates in Singapore and China, hence the operating expenses are denominated in SGD and RMB. The majority of the revenue of the Group are denominated and settled in USD. Therefore, fluctuations in exchange rates of SGD, RMB and USD could materially impact the profit margin and overall results of operations of the Group, and there will be gains and losses resulting from fluctuations in the exchange rate. The Group practises certain amount of natural hedge of this risk through purchase raw material in USD and borrow USD short term loan for working capital need. In addition, a certain amount of USD forward sales contract has been done with our bankers. Going forward, the Group expects that exchange rates of SGD, RMB and USD will continue to fluctuate. The management of the Group will continue to monitor the foreign currency exchange exposure of the Group and will take prudent measures to minimise that currency exchange risk.

PLEDGE OF ASSETS

As at 31 December 2023, the Group did not pledge any assets.

HUMAN RESOURCES

As at 31 December 2023, the Group had 819 employees. The employees benefit expense (including directors' and chief executive's remuneration) incurred during the year ended 2023 was approximately S$29.5 million. As required by the applicable laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments. The remuneration policy of the Group rewards employees and directors based on individual performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external trainings. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the performance of the Group. Besides offering competitive remuneration packages, the Company adopted the Share Option Scheme with the objective to recognise contributions made by eligible employees and to retain the eligible employees for the continual operation, growth and future development of the Group. The Group did not experience any labour disputes during the year ended 31 December 2023.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the date of this announcement, the Group had not entered into any off-balance sheet transactions.

FINAL DIVIDEND

The Board does not recommend a payment of final dividend for the year ended 31 December 2023.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. Lim Kuak Choi Leslie (林國財), aged 78, is an executive Director, the chief executive officer and a controlling shareholder of our Company. Mr. Lim has been our Director since the incorporation of our Company in January 1988. He is primarily responsible for overall corporate management, strategic planning and business development of the Group. Mr. Lim is the father of Mr. Lim Khin Mann, also an executive Director, and the spouse of Ms. Foo Kaw Jee, a controlling shareholder of the Company.

Mr. Lim has more than 43 years of experience in semiconductor, electronics and chemical trading industries. Mr. Lim commenced his career as a teacher in Singapore Government Schools in January 1963 and served there for approximately 10 years. In March 1981, Mr. Lim was appointed as the managing director of Precision Carbide Tooling Pte Ltd, a semiconductor tooling manufacturer, which was the holding company of our Company during 1989 to 2000. In January 1988, Mr. Lim together with Ms. Foo founded our Company and served as a director. From 1988 to 2000 and from 1989 to 2000, Mr. Lim was also the chairman of Kinerbac Pte Ltd and Kinertech Pte Ltd, both dealing in the design and manufacture of aluminium die-casting moulds. In addition, Mr. Lim has been the director of Approved Chemicals (S.E.A) Pte Ltd. and Approved Chemicals (M) Sdn. Bhd., which are principally engaged in processing and trading of specialty chemicals, since January 1978, and he is responsible for policy making and planning and monitoring of executive directors.

Furthermore, Mr. Lim has assumed key managerial roles in a number of subsidiaries of the Company since their incorporation. He has been a director of each of Kinergy Philippines, Inc., and Kinergy Japan K.K.* as well as the director and legal representative of each of Kinergy EMS (Nantong) Company Limited* ("Kinergy EMS") and Kinergy Mechatronics Shanghai Company Limited* (精技機電商貿(上海)有限公司 ("Kinergy Mechatronics"). He is also a director of Shanghai GenLight since January 2021.

Mr. Lim attended the Stanford-NUS Executive Programme, conducted by Stanford University in conjunction with the National University of Singapore in 1985, and obtained a Certificate in Education from Singapore Teachers Training College in Singapore in March 1966. Mr. Lim was awarded a certificate in appreciation of his distinguished and valued service rendered as a member of the National Productivity Board by the Ministry of Trade and Industry, Republic of Singapore (1989 to 1992). Mr. Lim is also the chairman or committee of various Singapore government agencies or association, including Economic Development Board, National Productivity Board and Singapore Precision Engineering and Technology Association.

Mr. Du Xiaotang (杜曉堂), aged 50, is an executive Director. He joined the Group in October 2016. Mr. Du is also the supervisor of a number of our subsidiaries, namely Kinergy EMS and Kinergy Mechatronics, and the assistant chief executive officer of the Company.

Mr. Du has over 20 years of experience in corporate finance, capital market, private equity investment (including semiconductor industry-related investment), merger and acquisitions and legal compliance advisory to listed companies, securities firms and mining companies. Mr. Du commenced his career in Henan University (河南大學) as a teacher from July 1996. Between June 2003 and July 2013, Mr. Du was an associate and then a partner with Grandall Law Firm (國浩律師事務所), a PRC law firm. Between April 2017 to May 2020, Mr. Du was an independent director of Sichuan Xin Jin Lu Group Co., Ltd. (四川新金路集團股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000510). Between September 2013 to December 2020, Mr Du was a director of Everbright (Qingdao) Investment Co., Limited (光大控股 (青島) 投資有限公司), a subsidiary of China Everbright Limited, the shares of which are listed on the Stock Exchange ("CEL", stock code: 165). Between January 2021 to August 2021, Mr. Du was an investment advisor of CEL.

He has been appointed as general manager of Shanghai GenLight. since January 2021. He has also been an independent non-executive director of China Tianrui Group Cement Company Limited (stock code: 1252) and China First Capital Group Limited (stock code: 1269), the share of both of which are listed on the Stock Exchange, since June 2014 and July 2019, respectively.

Mr. Du obtained a degree of Bachelor of Education in June 1996, and a degree of Master of Law in June 2002 from Henan University in the PRC. Subsequently Mr. Du obtained a degree of Doctor of Economies from Fudan University in the PRC in June 2005.

Mr. Lim Khin Mann (林欽銘), aged 52, is an executive Director and business development manager of the Company. Mr. Lim Khin Mann joined the Group in December 2015 and was appointed as an alternate Director to Ms. Foo Kaw Jee in February 2017. Subsequently, he ceased to be the alternate director and was appointed as an executive Director in May 2019. Mr. Lim Khin Mann is the son of Mr. Lim Kuak Choi Leslie and Ms. Foo Kaw Jee.

Mr. Lim has more than 27 years of experience in trading and marketing. He joined Approved Chemicals (S.E.A) Pte Ltd., a company engaging processing and trading of specialty chemicals, in June 1996. He is currently marketing manager in Approved Chemicals (S.E.A) Pte Ltd., mainly responsible for securing new business and maintaining existing business. He is also a director of Allchem Lubricants Sdn. Bhd., the principal activity of which is the manufacturing and trading of lubricants for machines. Mr. Lim also holds directorship in a number of subsidiaries of the Company, namely Kinergy EMS, Kinergy Mechatronics and Jiangsu Furui Mechanical Co., Ltd* (江蘇富瑞機械有限公司).

Mr. Lim obtained a degree of Bachelor of Business Administration from the University of Michigan in the US in May 1996.

Mr. Tay Kim Kah (鄭金呷), also known as Tee Kim Kah, aged 86, is an executive Director and a member of the nomination committee of the Company (the "Nomination Committee"). He was appointed as an executive Director since November 2019. He is also the financial controller of the Group. He is mainly in-charge of finance, human resources and management information system and assisting chief executive officer in formulating and successfully implementing strategies for the Group. Mr. Tay first joined the Group as a director of the Company from January 2004 to October 2006. Mr. Tay has assumed key managerial roles in a number of subsidiaries of the Group, such as the director each of Kinergy Japan K.K. since June 2015, Kinergy EMS since June 2013, Kinergy Mechatronics since July 2013 and Shanghai GenLight since January 2021.

Mr. Tay has more than 56 years of experience in accounting and finance. From August 1967 to December 1984, Mr. Tay served in Keppel Corporation Limited which was principally involved in offshore and marine investment, and his last position was managing director who was primarily responsible for the Keppel Corporation Limited's finance, performance and strategy management. Subsequently between middle of 1985 and July 1986, Mr. Tay served as the finance director for Asia-Pacific region in Carrier International Corporation, an air condition manufacturer and a subsidiary of United Technologies Corporation. He then joined Consolidated Hotels Limited (now known as YTC Corporation Limited) which provided hotel and accommodation services in August 1986 and his last position was vice president, where Mr. Tay was primarily responsible for the financial function of the group and assisting in growth and development of the company.

After leaving YTC Corporation Limited in 2001, Mr. Tay purchased a minority interest in Woleco Hotel Supplies Pte Ltd, a company which designs, formulates, manufactures and sells personal care products, and served as the manager director until 2003. Mr. Tay studied accountancy in Singapore Polytechnic in Singapore in 1961. He took the examination set by The Australian Society of Accountants and qualified as an accountant in 1963. He was admitted to the Australian Society of Accountants as a registered accountant in March 1965 and upgraded to as a fellow of Australian Society of Accountants in November 1978. In May 1965 he was admitted as a registered accountant to the Singapore Society of Accountants which is now renamed as the Institute of Singapore Chartered Accountants. Mr. Tay attended a postgraduate course in London Business School in the United Kingdom in 1973.

NON-EXECUTIVE DIRECTORS

Mr. Loh Kin Wah (羅建華), aged 69, is the Chairman of the Board and a non-executive Director. Mr. Loh joined the Group in March 2022.

Mr. Loh has over 42 years of experience in semiconductor industry. He started his career as a quality engineer after graduating from university in 1978 and he then moved on to process engineering, manufacturing, research and development, sales and marketing divisions before taking up global general management roles in leading semiconductors companies.

Mr. Loh has been serving as a representative of Majuta International Pte. Ltd., an external consultant of the Company, which provides advisory services to the Company in relation to its future business development and expansion plans since 1 September 2021. He is currently serving as (i) an independent director at AEM Holdings Ltd, the shares of which are listed on the Singapore stock exchange (stock code: AWX.SI), since May 2018; (ii) a director at UTAC Holdings Pte Ltd, a company providing semiconductor assembly and testing services in Singapore; (iii) a member of the supervisory board, since June 2016, at AMS AG, the shares of which are listed on the Swiss stock exchange (stock code: AMS.SW); (iv) a chairman of Huba Control AG, a company manufacturing components for the measurement of pressure and flow in Switzerland; (v) a member of investment committee at Silicon Solution Partners Pte. Ltd., a company providing complete infrastructure support services to startups in Singapore; (vi) a chairman of Liteleaf Pte. Ltd., a company providing agricultural technology consultancy services in Singapore; and (vii) a director of Advance Assembly Material International Ltd., a company providing comprehensive lead frame products and material solutions to the semiconductor packaging industry in Hong Kong.

Mr. Loh obtained a bachelor's degree in chemical engineering from the University of Malaya in June 1978 and a postgraduate certified diploma in accounting and finance from the Chartered Association of Certified Accountants in October 1987.

Mr. Fan Zhirong (范志榮), aged 45, is a non-executive Director of the Company. He joined the Group in August 2023.

Mr. Fan has more than 16 years of experience in investment and financing and corporate management in private debt and equity fund industries. Mr. Fan is currently a director of Diamond Wealth Global Limited, which is an indirect wholly-owned subsidiary of CEL since July 2023. Further, Mr. Fan has been serving as a director of Hillstone Networks Co., Ltd.* (山石網科通信技術股份有限公司), the shares of which are listed on the Shanghai stock exchange (stock code: 688030.SH), since May 2023. Mr. Fan is also an asset allocation and investment management department director engaged by CEL Management Services Limited, a subsidiary of CEL, since March 2020. From September 2019 to February 2020, Mr. Fan was an executive director of China Ping An Insurance Overseas (Holdings) Limited, and was responsible for the primary market structured finance and credit investments. From January 2015 to August 2019, Mr. Fan served as a director of both capital investment and financing department and investment and management department at CEL. From September 2012 to December 2014, Mr. Fan was an investment director in J. Rothschild Creat Partners Limited and Creat Fund Management Co., Ltd., and was responsible for the evaluation and execution of investment transactions. Prior to that, Mr. Fan had also participated in a number of potential equity investment transactions and advised various portfolio companies on financing and bond offering.

Mr. Fan obtained a Bachelor's degree in Engineering from Shanghai Jiao Tong University in July 2001 and a Master's degree in Business Administration (MBA) from Yale University in May 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka, aged 62, is an independent non-executive Director. He is also a member of the audit committee (the "Audit Committee") and remuneration committee (the "Remuneration Committee") of the Company, and the chairman of the Nomination Committee. Dr. Wickramanayaka joined the Group in June 2018.

Dr. Wickramanayaka was a research associate from November 1992 to March 1996 in the Display Device Division of the Research Institute of Electronics in Shizuoka University in Japan. Dr. Wickramanayaka joined Anelva Corporation in Japan in April 1996 and left Anelva Corporation in February 2005 as a manager. During the time with Anelva Corporation, Dr. Wickramanayaka was responsible for the marketing and supervision of the process and hardware development of semiconductor equipment, Physical Vapour Deposition (PVD) and dry etching equipment. Dr. Wickramanayaka served ZyCube Company Limited in Japan as assistant general manager from March 2005 to August 2006, where he was responsible for the development and marketing of 3D integration technologies, processing techniques and 3D integrated chip scale packaging techniques. Dr. Wickramanayaka served EV Group Japan K.K. as a director of technology from September 2006 to March 2010, where he was responsible for the business development and customer education. From April 2010 to August 2012, Dr. Wickramanayaka served Ayumi Industry Company Limited as a general manager, where he was responsible for business development. After leaving Ayumi Industry Company Limited in Japan, Dr. Wickramanayaka joined Institute of Microelectronics in Singapore as a director for technology development in September 2012 and was subsequently appointed as a director for industry development in April 2017. While he was a director for technology development at the Institute of Microelectronics, Dr. Wickramanayaka was mainly responsible for the development of new technologies and technical presentations and he was responsible for the business relationship networking when he became the director for industry development. Dr. Wickramanayaka resigned as a director for industry development from Institute of Microelectronics in Singapore in October 2018.

Dr. Wickramanayaka obtained a Bachelor of Science degree in November 1983 from Peradeniya University in Sri Lanka, a Master of Philosophy degree in February 1988 from University of Ruhuna in Sri Lanka, a Master of Management degree in September 2006 from University of Southern Queensland in Australia through distance learning and a Doctor of Philosophy degree in October 1992 from Shizuoka University in Japan.

Mr. Hoon Chee Wai (潘志偉), aged 55, is an independent non-executive Director. He is also the chairman of the Audit Committee and a member of the Nomination Committee. He joined the Group in May 2021.

Mr. Hoon has over 21 years of experience in finance and banking. Mr. Hoon served as the director of the investment banking division of CIMB Bank Bhd from November 2002 to August 2012. He held the position of senior vice president at Genting Singapore Limited, the shares of which are listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") (stock code: G13), from September 2012 to April 2016. Mr. Hoon held the position of senior vice president at Landing International Development Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 582), from January 2017 to May 2020. Mr. Hoon has been serving as an independent non-executive director of Yongmao Holdings Limited (stock code: BKX), a company listed on the Mainboard of SGX-ST, since September 2019 and as an independent non-executive director of Singapore Shipping Corporation Ltd, the shares of which are listed on the Mainboard of SGX-ST (stock code: S19) since February 2024. He was also an independent non-executive director of Tee International Limited, the shares of which are listed on the Mainboard of SGX-ST (stock code: M1Z), from December 2020 to November 2022 and an independent non-executive director of Intraco Limited, the shares of which are listed on the Mainboard of SGX-ST (stock code: I06), from April 2021 to 1 March 2022. On 1 March 2022, Mr. Hoon has relinquished his position as independent non-executive director and appointed as Chief Operating Officer in Intraco Limited.

Mr. Hoon obtained a bachelor of accountancy degree from Nanyang Technological University in Singapore in May 1992. Mr. Hoon has been admitted as a member of the Singapore Institute of Directors in April 2019.

Dr. Ang Peng Huat (洪炳發), aged 70, is an independent non-executive Director. Dr. Ang is also the Chairman of the Remuneration Committee and a member of the Audit Committee. He joined the Group in March 2022.

Dr. Ang has over 37 years of experience in engineering and technology investments. Dr. Ang joined LSI Logic Corporation in the U.S. as a research engineer and was promoted to vice-president and general manager of the consumer products division. He left in 1996 to co-found TeraLogic Inc. in the U.S., and was responsible for managing specialists to develop leading-edge semiconductor products. In December 2001, Dr. Ang joined Temasek Capital Management Pte. Ltd. as managing director. Two years later in July 2003, he became a partner at iGlobe Partners LLP. In both of these positions, he was principally engaged in venture investment in technology companies in Silicon Valley. In January 2009, Dr. Ang left the U.S. and returned to Singapore to join Temasek International Pte. Ltd. as managing director where he was principally engaged in investment projects in telecommunications, media and technology sectors.

Dr. Ang is currently serving as an advisory director at Temasek International Advisers Pte. Ltd. since January 2021 and currently holds directorship in several private early-stage startups which are principally engaged in financial, technology and ESG sectors in Singapore.

Dr. Ang graduated from the University of Singapore (now known as the National University of Singapore) with a bachelor's degree in engineering (electrical) in May 1976 and later obtained a master's degree and a doctoral degree in electrical engineering from Stanford University in June 1980 and June 1984, respectively.

SENIOR MANAGEMENT

Mr. Cham Toon How (詹尊豪), aged 68, is the vice president of ODM Division of our Group mainly responsible for determining the strategic direction and carrying out the strategic plan through overseeing operations, developing functional roles and assigning responsibilities to employees, as well as overseeing our operations in the PRC. Mr. Cham has assumed key managerial roles in the subsidiaries of the Group, such as the director of Kinergy Philippines, Inc since March 2017 and Research & Development manager of Kinergy Philippines, Incorporation since July 2000.

Mr. Cham has over 44 years of experience in precision, semiconductor and automation industry. Before joining our Group, Mr. Cham served as an engineering manager in Texas Instruments Singapore Pte Ltd., a semiconductor product manufacturer, between July 1978 and March 1988, and he was primarily responsible for engineering process. Mr. Cham first joined us in May 1988 as an operation manager. In the interim period between February 1992 and May 1999, Mr. Cham was a director of Design Solutions Pte Ltd., a manufacturer of electronics equipment, primarily responsible for formulating and successfully implementing strategies. Mr. Cham rejoined us in July 2000 as R&D manager and was appointed as the vice president of our Company in August 2002.

Mr. Cham obtained a degree of Bachelor of Engineering (Mechanical) from The University of Singapore (now known as National University of Singapore) in October 1978.

Mr. Tan Teck Lin Desmond (陳德淋), aged 51, is the Vice President of Manufacturing in our Group mainly responsible for Manufacturing and Manufacturing Engineering.

Mr. Tan has over 26 years of experience in the semiconductor industry, covering both wafer fabrication and equipment manufacturing. He has held leadership positions in the departments of Manufacturing, Quality, Equipment, Procurement and Project Management. From November 1998 to April 2006, Mr. Tan served Micron Technology (formerly known as TECH Semiconductors Company Limited) with his last position as senior procurement engineer responsible for capital acquisitions of front-end semiconductor equipment, IT system and automated material handling system. From May 2006 to March 2012, Mr. Tan served GlobalFoundries Inc with his last position as the department head responsible for overall management and operations of all etch equipment in the Megafab. From April 2012 to January 2018, Mr. Tan served ASM International N.V with his last position as I Manufacturing Director primarily responsible for the production quality of the frontend semiconductor equipment (PEALD, PECVD, ALD, EPITAXY, vertical furnace). In concurrence, he was also the programme director in charge of the manufacturing execution systems implementation across all global manufacturing sites. From June 2019 to November 2019, Mr Tan was a general manager in PBA Systems Pte Ltd primarily responsible for overall operations of the Company that included the functions of manufacturing, quality and supply chain management. Mr. Tan first joined us in December 2019 as a manufacturing director and mainly responsible for our contract manufacturing operations in both Singapore and Nantong factories. In the interim period between May 2021 and December 2023, Mr. Tan was the head of Customer Service SEA at KLA Corporation. Mr. Tan rejoined our Group as the vice president of manufacturing in January 2024.

Mr. Tan obtained a degree of Bachelor of Engineering (Microelectronics) from the National University of Singapore in July 1998.

Mr. Ng Kee Wee (黄啟偉), aged 52, is the Vice President of global supply chain of our Group and mainly responsible for supply chain operations of the Group including strategic sourcing, commodity management, procurement, planning, purchasing, customs, warehouse and logistics.

Mr. Ng joined our Group as Vice President of global supply chain management in January 2024. His career spans over 28 years of experience in a variety of roles that includes, sales, programme management, operations and supply chain management.

Prior to joining our Group, Mr. Ng spent over 16 years with Jabil Inc, one of the world's largest EMS companies. Mr Ng commenced his service at Jabil Inc in 2007 as the director of APAC, global mechanicals & enclosure before rising to his last position at Jabil Inc as the vice president of EMS segment, global sourcing in 2021, responsible for global supply chain activities including strategic sourcing, commodity management, supplier quality, supply chain project execution, supply base technical collaborations, and supply chain early design engagements.

Mr. Ng obtained a degree of Bachelor of Science Management (Honours) from the University of London in 2000. In 2013, Mr. Ng completed the Master of Business Administration from Rutger Business School, New Jersey, U.S..

Mr. Lau Tay Hock (劉帝福), aged 65, is the Vice President of Design Engineering of the Group mainly responsible for the engineering and new product development and innovation of the Group.

Mr. Lau has over 38 years of experience in electronic and semiconductor engineering industry. From November 1983 to September 1984, Mr. Lau served Hewlett Packard (S) Pte Ltd, the principal business of which is development and provision of a wide variety of hardware components as well as software and related services, as a process engineer, primarily responsible for engineering. From November 1985 to September 1987, Mr. Lau was an engineer in Singapore Aircraft Industries Pte Ltd for Republic of Singapore Air Force aircraft upgrading programme. Mr. Lau first joined Advanced Systems Automation Pte Ltd (now known as Advanced Systems Automation Limited) in the November 1988 and rejoined in May 2004 as the vice president, where he was primarily responsible for new product development. The principal business of Advanced Systems Automation Pte Ltd is development, manufacturing of semiconductor assembly equipment. In the interim period between June 2002 and April 2004, Mr. Lau was a programme director in Kulicke & Soffa Industries Inc., the principal business of which is manufacturing of semiconductor back-end equipment and expendable tools and Mr. Lau was primarily responsible for programme management of new products. From June 2007 to May 2008, Mr. Lau served European Semiconductor Equipment Corporation (S) Pte Ltd as product director, where he was primarily responsible for working with Switzerland headquarter research and development for the manufacturing and worldwide sales of wire-bonder products. The principal business of European Semiconductor Equipment Corporation (S) Pte Ltd is development, manufacturing, marketing, sales and service of semiconductor assembly equipment. From July 2008 to June 2011, Mr. Lau served as a project director in Inzign Pte Ltd, the principal business of which is manufacturing of medical disposables and surgical supplies, primarily responsible for qualifying Singapore manufacturing site for disposable medical devices. Subsequent to Inzign Pte Ltd, Mr. Lau joined our Group as a director of engineering in June 2014.

Mr. Lau obtained a degree of Bachelor of Science in Engineering from University of Manchester in the United Kingdom ("UK") in July 1983, a degree of Master of Science in Management Science from Imperial College in UK in January 1986 and a degree of Master of Science in Manufacturing Automation from Imperial College in UK in February 1989.

Mr. Kek Yoke Kiang Terence (揭育強), aged 52, is the Director of Human Resources and Operations Excellence of the Group and is mainly responsible for the operational excellence of the Group in both Singapore and Nantong factories.

Mr. Kek has over 26 years of experience in semiconductor wafer fabrication, semiconductor equipment and solar manufacturing industries, and held leadership positions in process integration, process engineering, product integration, quality and change management roles. Mr Kek has four years of active community involvement in social services organisations and non-profit organisations. From July 1997 to June 2007, Mr. Kek worked at TECH Semiconductor Pte Ltd with the last position as a section manager for process integration. From June 2007 to May 2011, Mr. Kek held dual positions as senior manager for product integration and regional product senior manager in Soitec Singapore Pte. Ltd. From May 2011 to September 2012, Mr Kek was a process engineering director at REC Singapore Pte Ltd (Wafer Business Unit). From March 2014 to January 2016, Mr Kek served as corporate outreach & resource manager in Mercy Relief Singapore. From January 2016 to August 2020, Mr Kek was a global change control manager in ASM International N.V. Mr. Kek joined the Group in August 2020 as a senior quality manager.

Mr. Kek obtained a degree of Bachelor of Engineering (Microelectronics) from the National University of Singapore in July 1997.

Mr. Seow Kian Soon, James (蕭建順), aged 59, is the quality director of the Group. He joined the Group in April 2022. He is responsible for the quality management systems, quality strategy and overall quality functions of the Group.

Mr. Seow has over 17 years of experience in the electronics industry with over 20 years of experience in quality management's positions.

From 1991 to 2000, Mr. Seow was employed by Sony Electronics (S) Pte Ltd, where he started his employment as an Assistant Engineer before he was promoted to the position of senior engineer. Subsequent to his promotion, he led a section of engineers in the field of New Product Introduction (NPI) which involves new production lines transfer, setup, training and commissioning from Japan to South East Asia countries.

From May 2000 to June 2007, James served as a senior quality manager in Interplex Singapore Pte Ltd, the principal business of which is manufacturing of switches and connectors using high-speed stamping machine and electroplating for Electronics industries.

Mr. Seow served ASMPT Ltd for over fifteen years since joining ASMPT Ltd in 2007. Throughout Mr. Seow's stint in ASMPT Ltd, James was fully devoted to the functions of quality assurance in ASMPT Ltd. James introduced and led various quality initiatives which was eventually implemented successfully with great results. Under Mr. Seow's leadership, ASMPT Ltd was awarded the Singapore Quality Award and Malaysia AKI Award (Equivalent to Malcolm Baldrige Quality Award).

Further, Mr. Seow has also been appointed as the chairman of ASM quality steering committee for six different sites in four regions or countries in Asia, namely, Singapore, Malaysia, Hong Kong and China, in order to assist the sites to achieve national recognition in the field of Quality.

Mr. Seow obtained a Bachelor of Engineering (Mechatronics) from the University of Wolver Hampton (UK) in 2022.

Mr. Loh Chew Chune (羅超群), aged 56, is the director of supply chain of our Group. Mr. Loh has over 36 years of experience in the Oil & Gas and semiconductor industry.

From January 1988 to December 1990, Mr. Loh held various Apprenticeship (Machinist) positions at FMC Southeast Asia Pte Ltd. From January 1991 to December 2001, Mr. Loh worked in Lup Weng Engineering as a mould maker before he was promoted to the position of Assistant Procurement Manager in June 1994. From January 2002 to September 2009, Mr. Loh served Jurong SML Pte Ltd (a subsidiary of Sembcorp Marine Ltd) as Procurement Manager who was primarily in charge of all the activities and process of the procurement and warehouse department. From November 2009 to September 2011, Mr. Loh held the position of Senior Engineer in global procurement in ASM Front-End Manufacturing (S) Pte Ltd. Mr. Loh was in charge of the commodity of raw material, sand castings, mechanical/automation components, machining parts, PCBA, electrical/electronic components & other assigned commodities and also to support the supply chain of global sourcing strategies & global supplier network capabilities for assigned categories to achieve key business goals: Time to Market, Cost of Goods Reduction, Lead Time Reduction, Product Transfer & Supplier Business Continuity in ramp-up and ramp-down situations. From October 2011 to November 2015, Mr. Loh joined Halliburton Completion Tools Manufacturing Pte Ltd as International Sourcing Lead, where he oversaw the overall development & implementation of supply chain strategies for the energy industry (Oil & Gas) manufacturing equipment, raw material, sand castings, fabrication parts in Asia Pacific region. Further, Mr. Loh has also optimised the effectiveness of supply chain through continuous improvement of supplier performance. Mr. Loh joins the Company since December 2015.

Mr. Loh obtained NTC-3 in Metal Machining in February 1985, NTC-2 in Precision Machining in January 1990, ITC in Mechanical Engineering in June 2001, Diploma in Sales and Marketing in October 2004, and Bachelor of Arts (Honours) Marketing in July 2008.

Mr. Ng Chee Keong William, aged 52, is the director of programme management of our Group mainly responsible for the strategic account business development of the Group. Mr. Ng joined the Group in August 2023.

Mr. Ng has over 28 years of experience in the semiconductor industry. He started his career as a field service engineer then moved to technical support manager, senior customer support manager, senior programme lead manager and senior business unit manager in leading semiconductor companies.

Mr. Ng obtained a degree of Master of Business Administration from the University of Adelaide Australia in March 2004 and a certified Project Management Professional (PMP®) in February 2013.

Mr. Ng Chee Kuan Peter (吳志坤), aged 59, is the senior MIS manager of our Group mainly responsible for management of all information technology functions and Information Technology equipment of our Group. Mr. Ng joined us in October 2023.

Mr. Ng has over 30 years of experience in Manufacturing IT in the Semiconductor Industry. Before joining our Group, Mr. Ng served as a Senior IT Project Consultant at iSolution System, the primary business of which is providing customised factory automation solutions for the Semiconductor Industry. From 2017 to 2022 Mr Ng served Analog Device Inc., an American multinational semiconductor company specialising in data conversion, signal processing, and power management technology as MIS Manager, responsible for the entire IT operations at their Singapore Factory. From 1993 to 2017, Mr. Ng held the position of MIS Manager at Linear Technology Corp, an American semiconductor company that designed, manufactured, and marketed high performance analogue integrated circuits, responsible for their entire IT operations and company-wide manufacturing process improvement programme.

Mr. Ng obtained a degree of Bachelor of Commerce (IT & IS) from Curtin University in 1998 and a Master of Business (IT) from RMIT University in 2002.

Mr. Yan Xiang (嚴翔), aged 52, is the finance controller of Kinergy EMS mainly responsible for accounting and finance of Kinergy EMS, one of our major subsidiaries. Mr. Yan joined us in April 2001 and was promoted to be current position in March 2017.

Mr. Yan has over 26 years of experience in accounting. Mr. Yan worked for Nantong Carlson Plastics Corporation* (南通嘉宏塑膠有限公司) (now known as Nantong Swanson Plastic Co., Ltd*. (順昶塑膠（南通）有限公司)), a plastic products manufacturer, from April 1996 to March 2001. The last position he held in the company was account manager, primarily responsible for accounting related matters such as audit and cost accounting.

Mr. Yan obtained a college diploma in Electromechanical Engineering from Jiangsu Radio and TV University* (江蘇廣播電視大學) (now known as Jiangsu Open University* (江蘇開放大學)) in the PRC in July 1994. Mr. Yan attended the long distance learning courses in Nanjing Institute of Economics* (南京經濟學院) (now known as Nanjing University of Finance & Economics* (南京財經大學)) and obtained a college diploma in Accounting in June 1995 and a bachelor degree in Accounting in June 2001. He also obtained the qualification of assistant accountant and accountant as conferred by the Ministry of Finance of the PRC (中華人民共和國財政部) in May 1997 and May 2002 respectively. Mr. Yan has become a non-practising member (非執業會員) of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since October 2006.

Mr. Ng Ghim Yam (Dennis) (黃錦炎), age 68, is the Manufacturing Director of Kinergy EMS (Nantong) which is one of our major subsidiaries. His main responsibility is to ensure the smooth running of the manufacturing facility and to achieve set performance targets on cost, delivery and quality of products manufactured in Kinergy EMS (Nantong, China). His most notable achievements in his work are (i) drastic reduction in overall product manufacturing cycle time, (ii) ardent commitment to achieve 100% On-Time-Delivery of products to customers, and (iii) aggressive approach and improvement on quality of products manufactured.

Mr. Ng is a senior management professional with more than 46 years of experience in managing entire factory manufacturing operations in various industries. Most of the companies he served with are MNCs from the U.S. and Europe and local EMS.

Prior to joining the Group, he spent seven years serving Global Invacom Inc. as an Operations Manager and was overall in-charge of the entire factory manufacturing operations in Shanghai, China. Global Invacom Inc. is a British company with headquarter located in Singapore. Apart from being an EMS provider, Global Invacom Inc. also develops and manufactures satellites related products. The products manufactured include medical, automotives, satellites and TV peripheral Equipments. Before the Shanghai experience, he spent 14 years serving Honeywell Aerospace Avionics Inc. with its manufacturing facility based in Singapore. The avionics products jointly developed and produced in this facility includes transponders, nav/com systems, GPS navigation systems, DME, TCAS, weather radars systems, auto-pilot systems, etc.. He rose from senior industrial engineer and went through various managerial positions before finally attaining a senior management position of director of manufacturing. He was in-charge of the entire factory manufacturing operations and was responsible for ensuring the smooth running of the manufacturing facility.

He spent 10 years of the early part of his career with various multinational corporations learning and honing the different sets of principle ranging from precision metal machining, lean manufacturing processes, quality management system, supervisory roles, store and inventory control management, planning and scheduling, cost reduction management, etc. multinational corporations includes Phillips Singapore (Video Division), Garrett Aerospace Precision Manufacturing, Rollei Singapore Ltd. GE Consumer Products, Airco Welding Products. The products developed and manufactured include consumer products, precision metal machining components, precision professional cameras, welding torches, pressure gages and regulators.

Mr. Ng obtained a full Technological Certificate in Mechanical Engineering from City & Guilds, London in 1976, a full Technical Diploma in Production Engineering from Singapore Polytechnic in 1979, Management Diploma in Business Efficiency and Productivity (Industrial Engineering) from NPB Institute (Singapore) in 1991.

Mr. Mauriben T. Garlejo, aged 65, is the country manager of Kinergy Philippines, one of our major subsidiaries, mainly responsible for managing of Kinergy Philippines (sales and service).

Mr. Mauriben T. Garlejo has over 40 years of experience in the semiconductor/industrial industries. Mr Mauriben joined Kinergy Philippines Inc as country manager since 1998.

From 1983 to present, Mr. Mauriben T. Garlejo held various position in both Engineering and Managerial position in semiconductor and in industrial companies. He has over 39 years of experience in semiconductor. He worked for Kato Pump & Blower as QA Engineer from 1983 to 1984, before joining Integrated Circuit Philippines as Process Engineer from 1984 to 1987. From 1987 to 1991, Mr Mauriben worked for Integrated microelectronics (IMI) as Senior Supervisor for packaging & technology/equipment/maintenance. Mr Mauriben joined Advance semiconductor Sdn Bhd (ASE Malaysia) as section head process/maintenance from 1991 to 1996 before joining Applied Precision Singapore Pte. Ltd, as Technical Support Manager from 1996 to 1998.

Mr. Mauriben T. Garlejo obtained Bachelor's Degree in Mechanical Engineering and a licensed Mechanical Engineer (licence number: 25014).

The Board is pleased to present this Corporate Governance Report ("CG Report") in the annual report of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the shareholders of the Company ("Shareholder(s)"). The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for Shareholders.

During the year ended 31 December 2023, the Company complied with all the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 (renumbered as Appendix C1 since 31 December 2023) to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") that are applicable to the Company for the reporting year.

MODEL CODE FOR SECURITIES TRANSACTIONS

Pursuant to Code Provision C.1.3 of the CG Code, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 (renumbered as Appendix C3 since 31 December 2023) to the Listing Rules as its code of conduct regarding securities transactions by the Directors and relevant employees.

Upon specific enquiry of all Directors, all Directors confirmed that they had complied with the Model Code during the year ended 31 December 2023.

THE BOARD

Composition of the Board

The Company is led by the Board that is effective and of quality. The Board acts honestly and fiducially, which makes decisions objectively for the best interests of the Company, so as to bring maximum value to the Shareholders in the long term and practically fulfill its obligations to the stakeholders of the Company. During the year ended 31 December 2023, the Board comprises the following members:

Name of Directors

Executive Directors

Mr. Lim Kuak Choi Leslie *(Chief Executive Officer)*
Mr. Du Xiaotang
Mr. Lim Khin Mann
Mr. Henry Lee Wong *(ceased to be an alternate Director to Mr. Lim Khin Mann with effect from 23 December 2023 and is no longer a member of the Board since then)*
Mr. Tay Kim Kah *(Group Financial Controller)*

Non-executive Directors

Mr. Loh Kin Wah *(Chairman of the Board)*
Mr. Wang Yizhe *(resigned with effect from 21 August 2023)*
Mr. Fan Zhirong *(appointed with effect from 21 August 2023)*

Independent Non-executive Directors

Mr. Hoon Chee Wai
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka
Dr. Ang Peng Huat

Except that Mr. Lim Khin Mann is the son of Mr. Lim Kuak Choi Leslie, there is no other relationship among the Board members.

Independent Non-executive Directors

The Board has received from each independent non-executive Director a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive Directors are independent in character and judgement and they also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

During the year ended 31 December 2023, the Board has one-third of its membership comprising independent non-executive Directors, with at least one of them possessing appropriate professional qualifications, or accounting or related financial management expertise, as required under the Listing Rules.

Non-executive Directors

Under Code Provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the appointment letters signed by the non-executive Directors, including the independent non-executive Directors, the relevant Directors are appointed for a fixed term of three years commencing from the date of appointment, which may be terminated in accordance with its terms. Each of them is also subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years in accordance with the constitution of the Company (the "Constitution").

Responsibilities, accountability and contributions of the Board and the management

The Board is at the core of the corporate governance framework of the Company. The focus of the Board is for setting the strategic direction and policies of the Company and supervising management. Some functions are reserved by the Board, including, *inter alia*, the monitoring and approval of material transactions, matters involving a conflict of interest with a Director or a substantial Shareholder, the approval of interim and final results, dividend policy, major corporate activities such as material investments and connected transactions. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to management under the supervision of the respective Directors and the leadership of the Chairman of the Board.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the expenses of the Company for discharging their duties to the Company. The Company has arranged for appropriate insurance cover to protect the Directors from possible legal action against them.

The Directors shall disclose to the Company details of other offices held by them in public companies or organisations and/or other significant commitments and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

Corporate governance functions of the Board

Under Code Provision A.2.1 of the CG Code, the Board is responsible for performing the corporate governance duties as set out below:

1. to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Company;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

5. to review compliance of the Company with the CG Code and disclosures in the CG Report under Appendix 14 (renumbered as Appendix C1 since 31 December 2023) to the Listing Rules.

The Board had performed the above duties, including determination and/or review of the following documents related to the corporate governance practices during the year ended 31 December 2023:

- CG Report;
- division of responsibilities between the Chairman and the Chief Executive Officer;
- procedures for Shareholders to nominate Directors;
- procedures for Shareholders to convene general meetings;
- procedures for Shareholders to send enquiries to the Board;
- Shareholders' communication policy;
- Board diversity policy;
- other policies and practices on corporate governance, policies and practices on compliance with legal and regulatory requirements and code of conduct and compliance manual applicable to employees and Directors;
- internal control report; and
- risk management report.

Division of Responsibilities between the Chairman and the Chief Executive Officer

According to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The positions of the Chairman of the Board and the Chief Executive Officer are held by Mr. Loh Kin Wah and Mr. Lim Kuak Choi Leslie, respectively. The Chairman of the Board is responsible for policy making and planning and monitoring of the executive Directors, ensuring effective running of the Board, including that all appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer is responsible for overall corporate management, strategic planning and business development of the Group. The Chief Executive Officer is also directly responsible for the day-to-day operation of the Company, conducts the affairs of the Company in accordance with the practices and procedures adopted by the Board and promotes the highest standards of integrity, probity and corporate governance within the Company and regularly reports to the Board. Code provision C.2.7 stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The Chairman of the Board met the independent non-executive Directors once without the presence of other Directors during the year ended 31 December 2023.

Training and Support for Directors

In accordance with Code Provision C.1.4 of the CG Code with regards to continuous professional development, the Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Every Director has been given a comprehensive, formal and tailored induction on appointment. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. All Directors have provided to the Company their records of training which they have received during the year ended 31 December 2023. Mr. Fan Zhirong, who was appointed as a non-executive Director with effect from 21 August 2023, obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. A summary of such records is as follows:

Name of Directors	Reading materials relating to rules and/or attending trainings
Executive Directors	
Mr. Lim Kuak Choi Leslie	✓
Mr. Du Xiaotang	✓
Mr. Lim Khin Mann	✓
Mr. Henry Lee Wong(1)	N/A
Mr. Tay Kim Kah	✓
Non-executive Directors	
Mr. Loh Kin Wah	✓
Mr. Wang Yizhe(2)	N/A
Mr. Fan Zhirong(3)	✓
Independent Non-executive Directors	
Mr. Hoon Chee Wai	✓
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka	✓
Dr. Ang Peng Huat	✓

Notes:

(1) Mr. Henry Lee Wong ceased to be an alternate Director to Mr. Lim Khin Mann with effect from 23 December 2023 and is no longer a member of the Board since then. For details, please refer to the announcement of the Company dated 23 December 2023.

(2) Mr. Wang Yizhe resigned as a non-executive Director with effect from 21 August 2023. For details, please refer to the announcement of the Company dated 21 August 2023.

(3) Mr. Fan Zhirong was appointed as a non-executive Director with effect from 21 August 2023. For details, please refer to the announcement of the Company dated 21 August 2023.

Attendance of the Directors at Board, Board Committee and General Meetings

The attendance of each Director at Board meetings, different Board committee meetings and general meeting(s) during the year ended 31 December 2023 is set out below:

Name of Directors	Annual General Meeting	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Executive Directors					
Mr. Lim Kuak Choi Leslie	1/1	5/5	N/A	N/A	N/A
Mr. Du Xiaotang	1/1	4/5	N/A	N/A	N/A
Mr. Lim Khin Mann	1/1	5/5	N/A	N/A	N/A
Mr. Tay Kim Kah	1/1	5/5	N/A	1/1	N/A
Non-executive Directors					
Mr. Wang Yizhe(2)	1/1	2/3	N/A	N/A	N/A
Mr. Loh Kin Wah	1/1	5/5	N/A	N/A	2/2
Mr. Fan Zhirong(3)	N/A	1/2	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Hoon Chee Wai	1/1	5/5	2/2	1/1	N/A
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka	1/1	5/5	1/2	1/1	2/2
Dr. Ang Peng Huat	1/1	5/5	2/2	N/A	2/2

Notes:

(1) Mr. Henry Lee Wong ceased to be an alternate Director to Mr. Lim Khin Mann with effect from 23 December 2023 and is no longer a member of the Board since then.

(2) Mr. Wang Yizhe resigned as a non-executive Director with effect from 21 August 2023.

(3) Mr. Fan Zhirong was appointed as a non-executive Director with effect from 21 August 2023.

The Board meets at least four times a year regularly and additional meetings will be convened when deemed necessary by the Board. Pursuant to Code Provision C.5.3 of the CG Code, formal notices were sent to all Directors at least 14 days before the regular Board meetings. Adequate time was given to all Board or relevant committee members to review and consider the Board agenda and meeting materials. Pursuant to Code Provision C.5.5 of the CG Code, the minutes of the Board/Board committees contain detailed records of all the issues considered and the decisions made by the Directors. Pursuant to Code Provision C.5.4 of the CG Code, the minutes of the Board/Board committees, upon review by all the Board members, are properly kept by the office of the company secretary. Matters arising from the previous Board meeting and the relevant follow-up actions taken are reported at the following meetings.

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee, each with defined terms of reference which are no less exacting than those set out in the CG Code and available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has an Audit Committee with written terms of reference in compliance with the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee is chaired by Mr. Hoon Chee Wai with Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka and Dr. Ang Peng Huat as members. All of the members are independent non-executive Directors. It has been established to assist the Board in fulfilling its overseeing responsibilities for financial reporting, risk management, corporate governance functions and evaluation of internal control and auditing processes. It also ensures that the Group complies with all applicable laws and regulations.

Mr. Hoon Chee Wai, as the chairman of the Audit Committee, has the appropriate financial management expertise as required under the Listing Rules. The Audit Committee held two meetings during the year ended 31 December 2023. Please refer to the section headed "The Board — Attendance of the Directors at Board, Board Committee and General Meetings" above in this CG Report for details of attendance of Directors at the Audit Committee meetings.

In addition to the Audit Committee members, the meetings were attended by the Chief Executive Officer, the Joint Company Secretaries, the Group Financial Controller and the external and internal auditors. Work performed by the Audit Committee includes, but is not limited to, reviewing the following:

— audited financial statements, annual report and results announcement for the year ended 31 December 2023;

— unaudited interim report and results announcement for the six months ended 30 June 2023;

— accounting principles and practices adopted by the Group;

— the corporate governance practices of the Group;

— review of risk management and internal control systems of the Group; and

— audit plans of the external auditors.

Nomination Committee

The Company has a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code. The Nomination Committee is chaired by Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka, an independent non-executive Director, with Mr. Tay Kim Kah, an executive Director, and Mr. Hoon Chee Wai, an independent non-executive Director, as members. It is responsible for reviewing the structure, size and diversity of the Board, and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and professional experience. Candidates for appointment as Directors may be sourced internally or externally through various channels such as using the services of specialist executive search firms. The aim is to appoint individuals of the highest calibre in their area of expertise and experience. The Nomination Committee held one meeting during the year ended 31 December 2023.

Pursuant to the Constitution, any person appointed as a Director to fill a casual vacancy of the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the relevant general meeting and any Director appointed as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at the relevant general meeting. Every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election in accordance with the Constitution. The Constitution also allows for removal of a Director by an ordinary resolution.

Nomination Policy

The Company has adopted a policy for nomination of Directors. It is the policy of the Company that the Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Company. To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidates by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

(a) participating in Board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the Audit Committee, and the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;

(d) bringing a range of business and financial experience to the Board, giving the Board and any committees of the Board on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;

(e) scrutinising the performance of the Company in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

(f) ensuring the committees of the Board on which he or she serves to perform their powers and functions conferred on them by the Board; and

(g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules on the Stock Exchange, where appropriate.

If the candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

Board and Workforce Diversity

The Board has adopted a diversity policy in compliance with Rule 13.92 of the Listing Rules. The policy aims to set out the approach to achieve diversity on the Board. The Company sees increasing diversity at the Board level as an essential element in maintaining the competitive advantage of the Company. In designing the composition of the Board, Board diversity will be considered from a range of diversity perspectives, including without limitation, differences in the professional and industry experience, cultural background, educational background, gender, age and other qualities of the members of the Board, with reference to the business model and specific needs of the Company. Under Code Provision B.1.3 of the CG Code, the Board has reviewed the implementation and effectiveness of the Company's policy on board diversity on an annual basis. The Board currently has no female Director. We would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024. The Board targets to maintain at least such level of female representation and will continue to take steps to promote gender diversity at the Board of our Company. Going forward, we will strive to achieve gender balance of the Board in the long run through certain measures to be implemented by our Nomination Committee in accordance with our board diversity policy and nomination policy. To further ensure gender diversity of our Board in a long run, our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit basis against objective criteria based on the Group's business needs and with due regard for the benefits of diversity on the Board. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the business needs of the Company.

As at 31 December 2023, the Group had a relatively balanced workforce overall in terms of gender distribution. The gender ratio in the workforce (including senior management) for the Reporting Period is approximately 35:65 (female:male). The Group supports diversity across a variety of perspectives, the key areas of which are similar to those for the Board diversity. The Group will continue to improve the gender diversity in workforce. For further details of gender ratio, please refer to the disclosure in the ESG report.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the CG Code. The Remuneration Committee is chaired by Dr. Ang Peng Huat, an independent non-executive Director with Mr. Loh Kin Wah, a non-executive Director and Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka, an independent non-executive director as members. The Remuneration Committee held two meetings during the year ended 31 December 2023. The Remuneration Committee held two meetings to, among other things:

- review the policy for the remuneration of executive Directors;
- assess performance of executive Directors;
- review the terms of executive Directors' service contracts;
- make recommendation to the Board on the remuneration packages of individual executive Directors and senior management and related matters; and
- review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Emoluments of Directors and Senior Management

The emoluments of executive Directors and senior management are based on skills, knowledge and performance, together with reference to the profitability of the Company, and prevailing market conditions. In addition, the Company has adopted a share option scheme to provide incentives and rewards to eligible participants for their continuous contribution to the Group.

The five highest paid employees of the Group during the year included three Directors (2022: three Directors), details of whose remuneration are set out in Note 8 above. The number of the remaining 2 highest paid employees (who are neither a Director nor chief executive) whose remuneration fell within the following band is as follows:

Remuneration Band	Number of Individuals
Nil to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	–
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	2

The remuneration of the senior management of the Company, excluding the Directors, for the year ended 31 December 2023 by remuneration band is set out below:

Remuneration Band	Number of Individuals
Nil to HK$1,000,000	7
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	2

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Board provides directions in identifying, evaluating and managing significant risks. In accordance with the code provision D.2.1 of the CG Code, on an annual basis, the Group identifies risks that would adversely affect the achievement of the objectives of the Group, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant. Under Code Provision D.2.5 of the CG Code, the Group has engaged an independent professional advisor (PKF-CAP Risk Consulting Pte Ltd or "PKF Risk") as an internal audit function of the Group. During the year ended 31 December 2023, PKF Risk performed a review on the risk management and internal control systems particularly on the area of human resource, payroll and compensation process for Kinergy EMS, one of the main subsidiaries of the Group. The results of the reviews are documented in internal audit reports and submitted to the Audit Committee.

The Board, through the Audit Committee, had performed interim and annual review on the effectiveness of the risk management and internal control systems of the Group, including but not limited to the ability of the Group to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; the communications with the Board in relation to result of risk management and internal control review; significant risks, failures or weaknesses identified and their related implications; and status of compliance with the laws and regulations that are applicable to the Group. The Board considers the risk management and internal control systems of the Group to be effective and adequate during the year ended 31 December 2023.

Under Code Provision D.2.6 of the CG Code, the Company has adopted a whistle-blowing policy to facilitate its employees to raise, in confidence, concerns about possible improprieties in financial reporting control or other matters of the Company.

Under Code Provision D.2.7 of the CG Code, the Company has also adopted an anti-corruption policy to strictly prohibit any form of fraud or bribery and to observe and uphold high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times.

AUDITOR'S REMUNERATION

The Audit Committee reviews and monitors the external auditor's independence and objectivity as well as remuneration on audit and non-audit services. In 2023, the fees in respect of audit services, tax and advisory services provided by Ernst & Young LLP, the external auditors, are summarised below:

Services provided	2023 S$'000
Audit services	340
Non-audit services	
— *Taxation*	45
Total audit and non-audit services	385

The Audit Committee reviewed audited financial statements and annual report of the Group for the year ended 31 December 2023 in conjunction with the external auditor and senior management of the Company before recommending them to the Board for consideration and approval. The financial results of the Group for the year ended 31 December 2023 have been reviewed with no disagreement by the Audit Committee.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements for the year ended 31 December 2023 to give a true and fair view of the financial position of the Group as at that date and of its financial performance for the year then ended. In doing so, the Directors have adopted the appropriate accounting policies, applied them consistently in accordance with the International Financial Reporting Standards and made judgements and estimates that are prudent and reasonable in preparing the financial statements on a going concern basis in accordance with Code Provision D.1.3 of the CG Code.

The Directors are responsible for ensuring the maintenance of proper accounting records, safeguarding of the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The statement by the external auditors of the Company regarding their responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report set out in the section headed "Financial Statements and Notes to the Financial Statements" of this report.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

Procedures for the convening of an Extraordinary General Meeting by Shareholders and putting forward proposals and procedures

The Company uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include interim and annual reports, announcements and circulars.

The general meetings of the Company are a primary forum for communication between the Shareholders and the Board. The Company encourages its Shareholders to attend and participate in general meetings to ensure a high level of accountability and to keep the Shareholders informed of the strategy and goals of the Company. The Chairman of the Board, other Board members and the Chairman of all the Board committees, or in their absence, other members of the respective committees, are available to answer any questions from the Shareholders. In the general meetings, Shareholders are given the opportunity to participate effectively and raise their concerns with the Directors and management on matters pertaining to the Group's business and its operations.

According to Regulation 47 of the Constitution, the Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an extraordinary general meeting, Also, according to Section 176 of the Companies Act 1967 of Singapore (the "Companies Act"), directors of a company, notwithstanding anything in its constitution, must on the requisition of shareholders holding at the date of the deposit of the requisition not less than 10% of the total number of paid-up shares as at the date of the deposit carries the right of voting at general meetings, immediately proceed duly to convene an extraordinary general meeting of the Company to be held as soon as practicable but in any case not later than two months after the receipt by the Company of the requisition. The requisition shall state the objects of the meeting and shall be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, pursuant to Section 176(3) of the Companies Act, the requisitionists, or any of them representing more than 50% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date. Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors to convene a meeting shall be paid to the requisitionists by the Company, and any sum so paid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default.

Members may propose any resolution which may properly be moved at an annual general meeting pursuant to Section 183(1) of the Companies Act. On the requisition of members holding not less than 5% of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates or of at least 100 members holding shares in the Company on which there has been paid up an average sum (per member) of not less than $500, the Company must circulate (at the members' expense) notice of the proposed resolution and any statement of not more than 1,000 words with respect to the matter referred to in it.

Shareholders may at any time send their enquiries and concerns to the Board in writing through our Investor Relation contact by email to ir@kinergy.com.sg or by phone to +65 6481 0211.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of transparent and timely disclosure of corporate information, which enables the Shareholders and investors to make the best investment decision. The Company believes the effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.kinergy.com.sg as a communication platform with Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders, Board members, in particular, either the chairmen of Board Committees or their delegates, appropriate management executives and external auditors (as the case may be) will be available at the meeting to answer any questions raised by the shareholders.

The Company has also established a shareholders communication policy to ensure the shareholders are provided with timely information about the Company. The policy is regularly reviewed to ensure its effectiveness.

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

The Company attaches great importance to corporate social responsibility. The Board is committed to undertaking corporate social responsibility by strengthening relationship with its stakeholders with a view to contributing to the sustainable development of the economy, society and environment. The Company consistently supports and participates in activities that are beneficial to the community. Please refer to the section headed "Environmental, Social and Governance Report" of this Annual Report.

JOINT COMPANY SECRETARIES

Ms. Gn Jong Yuh Gwendolyn ("Ms. Gn") and Mr. Lee Cheuk Wang ("Mr. Lee") are the joint company secretaries of our Company during the year ended 31 December 2023.

Ms. Gn Jong Yuh Gwendolyn (鄞鐘毓), aged 53, of Shook Lin & Bok LLP has been appointed as the company secretary of the Company since January 2010. She has been responsible for the compliance of the Company with all relevant statutory and regulatory requirements in Singapore since her appointment.

Ms. Gn joined Shook Lin & Bok LLP in October 2006 and has been active in acting for both listed and unlisted corporations in regional mergers and acquisitions, takeovers and reverse takeovers. She also regularly advises clients and financial institutions on corporate governance, regulatory and corporate compliance issues. Ms. Gn was admitted as an Advocate & Solicitor, Singapore in April 1995 and obtained an LLB (Hons) from the National University of Singapore in July 1994.

Mr. Lee Cheuk Wang (李卓宏), aged 50, has been appointed as one of our joint company secretaries since 18 November 2019.Mr. Lee is a solicitor of the High Court of the Hong Kong Special Administrative Region and a partner of Loeb & Loeb LLP, being the legal adviser to the Company as to Hong Kong laws. Mr. Lee graduated from City University of Hong Kong with Bachelor of Laws in 1996 and Master of Laws in Chinese and Comparative Law in 1999. He has more than 23 years of experience in advising on regulatory compliance and corporate governance.

The primary contact person of the joint company secretaries at the Company is Mr. Tay Kim Kah, an executive Director and Group Financial Controller of the Company.

During the year ended 31 December 2023, Mr. Lee Cheuk Wang and Ms. Gn Jong Yuh Gwendolyn attended relevant professional seminars to update their skills and knowledge and have complied with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training.

CONSTITUTION

There has been no changes in the constitutional documents of the Company during the year ended 31 December 2023. The Constitution is available on the websites of the Company (www.kinergy.com.sg) and the Stock Exchange (www.hkexnews.hk).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT KINERGY

The Company, established in Singapore in 1988, is a major contract manufacturer specialising in the manufacture of equipment, machines, sub-systems, precision tools, spare parts and components in the semiconductor processing equipment industry, with in-house production facilities located in Singapore, the PRC and the Philippines. The Group provides EMS for high-mix/low volume sub-systems and equipment, and also provides ODM of its proprietary "Kinergy" brand of equipment. Details of the corporate profile information can be found in the Corporate Profile of this annual report.

ABOUT THIS REPORT

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performance of the Group and demonstrates its commitment to sustainable development.

Reporting Period

Unless otherwise stated, the ESG Report covers the initiatives, plans and performance with respect to ESG aspects of the Group for the year ended 31 December 2023 (the "Reporting Period" or "2023").

Reporting Scope

The reporting scope is discussed and confirmed by the senior management of the Group. The Group identifies the reporting scope by considering the materiality principle, its core business and its main revenue source. This ESG Report covers the operations in Singapore and Nantong in China, which contributed approximately 88% of the revenue during the Reporting Period. The Group obtains data of key performance indicators ("KPIs") from relevant operations. The Group will continue to assess the major ESG aspects of different businesses or its major subsidiaries and extend the scope of disclosure when and where applicable.

Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Listing Rules. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report of this annual report.

During the preparation of this ESG Report, the Group has applied the reporting principles in the ESG Reporting Guide as the following:

Materiality: This ESG Report is structured based on the materiality of respective issues, resulting from materiality assessment. The result of the materiality assessment was reviewed and confirmed by the Board of Directors (the "Board") and senior management. For further details, please refer to the sections headed "STAKEHOLDER ENGAGEMENT" and "MATERIALITY ASSESSMENT" in this ESG Report.

Quantitative: This ESG Report discloses KPIs in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used for KPIs is stated wherever appropriate. Environmental targets have been set to mitigate its impact.

Balance: This ESG Report provides an unbiased picture of the current performance of the Group on ESG management following the principle of balance.

Consistency: Unless otherwise stated, the Group's disclosure and statistical methods were substantially consistent with those applied to the year ended 31 December 2022 ("2022") for meaningful comparison. If there is any change that may affect comparison with previous reports, the Group will make explanatory notes to the corresponding section hereof.

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

BOARD STATEMENT

The Board is pleased to present the ESG Report of the Group, which summarises ESG initiatives, plans and performance of the Group and demonstrates its commitment to sustainable development. ESG is an integral part of the business strategy of the Group in order to achieve business excellence and enhance capabilities for long-term competitiveness. Therefore, the Group has always insisted on incorporating ESG responsibilities into corporate operation and management, and has established and continuously optimised an effective risk management and internal control systems in relation to ESG as well as set ESG-related targets. The ESG strategy of the Group is based on the compliance with the applicable legal requirements, principle of sustainability and opinions from stakeholders. The Group has also established and implemented various policies to manage and monitor the issues related to the environment, employment, operating practices and community.

ESG Governance Structure

Fostering the right governance framework is crucial for successful delivery of its sustainability strategy. In this regard, the Group established a purposeful and robust corporate governance structure that enables an effective information flow throughout the Group.

The Board, possessing sufficient expertise and awareness in ESG aspects, holds the overall responsibility for the ESG issues of the Group as well as ensuring the effectiveness of the risk management and the internal control systems of the Group. In particular, the Board is accountable for setting forth ESG management approach, strategy, policies, and objectives, prioritising ESG issues, and approving disclosures in the ESG reports of the Group with the assistance of core members from various departments. The performance and progress on ESG-related targets of the Group are also discussed and reviewed by the Board at least annually to ensure that the operations of the Group are at a satisfactory pace to achieve the respective targets. The progress towards the set targets can be found in the section headed “ENVIRONMENTAL ENDEAVOURS”.

Meanwhile, core members from various departments are responsible for facilitating the oversight of ESG matters of the Board with the assistance of third-party consultant. The core members from various departments have the necessary ESG-related knowledge and the responsibility for collecting and analysing ESG data, monitoring and evaluating the ESG performance of the Group, keeping track of and reviewing the progress made against the ESG-related targets of the Group, ensuring compliance with ESG-related laws and regulations, assisting in conducting materiality assessment and preparing ESG reports. The core members from various departments arrange at least one meeting annually to evaluate the effectiveness of current policies and procedures, and formulates appropriate solutions to improve the overall performance of ESG policies. In addition, the core members from various departments reports to the Board at least annually, assists in assessing and identifying the ESG risks and opportunities of the Group, ensuring the implementation and effectiveness of the risk management and internal control systems.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG performance. To better understand and address their concerns and expectations, the Group has maintained close communication with its key stakeholders on a regular basis through various channels. The Group will continue to strengthen its collection of information, so as to enhance its reporting performance.

In formulating operational strategies and ESG measures, the Group takes into account the expectations of the stakeholders and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community by utilising diversified communication channels, as shown below:

Stakeholders	Communication Channels	Expectations and Concerns
The Board/senior management	• Written or electronic correspondence • Meetings	• Compliant operation • Transparency of internal information
Investors and shareholders	• Annual general meeting and other shareholder meetings • Financial reports • Circulars and announcements • Website of the Group	• Financial performance • Compliant operation • Corporate governance • Business strategy
Employees	• Internal emails • Training, seminars and briefing sessions • Employee activities	• Occupational health and safety • Remuneration and benefits • Employee development and training • Equal opportunity
Customers	• Website of the Group • Customer service hotline • Customer satisfaction surveys • Emails	• High quality products and services • Protection of interests and privacy of customers • Compliant operation
Suppliers and business partners	• Business meetings • Performance assessment • On-site inspections • Telephone communication • Emails • Quotation process	• Fair and open procurement • Stable business relationships • Payment schedule • Commitment
Government and regulatory authorities	• Written or electronic correspondences • Statutory fillings and notices • Mandatory/voluntary disclosures	• Compliant operation • Technological innovation
Communities/Non-governmental organisations	• Website of the Group • Emails • ESG reports	• Environmental protection • Contribution to society

MATERIALITY ASSESSMENT

To review its operations, identify key ESG issues and assess the importance of these issues to its businesses and stakeholders, the Group has compiled a questionnaire to collect opinions from the senior management and employees who are responsible for the key functions of the Group.

Based on the result of materiality assessment, the material ESG issues of the Group are summarised in the following matrix.

Importance to the Stakeholder			
High		• Anti-corruption	• Occupational Safety and Health • Employment Practices • Development and Training
Medium	• Community Investment	• Climate Change	• Quality Assurance • Customer Satisfaction • Protection of Intellectual Property Rights and Privacy • Waste Management • Energy Management • Water Management • Supply Chain Management
Low	• Prevention of Child and Forced Labour	• Greenhouse Gas ("GHG") Emissions	
	Low	Medium	High

Importance to the Group

Occupational safety and health, employment practices and development and training are the most material ESG issues of the Group. The materiality assessment results were reviewed and confirmed by the core members from various departments, and then approved by the Board. In this ESG Report, the Group will consider the results as important reference points for the planning of ESG management approach and strategy, as well as the disclosure of the performance and progress of the Group against the ESG-related targets of the Group.

CONTACT US

The Group appreciates your valuable feedback on this ESG Report and its sustainability performance. Please send your comments at ir@kinergy.com.sg.

PRODUCT RESPONSIBILITY

The Group is committed to total customer satisfaction in the high technology equipment design and fabrication sector as stipulated in the Quality Policy. During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Consumer Protection (Trade Descriptions and Safety Requirements) Act of Singapore, the Personal Data Protection Act of Singapore, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Product Quality Law of the People's Republic of China.

Quality Assurance

The Group recognises the importance of achieving and maintaining high product quality standard to its sustainable growth. The Group has achieved various quality management accreditations, including ISO 9001:2015 Quality Management System (obtained by the Company and Kinergy EMS) and ISO 14001:2015 Environmental Management System (obtained by Kinergy EMS) to ensure that the finished products meet the required quality requirements. During the Reporting Period, no products sold and shipped were subject to recalls for safety and health reasons (2022: nil).

To maintain high product quality, the Group has implemented the Quality Policy and the quality assurance process at incoming, in-process and outgoing in order to ensure the quality standards at each production stage. Strict control measures are implemented to ensure that every part of work and the products manufactured are fully compliant to the relevant national standards, laws and regulations, as well as ensure that any major defects are identified and rectified before shipment. In addition, First Article ("FA") Inspections are conducted upon first order given by the customers, and FA reports will be provided afterwards based on their requirements.

Moreover, the Group conducts internal quality audits and management reviews of the quality system periodically. The Group has invited independent third parties to conduct quality reviews twice a year. Besides, to ensure the safety and smooth operation of critical tools, equipment is tested and calibrated by certified third-party laboratories.

Customer Satisfaction

Customer satisfaction is crucial to the success of the Group's business. The Group puts great attention to ensure the products meet the needs and expectations of the customers through the application of "Copy-Exact" methodology (per drawing specs, qualified suppliers, material source, assembly method and tests etc.) from incoming components until finished products. In order to achieve customer satisfaction, the engineering, production and quality assurance teams will implement corrective actions collaboratively to resolve issues regarding any failure to meet the quality requirements. A one-year warranty is extended to the customers for any defect in workmanship.

The Group strives to provide customers with high-quality and appropriate products, and establish good relationship with customers. Feedback from the customers provide valuable insight for the Group to achieve continual improvements in the products and the manufacturing processes. The Group has set up procedures for handling complaints of customers, which provide methods for handling feedback of customers and procedures for taking corrective and preventive actions to effectively respond to customer complaints. The Group attaches great importance to quality-related complaints. Once the Group receives such complaints, the Group will immediately report them to relevant personnel including but not limited to engineers, officer, manager of the quality assurance department to analyse the causes and formulate countermeasures to improve future production. During the Reporting Period, the Group record 46 cases of products and service-related complaints (which are equivalent to approximately 0.21% of the total shipment) (2022: 33 cases of complaints, equivalent to approximately 0.33% of the total shipment). The complaints were mainly about minor damage to the products during transportation. All complaints were handled properly during the Reporting Period while remediation actions such as reinforcement of careful handling of goods to related parties and replacement of damaged products were carried out.

The Group is proud to announce that Kinergy has been honoured with the Certificate of Appreciation for being a preferred supplier by its valued customers during the Reporting Period. The Group is thrilled to be recognised for its unwavering commitment to excellence and customer satisfaction.

Protection of Intellectual Property Rights and Privacy

The Group values intellectual property rights and fully complies with the laws and regulations related to the intellectual property rights. The Group strictly monitors the use of patents, trademarks and technologies and eliminates all acts of infringement of intellectual property rights, as well as rationalises the information and materials related to corporate patents and intellectual property rights to ensure that the intellectual property rights of the Group are protected from infringement.

In order to protect the intellectual property and ensure data security, the Group strictly follows the relevant laws and regulations. The Staff Handbook and Management Information System ("MIS") Procedures and Policy of the Group clearly stated the definition, responsibility and the proper procedures of handling sensitive information. Before printing out any technical drawings of the products, employees must complete a document request form and obtain approval from the designated personnel. Moreover, a register is maintained for the record of any apparatus, tooling and equipment for production and testing provided by customers of the Group. The Group has also imposed restriction areas and activity logs in its data room with sensitive information.

Furthermore, all employees are required to uphold the obligation to maintain confidentiality as outlined in the Staff Handbook and confidentiality policy. They are not allowed to disclose confidential information, including customer information and privacy, during and after employment. The Group has also implemented firewall, anti-virus, and anti-spam solutions for the IT systems to safeguard confidential information and are routinely upgraded. The Disaster Recovery Plan and Cyber and Data Security Incident Response Plan have been implemented and included in the MIS Procedures and Policy to ensure the integrity of information maintained on the IT system of the Group and assist in the recovery of business process following a network security incident. These policies and plans are reviewed regularly to ensure their effectiveness.

Advertising and Labelling

Owing to the business nature of the Group, the Group has an insignificant amount of business dealing on advertising and labelling matters.

SUPPLY CHAIN MANAGEMENT

The Group places great emphasis on maintaining quality and safety standards along the supply chain as these factors could directly affect the Group's reputation, service quality and competitiveness. The Group has established and conducted a transparent and fair procedure for selection of suppliers, and actively promoted socially responsible and sustainable procurement activities through the implementation of Supplier Code of Conduct and Sustainable Procurement Policy. As part of the Group's commitment to managing environmental and social risks across its supply chain, the Group has formulated and conducted Supply Base Risk Assessment with the aim of developing a comprehensive risk management plan. Regular reviews are conducted to ensure the continued effectiveness of the procedures and policies.

The Group has established Vendor Performance Rating to monitor and select suppliers effectively. When selecting suppliers, the Group takes factors such as quality of products, price, reliability and anticipated market acceptance into account. The Group's supplier quality engineering team is responsible for qualifying and assessing suppliers, as well as reviewing the procedure to ensure its effectiveness. An approved suppliers list is maintained and annual audit on suppliers of the Group is conducted to ensure they meet the requirements of the Group, including social and environmental performance. Besides, the Group conducts on-site inspections for new suppliers as stipulated in its procurement policies.

During the Reporting Period, the Group has engaged a total of 1,965 major suppliers (2022: 1,604), all of which have gone through the forementioned procurement practices of the Group.

The number of major suppliers by geographical region is as follows:

Number of Major Suppliers	2023	2022
Singapore	**974**	842
PRC	**390**	356
Asia (Excluding Singapore and PRC)	**245**	119
Europe	**108**	66
The U.S.	**224**	204
Other Countries	**24**	17

Environmentally and Socially Responsible Supply Chain

In order to understand and manage the environmental and social impacts in the supply chain of the Group, the Group conducts regular inspections and assessments to ensure that suppliers meet the requirements and standards of the Group. The Group reviews the performance of its suppliers regularly and provides feedback to them on their own performance, enabling them to make further improvements where necessary. The Group also conducts incoming quality check upon receipt of the materials according to the product inspection control procedure of the Group. The Group ensures that the purchased materials meet the specifications, quality and functionality required and no non-conforming materials being used.

In order to support customers who pledged support to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank regulation"), the Group has implemented the Conflict Minerals Sourcing Policy to ensure that the use of tin, tantalum and gold in certain products are not sourced from the Democratic Republic of Congo or any adjoining country in which the revenues from mining may be directly or indirectly financing armed groups engaged in civil war. In order to monitor the social risks along the supply chain, the Group conducts inquiries with its suppliers to ensure such materials are not originated from the concerned countries and comply with the Dodd-Frank regulation.

Moreover, the Group is committed that the concentration of hazardous substances, such as heavy metals, used in the material supplied and product sold to the European markets comply with the Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive ("RoHS") (2011/65/EU) of the European Union. Therefore, the Group has strictly required the supplier to provide appropriate Certificate of Compliance regarding RoHS for the record and validation to ensure its supply chain's environmental performance.

With an objective to minimise the carbon emissions and to support the local economy and community, the Group mainly sourced the materials, products, and services locally. Besides, the Group would consider the products with less impact to the environment, such as the products with energy efficiency labels, provided that such products can satisfy its production demand. The Group will consistently carry out periodic evaluations to maintain the effectiveness of the practice.

ANTI-CORRUPTION

Maintaining a fair and just society and inflicting punishments against unscrupulous and corruption behaviours are important to the reputation of the Group. All of the employees are required to adhere the Staff Handbook to understand the code of conduct during their employment with the Group. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Corruption Act of Singapore and the Criminal Law of the People's Republic of China.

Recognising that anti-corruption training is essential for creating a healthy corporate culture, the Group provides annual training to directors and employees. The training aims to keep the directors and employees abreast of the latest compliance trends and practices in the finance industry, enrich their professional skills and knowledge in their respective roles and responsibilities regarding anti-corruption and business ethics matters. Relevant guidelines on anti-money laundering and counter-terrorist financing have been circulated among directors and staff which helped to familiarise them with corresponding roles and responsibilities in anti-corruption and business ethics.

The Group has established a Whistleblowing Policy which sets out the reporting and investigative procedures to facilitate the reporting of any fraudulent activities. If the employee reasonably suspects a misconduct, the employee can notify the risk and compliance manager or chairman of the Audit Committee, and the risk and compliance manager and Audit Committee will conduct investigate the incident. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation, and regularly reviews the procedures in this regard to ensure their effectiveness. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated. During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees (2022: nil).

EMPLOYMENT PRACTICES

The Group strongly believes that human capital is an important asset that powers the long-term success of the Group. Relevant human resources policies are formally documented in the Recruitment Procedure and Staff Handbook covering topics such as recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunities, etc.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest days, equal opportunities, diversity, anti-discrimination, other benefits and welfare that would have a significant impact on the Group, including but not limited to the Employment Act of Singapore, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

As at 31 December 2023, the Group had a total of 619 full-time employees (as at 31 December 2022: 565 full-time employees) under Singapore and Nantong operations of the Group. The workforce distributions by gender, age group, geographical location (nationality) and employee category are as follows:

Number of Employees	As at 31 December 2023	As at 31 December 2022
By Gender		
Male	**400 (64.62%)**	348 (61.59%)
Female	**219 (35.38%)**	217 (38.41%)
By Age Group		
Under 30	**122 (19.71%)**	84 (14.87%)
Between 30–40	**228 (36.83%)**	220 (38.94%)
Between 41–50	**135 (21.81%)**	131 (23.18%)
Above 50	**134 (21.65%)**	130 (23.01%)
By Geographical Location (Nationality)		
Singapore	**88 (14.22%)**	96 (16.99%)
PRC	**399 (64.46%)**	378 (66.90%)
Other Countries	**132 (21.32%)**	91 (16.11%)
By Employee Category		
Senior Management	**35 (5.66%)**	17 (3.01%)
Middle Management	**53 (8.56%)**	44 (7.79%)
General Staff	**531 (85.78%)**	504 (89.20%)

During the Reporting Period, the overall turnover rate[1] of the Group was approximately 18.74% (2022: approximately 39.12%). The employee turnover rate by gender, age group and geographical location (nationality) is as follows:

Employee Turnover Rate[2]	2023	2022
By Gender		
Male	**13.89%**	29.21%
Female	**4.85%**	9.91%
By Age Group		
Under 30	**9.05%**	17.52%
Between 30–40	**5.17%**	16.11%
Between 41–50	**1.94%**	3.54%
Above 50	**2.58%**	1.95%
By Geographical Location (Nationality)		
Singapore	**4.20%**	3.01%
PRC	**12.12%**	31.33%
Other Countries	**2.42%**	4.78%

Note(s):

1. The overall turnover rate is calculated by dividing the total number of employees leaving employment during the year by the total number of employees at the end of the year, multiplied by 100%.

2. The employee turnover rate by category is calculated by dividing the number of employees leaving employment in the specific category during the year by the total number of employees at the end of the year, multiplied by 100%.

Recruitment, Remuneration, Promotion and Dismissal

Talent acquisition is vital to the sustainable development of the business of the Group. In addition to the implementation of Recruitment Procedure, the employees are recruited via a robust, transparent and non-discriminatory recruitment process based on their merits and potential to fulfil the Group's current and future needs.

Remuneration and promotion are based on job-related skills, qualifications and performances. The Group will conduct annual performance and salary review to determine any salary adjustments and/or promotion opportunities. The Group strives to provide attractive and competitive remuneration packages which include medical insurance coverage, discretionary bonus and allowances, etc.

Detailed resignation or termination process has been standardised and outlined in the Staff Handbook. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

Equal Opportunities, Diversity and Anti-discrimination

Sustainable growth of the Group relies on the diversity of talents. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. Furthermore, the Group is dedicated to providing equal opportunities in all aspects of employment and protecting its employees from discrimination, physical or verbal harassment based on their gender, age, religion, disability, ethnicity, political stance, marital status, etc.

Working Hours and Rest Periods

The Group has formulated policies in the Staff Handbook in determining the working hours and rest periods for employees following local employment laws and regulations. For employees who have to work overtime, an advance notice will be issued whenever possible and approval from department manager is needed, with additional overtime pays provided. In addition to the basic paid annual leaves and statutory holidays stipulated by the local governments, which are also clearly stated in the Staff Handbook, employees are also entitled to extra leave benefits, such as marriage leave, maternity leave, compassionate leave, etc.

PREVENTION OF CHILD AND FORCED LABOUR

The use of child or forced labour are strictly prohibited within the Group. During the recruitment process, the Group conducted the employee background check through inspection of identification documents prior to offering of the employment contract. If there is any suspected infringement, the Group will conduct an investigation and terminate the employment of the person where necessary. The Recruitment Procedure and the above practices will be reviewed regularly to comply with the latest laws and regulations.

Furthermore, employees of the Group working overtime are based on voluntary principles so as to avoid the violation of labour standards and safeguard the rights and interests of employees. To prevent any form of forced labour, a job description outlining the principal responsibilities of the employee is attached to the labour contract. The Group also prohibits any punitive measures, management methods and behaviours such as abusive punishment, violence, mental stress, sexual harassment for any reason. At the same time, the Group also refrains from engaging suppliers that are involved in child labour or forced labour in their operations from providing products and services for the Group.

During the Reporting Period, the Group was not aware of any non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Act of Singapore and the Provisions on the Prohibition of Using Child Labour of the People's Republic of China.

OCCUPATIONAL SAFETY AND HEALTH

The Group places a high priority on providing employees with a safe and healthy working environment. During Reporting Period, the Group was not aware of any non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Workplace Safety and Health Act of Singapore, the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, and the Fire Protection Law of the People's Republic of China. During the Reporting Period, the Group recorded 2 cases of work-related injuries with a total number of 210 lost days due to the work-related injuries (2022: 3 cases of work-related injuries with a total number of 189 lost days). The Group has evaluated every case and considered the work-related injuries to be minor. No case of work-related fatality was recorded during the past three years including the Reporting Period (2022: nil).

The Group has implemented the Workplace Safety and Health ("WSH") Policy, the Production Safety Inspection System and other relevant policies to identify, control and evaluate occupational health and safety risks to ensure that employees are following the safety procedures. A series of work procedures is formulated to provide guidelines for employees of the Group to follow while performing specific tasks involving chemical use and machinery operations. Regular safety inspections are also conducted to monitor and identify any potential safety risks and appropriate corrective actions are taken to address any issues. During the Reporting Period, the Group has continued to attain bizSAFE Level 3 from the Workplace Safety and Health Council of Singapore, in which it has certified the risk management plan in the workplace of the Group.

Furthermore, the Group has stipulated the Emergency Response Plan provide clear guidelines to its employees on conducting proper precautionary and mitigation measures during the case of emergency, such as fire, outage of electricity or water and spillage of hazardous waste. Fire drills are also conducted once a year.

The Group complies with related working safety guidelines and constantly educates and reminds employees of the importance of work health and safety. As part of the onboarding process, new employees are obligated to participate in safety training programmes outlined in the safety education and training lists for new employees. The Group has also developed a Safety Training Policy that imposes compulsory annual safety management training for its major operational management staff. Besides, the Group has set up the WSH Committee to handle issues related to safety production management. The WSH Committee announces safety motto monthly to enhance staff's awareness towards occupational health and safety issues and precautionary measures. Regular reviews are conducted on these policies and measures to ensure their effectiveness.

DEVELOPMENT AND TRAINING

The Group encourages staff development to foster a sustainable growth of the Group and on-the-job training is provided to all employees. In order to foster growth and development of employees, specific training programme are tailored to enhance the different skillsets required for various roles and all of the new employees undergo induction training to ensure the employees are aware of the relevant human resources policies listed in the Staff Handbook, safety operational requirements and quality management system. In addition, the Group promotes career mobility and development paths by offering internal transfer training programmes and specialised technical trainings. The train-the-trainer programme is established to provide opportunities to experience staff to disseminate their knowledge and knowhow in the areas of environmental management, work and safety and operation enhancement.

During the Reporting Period, the percentage of employees trained[1] by the Group was approximately 71.57% (2022: approximately 72.21%), and the average training hours per employee[2] was approximately 16.00 hours (2022: approximately 16.81 hours). The percentage of trained employee, the breakdown of trained employee and the average number of training hours per employee by gender and employee category is as follows:

	Percentage of Trained Employees[3]		Breakdown of Trained Employees[4]	
	2023	2022	**2023**	2022
By Gender				
Male	**73.50%**	75.00%	**66.37%**	63.97%
Female	**68.04%**	67.74%	**33.63%**	36.03%
By Employee Category				
Senior Management	**45.71%**	41.18%	**3.61%**	1.71%
Middle Management	**43.40%**	75.00%	**5.19%**	8.09%
General Staff	**76.08%**	73.02%	**91.20%**	90.20%

Note(s):

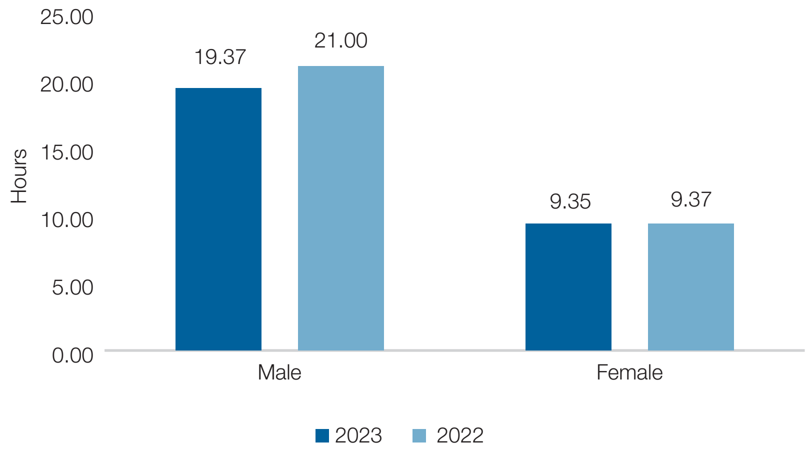
1. The percentage of trained employees is calculated by dividing the total number of trained employees during the year by the total number of employees at the end of the year.

2. The average training hours per employee is calculated by dividing the total training hours during the year by the total number of trained employees during the year.

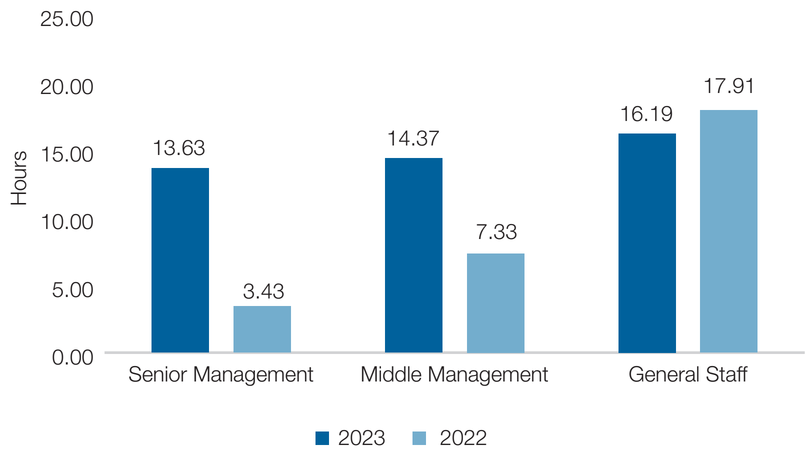
3. The percentage of trained employees by category is calculated by dividing the number of trained employees in the specified category during the year by the number of employees in the specified category at the end of the year.

4. The breakdown of trained employees by category is calculated by dividing the number of trained employees in the specified category during the year by the total number of trained employees during the year.

Average Training Hours by Gender of the Group[1]



Average Training Hours by Employment Category of the Group[1]



Note(s):

1. The average training hours by category is calculated by dividing the training hours for employees in the specified category during the year by the number of trained employees in the specified category during the year.

ENVIRONMENTAL ENDEAVOURS

The Group adheres to the ideas of environmental protection and clean production. The Group strives to enhance the efficiency of environmental protection in the production process and reduce environmental pollution and energy consumption in order to take up the responsibility of environmental protection amidst corporate development.

During the Reporting Period, the Group strictly complied with local environmental laws and regulations and was not aware of any non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group, including but not limited to, the Environmental Protection and Management Act in Singapore and the Environmental Protection Law of the People's Republic of China.

Air Emissions

Due to the business nature of the Group, the Group does not generate a material amount of air emissions during the operations.

GHG Emissions

GHG emissions of the Group primarily came from the direct GHG emissions resulting from the consumption of petrol and diesel by company vehicles (Scope 1), the energy indirect GHG emissions from purchased electricity (Scope 2), as well as other indirect GHG emissions from paper waste disposal and business air travel (Scope 3). The Group has set a target of maintaining its total GHG emissions intensity[1,2,3] (tCO_2e/employee) to be not more than the baseline year of the year ended 31 December 2021 ("2021"), which was approximately 4.37 tCO_2e/employee. To attain this target, the Group established relevant guidelines and actively adopts various measures to reduce GHG emissions, including:

- encourage employees to take public transport during the business trip;
- encourage employees to reduce unnecessary overseas business trip, thus reducing other indirect GHG emissions;
- purchase regular petrol for vehicles, and conduct annual inspections to ensure vehicles are meeting relevant emission standards;
- actively adopt measures for energy conservation which are described in the section headed "Energy Management"; and
- actively adopt measures for waste reduction which are described in the section headed "Waste Management".

Due to the rise in project numbers and marketing activities, the total GHG emissions intensity[1,2,3] (tCO_2e/employee) has increased by approximately 40.53% from approximately 3.75 in 2022 to approximately 5.27 in 2023. The Group remains dedicated to reducing GHG emissions and will persist in its efforts to meet the set target.

The following is the summary of GHG emissions performance:

GHG Emissions[1]	Unit	Singapore		China	
		2023	2022	**2023**	2022
Direct GHG Emissions (Scope 1)	tCO_2e	**32.65**	37.74	**60.00**	40.82
Energy Indirect GHG Emissions (Scope 2)	tCO_2e	**408.99**	303.74	**2,668.06**	1,667.28
Other Indirect GHG Emissions (Scope 3)[2]	tCO_2e	**68.31**	48.78	**21.10**	19.16
Total GHG Emissions[2]	tCO_2e	**509.95**	390.26	**2,749.16**	1,727.26
Total GHG Emissions Intensity[2, 3]	tCO_2e/employee	**2.18**	2.00	**7.14**	4.67

Note(s):

1. GHG emissions data are presented in terms of carbon dioxide equivalent, with reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited, the "Fifth Assessment Report" and the "Sixth Assessment Report" published by the Intergovernmental Panel on Climate Change, the 2021 and 2022 electricity grid emission factors issued by the Energy Market Authority of Singapore, and the 2019 regional power grid emission factors and 2023 national average grid emission factors of China published by the Ministry of Ecology and Environment.

2. The scope of other indirect GHG emission has been revised to only include paper waste disposal and business air travel to ensure accuracy. International Civil Aviation Organization Carbon Emissions Calculator is used in estimating the GHG emissions generated from business air travel. In order to ensure consistency and comparability, the Group has revised the respective data, including the amount of other indirect GHG emissions and the corresponding total GHG emissions and intensity, for both 2021 and 2022.

3. As at 31 December 2023, the Group had 234 employees and 385 employees in Singapore and Nantong respectively, making a total of 619 employees (as at 31 December 2022: 195 employees and 370 employees in Singapore and Nantong respectively, making a total of 565 employees; as at 31 December 2021: a total of 555 employees). These data have also been used for calculating other intensity data.

Waste Management

In order to reduce the waste and maximise the recovery of valuable materials from the industrial waste generated, the Group has adopted the environmental management system to ensure that the proper handling procedures of hazardous and non-hazardous wastes are implemented in accordance with relevant laws and regulations.

The main hazardous waste generated from the metalwork processes in factories of the Group is spent lubricating coolant. The Group ensures that all hazardous wastes are handled and collected properly by licensed contractors.

The major non-hazardous wastes generated during the operations of the Group are paper and metal. For recyclable materials, education and promotion measures are taken to encourage reduction in material and resource consumption and waste, and any recyclables generated are handled by respective waste management companies. In addition to requiring employees of the Group to properly dispose of such wastes, the Group also encourages them to sort wastes before disposal. As part of these efforts, all used paper cartons generated in Singapore are sold to recycling company for recycling.

The Group has adjusted the target of maintaining its total waste generated intensity[1] (tonnes/employee) to be not more than the baseline year 2022, which was approximately 0.14 tonnes/employee. To achieve this target, the Group continues to place great effort in educating its employees on the importance of reducing waste production and has adopted the following waste reduction measures:

- use duplex printing, recycle papers and use electronic means to reduce paper usage;
- print or photocopy only the pages needed;
- reuse office stationaries, such as envelopes and folders;
- encourage employees to recycle equipment such as computers and communication devices; and
- utilise electronic means for office daily communication.

Due to the decline in sales and demand for packaging, the total waste generated intensity[1] (tonnes/employee) has decreased by approximately 7.14% from approximately 0.14 in 2022 to approximately 0.13 in 2023. The Group is making progress towards achieving its set target.

The following is the summary of the waste generation performance:

Types of Waste	Unit	Singapore		China	
		2023	2022	**2023**	2022
Liquid Waste Hazardous Material HW09	tonnes	**–**	–	**5.00**	9.00
Total Hazardous Waste Generated	tonnes	**–**	–	**5.00**	9.00
Total Hazardous Waste Generated Intensity	tonnes/employee	**–**	–	**0.01**	0.02

Types of Waste	Unit	Singapore		China	
		2023	2022	2023	2022
Office Paper	tonnes	1.80	1.54	0.41	2.80
Paper Carton	tonnes	–	–	12.16	20.87
Metal	tonnes	–	–	49.99	44.17
Mix waste	tonnes	0.03	0.04	–	–
Other waste[2]	tonnes	0.03	0.04	8.51	–
Total Non-hazardous Waste Generated	tonnes	1.86	1.62	71.07	67.84
Total Non-hazardous Waste Generated Intensity	tonnes/employee	0.01	0.01	0.18	0.18
Total Waste Generated	tonnes	1.86	1.62	76.07	76.84
Total Waste Generated Intensity	tonnes/employee	0.01	0.01	0.20	0.21

Note(s):

1. The target and the related intensity have been updated to ensure that the target aligns with the latest data and maintain comparability.

2. Due to the improvement of data collection method, the amount of other waste is included in the scope of disclosure since 2023. This category of waste encompasses wood, scrap and other materials.

Discharges into Water and Land

Due to the business nature of the Group, the amount of discharges into water and land are insignificant. Since the sewage discharged by the Group will be disposed through the municipal sewage pipe network to the regional water purification plant, its water consumption amount is considered as the amount of sewage discharged.

Energy Management

The energy consumed by the Group is mainly electricity consumption for daily operations, as well as diesel and petrol consumption for company vehicles. The Group has established relevant procedures to manage the effective use of resources, with the aim of achieving higher energy efficiency and reducing the unnecessary materials use. The Group has set a target of maintaining its total energy consumption intensity (MWh/employee) to be not more than the baseline year 2021, which was approximately 11.25 MWh/employee. To enhance energy efficiency, the Group has installed energy-efficient lightings and placed electricity-saving reminders in offices. Besides, in order to avoid unnecessary energy consumption, air conditioners and lights are switched off when the area is not in use.

Due to the rise in project numbers, the total energy consumption intensity (MWh/employee) has increased by approximately 2.43% from approximately 9.47 in 2022 to approximately 9.70 in 2023. The Group remains dedicated to reducing energy consumption and will persist in its efforts to meet the set target.

The following is the summary of energy consumption performance:

Types of Energy	Unit	Singapore 2023	Singapore 2022	China 2023	China 2022
Diesel[1]	MWh	**54.46**	69.24	**41.41**	27.71
Petrol[1]	MWh	**69.83**	75.35	**180.71**	123.77
Total Direct Energy Consumption	MWh	**124.29**	144.59	**222.12**	151.48
Purchased Electricity	MWh	**981.27**	748.69	**4,678.35**	4,308.23
Total Indirect Energy Consumption	MWh	**981.27**	748.69	**4,678.35**	4,308.23
Total Energy Consumption	MWh	**1,105.56**	893.28	**4,900.47**	4,459.71
Total Energy Consumption Intensity	MWh/employee	**4.72**	4.58	**12.73**	12.05

Note(s):

1. The unit conversion method of energy consumption data is formulated based on the "Energy Statistics Manual" issued by the International Energy Agency.

Water Management

Water for the office and manufacturing use of the Group is obtained from municipal water supplies. The Group has not identified any issues in sourcing water that is fit for purpose. To enhance water conservation, the Group has set a target of maintaining its total water consumption intensity (m^3/employee) to be not more than the baseline year 2021, which was approximately 22.68 m^3/employee. To ensure the efficient use of water and achieve the relevant target, the Group has reduced unnecessary water consumption in toilets and pantries, while also posted water-saving reminders in the office area to raise employees' awareness.

Due to the increase in employee working hours, the total water consumption intensity (m^3/employee) has increased by approximately 71.69% from approximately 26.88 in 2022 to approximately 46.15 in 2023. The Group remains dedicated to reducing water consumption and will persist in its efforts to meet the set target.

The following is the summary of water consumption performance:

	Unit	Singapore 2023	Singapore 2022	China 2023	China 2022
Total Water Consumption	m^3	**1,666.00**	1,142.00	**26,900.00**	14,044.16
Total Water Consumption Intensity	m^3/employee	**7.12**	5.86	**69.87**	37.96

Packaging Materials

Packaging materials used by the Group were mainly paper boxes, which is used for shipment in Singapore. The Group conducts an annual review based on the packaging material consumption rate in order to maximise the usage of packaging material.

During the Reporting Period, the Group consumed approximately 2,730.70 kg (2022: approximately 2,995.18 kg) of paper boxes. The packaging materials consumption intensity[1] (kg/employee) was approximately 4.41 (2022: approximately 5.30).

Note(s):

1. The intensity has been updated to ensure consistency and comparability.

Environment and Natural Resources

Due to the core business of the Group has limited impact on the environment and natural resources, yet the Group endeavours to minimise the negative environmental impacts of its business operations as an ongoing commitment to corporate sustainability. The Group has contributed in mitigating the potential environmental impacts through adopting industrial best practices targeted at reducing natural resource consumption and developing effective environmental management. The Group regularly assesses the environmental risks of its businesses, adopts preventive measures to reduce potential risks, and ensures compliance with relevant laws and regulations. The Group is also devoted to achieving sustainable development for generating long-term values for the community and stakeholders.

Climate Change

The Group recognises climate change as one of the greatest issues confronting humanity today. It is vital for the Group to understand its corporate role in addressing climate change threats, which could impact the Group both in terms of the business profitability and long-term resilience. As such, the Group has implemented relevant management approach on climate-related issues, climate mitigation, adaptation and resilience across its operations and along the value chain.

To cope with the intensified threat of climate change, the Group has assessed the potential risks that may arise from the Group's business operations. With reference to the risk categorisation by Task Force on Climate-Related Financial Disclosures ("TCFD"), the identified climate-related risks of the Group and corresponding actions taken to manage them are as follows:

Transition Risks

For transition risks, the Group expects policies and regulations related to climate change are becoming stricter. If the existing compliance procedures and business operations of the Group would not fully comply with the new legal and regulatory requirements, it might incur additional compliance costs and adverse impact on the reputation of the Group. In addition, the high-carbon emitting industry will suffer from higher cost, lower returns or asset devaluation. Related climate change risks might also impose an impact to the investment and financing activities of the Group regarding related industries.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response. In addition, the Group has been taking initiatives to reduce the energy consumption and GHG emissions of the Group from time to time.

Physical Risks

For physical risks, extreme weather, such as flooding and thunderstorm, may cause interruptions in water and electricity supplies as well as extensive damage to properties, especially in Nantong where the Group operates. This may cause interruption to the normal business operations and thus have an adverse effect on the financial performance of the Group.

The Group has taken different actions to manage the abovementioned acute physical risks. For example, the Group maintains comprehensive insurance coverage on assets that are prone to damage by extreme weather conditions. In addition, the Group has developed the practice of communicating the arrangements under bad weather conditions to employees in advance. The potential financial impacts can be minimised with adequate preparations for extreme weather events.

COMMUNITY INVESTMENT

The Group is committed to emboldening and supporting the public by means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizens in the daily work life throughout the Group. The Group aims to promote the stability of the society and support the underprivileged in rehabilitation to improve the quality of life. To cater the specific needs of the local community, the Group has formulated relevant guidelines to understand the needs of the community, identify the focus areas and allocate appropriate resources to empower the community.

The Group's Singapore office continued to focus on youth development and participated in Student Internship Programme organised by Polytechnic, Institute of Technical Education and Singapore Institute of Technology in 2023. The programme aims to provide students with industrial attachment to various companies as part of their diploma course requirements with a duration of 10 to 12 weeks. The students are provided with the opportunity to apply the concepts learnt into practicals under the guidance of employees of the Group. During the Reporting Period, 36 students participated in the programme. The Group will continue to look into engaging in more community events with donations and volunteer activities in the coming years.

Index Table of ESG Reporting Guide of the Stock Exchange of Hong Kong Limited

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	BOARD STATEMENT — ESG Governance Structure
Reporting Principles	ABOUT THIS REPORT — Reporting Framework
Reporting Boundary	ABOUT THIS REPORT — Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A. ENVIRONMENT **A1. Emissions**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENTAL ENDEAVOURS
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL ENDEAVOURS — Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL ENDEAVOURS — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL ENDEAVOURS — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL ENDEAVOURS — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ENVIRONMENTAL ENDEAVOURS — GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL ENDEAVOURS — Waste Management
A2. Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL ENDEAVOURS
KPI A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL ENDEAVOURS — Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL ENDEAVOURS — Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL ENDEAVOURS — Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL ENDEAVOURS — Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ENVIRONMENTAL ENDEAVOURS — Packaging Materials
A3. The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	ENVIRONMENTAL ENDEAVOURS
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL ENDEAVOURS — Environment and Natural Resources
A4. Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL ENDEAVOURS
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL ENDEAVOURS — Climate Change

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B. SOCIAL		
B1. Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	EMPLOYMENT PRACTICES
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	EMPLOYMENT PRACTICES
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	EMPLOYMENT PRACTICES
B2. Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	OCCUPATIONAL SAFETY AND HEALTH
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	OCCUPATIONAL SAFETY AND HEALTH
KPI B2.2	Lost days due to work injury.	OCCUPATIONAL SAFETY AND HEALTH
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	OCCUPATIONAL SAFETY AND HEALTH
B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	DEVELOPMENT AND TRAINING
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	DEVELOPMENT AND TRAINING
KPI B3.2	The average training hours completed per employee by gender and employee category.	DEVELOPMENT AND TRAINING

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
B4. Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	PREVENTION OF CHILD AND FORCED LABOUR
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	PREVENTION OF CHILD AND FORCED LABOUR
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	PREVENTION OF CHILD AND FORCED LABOUR
B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	SUPPLY CHAIN MANAGEMENT
KPI B5.1	Number of suppliers by geographical region.	SUPPLY CHAIN MANAGEMENT
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	SUPPLY CHAIN MANAGEMENT
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	SUPPLY CHAIN MANAGEMENT
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	SUPPLY CHAIN MANAGEMENT — Environmentally and Socially Responsible Supply Chain
B6. Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	PRODUCT RESPONSIBILITY
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	PRODUCT RESPONSIBILITY — Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	PRODUCT RESPONSIBILITY — Customer Satisfaction

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	PRODUCT RESPONSIBILITY — Protection of Intellectual Property Rights and Privacy
KPI B6.4	Description of quality assurance process and recall procedures.	PRODUCT RESPONSIBILITY — Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	PRODUCT RESPONSIBILITY — Protection of Intellectual Property Rights and Privacy
B7. Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	ANTI-CORRUPTION
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ANTI-CORRUPTION
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	ANTI-CORRUPTION
KPI B7.3	Description of anti-corruption training provided to directors and staff.	ANTI-CORRUPTION
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY INVESTMENT
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY INVESTMENT
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	COMMUNITY INVESTMENT

REPORT OF THE DIRECTORS

The Directors are to present the annual report and the audited financial statements of the Group for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group is to provide contract manufacturing, design, engineering and assembly for the electronics industry, and the design, manufacture and sale of automated machines, apparatus, systems and equipment.

BUSINESS REVIEW AND OUTLOOK

A review of the performance, business activities and development of the Group is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this Annual Report which constitute part of this "Report of the Directors". As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. Discussions on the environmental policies and performance of the Group, compliance with the relevant laws and regulations that have a significant impact on the Group as well as an account of the key relationships with stakeholders of the Group that have a significant impact on the Group and on which its success depends, are provided in the section headed "Environmental, Social and Governance Report" of this Annual Report. Further discussion and analysis of the activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the business of the Group, can be found in the section headed "Management Discussion and Analysis" in this report, which form part of this directors' report.

RESULTS AND DIVIDENDS

The statement of comprehensive income for the year ended 31 December 2023 and the balance sheet as at 31 December 2023 of the Group are set out in the section headed "Financial Statements and Notes to the Financial Statements" in this Annual Report.

The Board does not recommend a payment of final dividend for the year ended 31 December 2023.

Dividend Policy

The Group has adopted a dividend policy in compliance with code provision F.1.1 of the CG Code. The dividend policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profit, as dividends to the shareholders of the Company. The Board will review the policy from time to time. Major principles under the dividend policy are set out below:

- in recommending or declaring dividends, the Company shall take into consideration cash reserves for meeting its working capital requirements and future growth as well as its shareholder value;
- the Company shall have a dividend payout ratio of not less than 25% of the Group profit for the year;
- the Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the provisions of the constitution of the Company and all applicable laws and regulations and factors set out below;
- any final dividend for a financial year will be subject to approval of the Shareholders;
- the Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate; and
- any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the constitution of the Company.

The dividend policy also sets out factors the Board shall take into account when considering the declaration and payment of dividends, which include:

- financial results;
- cash flow position;

- business conditions and strategies;
- future operations and income;
- capital requirements and budgets;
- interests of its shareholders;
- any restrictions on payment of dividends; and
- any other factor that the Board deems relevant.

EQUITY FUND RAISING ACTIVITIES

For details, please refer to the section headed “Management Discussion and Analysis — Use of Proceeds” of this Annual Report.

USE OF NET PROCEEDS FROM LISTING

For details, please refer to the section headed “Management Discussion and Analysis — Use of Proceeds” of this Annual Report.

ENVIRONMENTAL POLICIES, PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimise unnecessary waste.

For details, please refer to the section headed “Environmental, Social and Governance Report” of this Annual Report.

SUMMARY FINANCIAL INFORMATION

A summary of the financial results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed “Financial Highlights and Summary” of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in Note 13 to the consolidated financial statements set out in the section headed “Financial Statements and Notes to the Financial Statements” of this Annual Report.

SHARE CAPITAL

Details of the movements in share capital of the Company for the year ended 31 December 2023 are set out in Note 29 to the consolidated financial statements set out in the section headed “Financial Statements and Notes to the Financial Statements” of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Constitution or the laws of the Republic of Singapore, where the Company is incorporated, which could oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2022 are set out in the section headed "Financial Statements and Notes to Financial Statements — Statement of Changes in Equity" of this Annual Report. As at 31 December 2023, the distributable reserves of the Group were approximately S$6.3 million.

DONATIONS

During the year ended 31 December 2023, the Group did not make any donations for charitable or other purposes.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, the revenue from the largest customer of the Group accounted for approximately 41.6% of the total revenue of the Group, and revenue from the five largest customers accounted for approximately 73.1% of the total revenue of the Group.

During the year ended 31 December 2023, purchase from the largest supplier of the Group accounted for approximately 8.4% of the total purchase of the Group, and purchase from the five largest suppliers of the Group accounted for approximately 26.4% of the total purchase of the Group.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the issued share capital of the Company) has any beneficial interest in the five largest suppliers or the five largest customers of the Group.

KEY RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

Details of management of the employees of the Group is set out in the section headed "Human Resources" of this Annual Report.

The Group is committed to providing customers with high-quality and cost-efficient products with timely delivery. This is achieved through the process of continual improvement and commitment of resources to meet and maintain the effectiveness of the quality management system and compliance to applicable requirements on product performance safety, statutory and customers.

To ensure efficient delivery of quality products and services to the customers, the Group recognises the importance of maintaining close and long-term relationship with suppliers. In order to foster a close working relationship with the suppliers of the Group, the Group will continue to review the quality performance of suppliers regularly and provide feedback to them to enable them to assess their own performance and make further improvements where necessary.

DIRECTORS

The Directors during the financial year ended 31 December 2023 and up to the date of this Annual Report were:

Executive Directors

Mr. Lim Kuak Choi Leslie *(Chief Executive Officer)*
Mr. Du Xiaotang
Mr. Lim Khin Mann
Mr. Henry Lee Wong *(ceased to be an alternate Director to Mr. Lim Khin Mann with effect from 23 December 2023 and is no longer a member of the Board since then)*
Mr. Tay Kim Kah *(Group Financial Controller)*

Non-executive Directors

Mr. Loh Kin Wah *(Chairman of the Board)*
Mr. Wang Yizhe *(resigned with effect from 21 August 2023)*
Mr. Fan Zhirong *(appointed with effect from 21 August 2023)*

Independent Non-executive Directors

Mr. Hoon Chee Wai
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka
Dr. Ang Peng Huat

In accordance with Regulation 88 of the Constitution, Mr. Fan Zhirong will retire, and being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

In accordance with Regulations 89 and 90 of the Constitution, Mr. Lim Khin Mann (an executive Director), Mr. Loh Kin Wah (a non-executive Director) and Mr. Hoon Chee Wai (an independent non-executive Director) will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received an annual confirmation of independence from all of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them to be independent under the Listing Rules.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this Annual Report are set out in the section headed "Directors and Senior Management's Biographies" of this Annual Report.

CHANGES IN DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules up to the date of this report:

— Dr. Ang Peng Huat ceased to be a member of the board of Singapore American School Foundation which is a non-profit charitable organisation based in Singapore.

— Mr Hoon Chee Wai has been appointed as an independent non-executive director of Singapore Shipping Corporation Ltd, the shares of which are listed on the Mainboard of Singapore Stock Exchange, on 1 February 2024.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service agreement with the Company with effect from the Listing Date for an initial term of three years.

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years which may be terminated by either party by serving on the other party a prior written notice of not less than three months.

Each of our independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years which may be terminated by either party by serving on the other party a prior written notice of not less than one month.

None of our Directors being proposed for re-election at the upcoming annual general meeting has a service contract with any member of the Group which is not determinable by Group within one year without the payment of compensation other than the statutory compensation.

PERMITTED INDEMNITY PROVISION

Under Regulation 148 of the Constitution, a permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's and officer's liability insurance is currently in force and was in force during the year ended 31 December 2023 pursuant to which every Director and other officer of the Company shall be entitled to be indemnified by the Company against all losses or liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company.

The Company has in place an appropriate directors' and officers' liability insurance policy for each member of the Board to cover their liabilities on damages arising out of corporate activities. The coverage and the sum insured under the policy are reviewed on an annual basis by the Company.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 December 2023.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in Notes 8 to 9 to the consolidated financial statements set out in the section headed "Financial Statements and Notes to the Financial Statements" of this Annual Report. There has been no arrangement under which any Director has waived or agreed to waive any emoluments, except for Mr. Fan Zhirong who decided to waive his director's fee in his capacity as non-executive Director.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors had any interest in a business that compete or is likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

DEED OF NON-COMPETITION

In connection with the Listing, the controlling shareholders of the Company entered into the deed of non-competition in favour of the Company and its subsidiaries, pursuant to which the controlling shareholders have irrevocably, jointly and severally given certain non-competition undertakings to the Company. The Company has received an annual confirmation from each of the controlling Shareholders that they had fully complied with the terms of the deed of non-competition for the year ended 31 December 2023.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transaction" in this report, there was no transaction, arrangement or contract of significance in which a Director or an entity connected with a Director is or was materially interested, whether directly or indirectly, subsisting at the end of the year or at any time during the year ended 31 December 2023.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "Connected Transaction" in this report, no contract of significance has been entered into among the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during the year ended 31 December 2023.

EMOLUMENT POLICY

The Remuneration Committee is responsible for (i) making recommendations to our Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to our Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives; (iv) considering and approving the grant of share options to eligible participants pursuant to the share option scheme; and (v) to review and/or approve matters relating to share schemes and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The emoluments of executive Directors and senior management are based on skills, knowledge and performance, together with reference to the profitability of the Company, and prevailing market conditions.

CONNECTED TRANSACTION

On 30 June 2023, given the change in the domestic market environment of Singapore affecting the potential investment return of Liteleaf, after arm's length negotiations among the Parties, the Parties entered into a written mutual consent pursuant to which the Parties unanimously agreed to terminate the Subscription Agreement which constituted a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. For further details, please refer to the announcements of the Company dated 6 September 2022 and 30 June 2023 and the section headed "Management Discussion and Analysis — Significant Investments, Acquisitions and Disposals" of this annual report.

Related Party Transactions

There were no related party transactions of the Group for the year ended 31 December 2023 as set out in Note 33 to the consolidated financial statements set out in the section headed "Financial Statements and Notes to the Financial Statements" of this report which need to be disclosed as connected transactions or continuing connected transaction (as the case may be) in accordance with the requirement of the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDERS

During the year ended 31 December 2023, there was no pledge of Shares by the controlling Shareholders.

LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended 31 December 2023.

LOAN AND GUARANTEE

During the year ended 31 December 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the controlling Shareholders or their respective associates (as defined in the Listing Rules).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity and nature of interest	Number of Shares held[(1)]	Approximate percentage of shareholding (%)
Mr. Lim Kuak Choi Leslie[(2)]	Beneficial owner; interest of spouse	304,791,246 (L)	33.12
Mr. Du Xiaotang[(3)]	Beneficial owner; Interest of a controlled corporation	13,038,000 (L)	1.42
Mr. Lim Khin Mann	Beneficial owner	24,092,000 (L)	2.62
Mr. Tay Kim Kah[(4)]	Beneficial owner; Interest of a controlled corporation	7,416,000 (L)	0.81
Mr. Loh Kin Wah	Beneficial owner	9,094,000 (L)	0.99

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) These Shares comprise 286,643,246 Shares held directly by Mr. Lim Kuak Choi Leslie and 18,148,000 Shares held directly by Ms. Foo Kaw Jee, the spouse of Mr. Lim. Therefore, Mr. Lim is deemed or taken to be interested in the Shares held by himself and Ms. Foo by virtue of the SFO.

(3) These Shares comprise 88,000 Shares held directly by Mr. Du Xiaotang and 12,950,000 Shares held through Sino Expo Holdings Limited ("Sino Expo"). Mr. Du is the sole shareholder and sole director of Sino Expo. Therefore, Mr. Du is deemed to be interested in the Shares held by Sino Expo by virtue of the SFO.

(4) These Shares comprise 6,150,000 Shares held directly by Mr. Tay Kim Kah and 1,266,000 Shares held through Shirnell Trading Pte Ltd ("Shirnell Trading"). Mr. Tay is the sole shareholder and sole director of Shirnell Trading. Therefore, Mr. Tay is deemed to be interested in the Shares held by Shirnell Trading by virtue of the SFO.

Interest in the underlying shares of the Company:

Name of Directors	Nature of interest	Number of underlying Shares involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted under the Share Option Scheme based on the existing issued share capital of the Company (%)
Mr. Lim Kuak Choi Leslie	Beneficial owner	920,000	0.10
Mr. Du Xiaotang	Beneficial owner	920,000	0.10
Mr. Lim Khin Mann	Beneficial owner	750,000	0.08
Mr. Tay Kim Kah	Beneficial owner	1,500,000	0.16

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2023, none of the Directors of the Company had any interests and/or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, so far as the Directors are aware, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of Shares interested in (1)	Approximate percentage of shareholding (%)
Foo Kaw Jee(2)	Beneficial owner, interest of spouse	305,711,246 (L)	33.22
Diamond Wealth Global Limited(3)	Beneficial owner	262,084,380 (L)	28.48
China Everbright Venture Capital Limited(3)	Interest of a controlled corporation	262,084,380 (L)	28.48
China Everbright Limited(3)	Interest of a controlled corporation	263,070,380 (L)	28.58
Honorich Holdings Limited(4)	Interest of a controlled corporation	263,070,380 (L)	28.58
China Everbright Holdings Company Limited(4)	Interest of a controlled corporation	263,070,380 (L)	28.58
China Everbright Group Ltd.(4)	Interest of a controlled corporation	263,070,380 (L)	28.58
Central Huijin Investment Ltd.(5)	Interest of a controlled corporation	263,070,380 (L)	28.58
Unitras (H.K.) Limited(6)	Beneficial owner	56,498,768 (L)	6.14
Ms. Joyce S. Kerr(6)	Interest of a controlled corporation	56,498,768 (L)	6.14
Bradley Fraser Kerr(6)	Interest of spouse	56,498,768 (L)	6.14

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) These Shares comprise 18,148,000 Shares held directly by Ms. Foo Kaw Jee and 287,563,246 Shares Mr. Lim Kuak Choi Leslie, an executive Director and chief executive officer of the Company is interested in. Mr. Lim is the spouse of Ms. Foo. Therefore, Ms. Foo is deemed to be interested in the Shares held by herself and Mr. Lim by virtue of the SFO.

(3) China Everbright Limited holds 100% of the total issued share capital of China Everbright Venture Capital Limited and China Everbright Venture Capital Limited holds 100% of the total issued share capital of Diamond Wealth Global Limited. China Everbright Limited also holds 100% of the total issued share capital of China Everbright Financial Investments Limited and China Everbright Financial Investments Limited holds 986,000 Shares. Therefore, China Everbright Venture Capital Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited and China Everbright Limited is deemed to be interested in the Shares held by Diamond Wealth Global Limited and China Everbright Financial Investments Limited by virtue of the SFO.

(4) China Everbright Group Ltd. holds 100% of the total issued share capital of China Everbright Holdings Company Limited; China Everbright Holdings Company Limited holds 100% of the total issued share capital of each of Honorich Holdings Limited and Everbright Investment & Management Limited; Honorich Holdings Limited in turn holds approximately 49.39% of the total issued share capital of China Everbright Limited; and Everbright Investment & Management Limited holds approximately 0.35% of the total issued share capital of China Everbright Limited. Accordingly, each of China Everbright Group Ltd., China Everbright Holdings Company Limited and Honorich Holdings Limited is deemed to be interested in China Everbright Limited's interest in the Shares by virtue of the SFO.

(5) Central Huijin Investment Ltd. is indirectly wholly-owned by the State Council of the PRC and holds approximately 63.16% equity interest of China Everbright Group Ltd.. Accordingly, Central Huijin Investment Ltd. is deemed to be interested in China Everbright Group Ltd.'s interest in the Shares by virtue of the SFO.

(6) Unitras (H.K.) Limited is wholly-owned by Ms. Joyce S. Kerr. Therefore, Ms. Joyce S. Kerr is deemed to be interested in the Shares held by Unitras (H.K.) Limited by virtue of the SFO. Ms. Joyce S. Kerr is the spouse of Mr. Bradley Fraser Kerr and therefore Mr. Bradley Fraser Kerr is deemed to be interested in the Shares held by Ms. Joyce S. Kerr by virtue of the SFO.

Save as disclosed above, as at the date of this Annual Report, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2023.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 27 June 2018. Detailed summary of the principal terms of the share option scheme of the Company is set out in Note 30 to the consolidated financial statements set out in the section headed “Financial Statements and Notes to the Financial Statements” of this report.

On 1 June 2021, a total of 18,500,000 share options (the “2021 Share Option”) were granted by the Company to certain eligible participants. The exercise of the Share Options by such grantees is conditional upon the fulfilment of certain performance targets set for both year 2022 and year 2023. As the performance target for 2022 was achieved but not for 2023, the 2021 Share Options not yet vested became not exercisable and lapsed on 24 March 2023.

On 25 May 2023, a total of 8,340,000 share options were granted by the Company to certain eligible participants. Following the resignation of two of such grantees with effect from 1 January 2024 and 2 January 2024 respectively, a total of 2,750,000 shares granted to such resigned Grantees lapsed. Please refer to the announcement published by the Company dated 25 May 2023 for more details.

On 9 January 2024, a total of 2,900,000 share options were granted by the Company to certain eligible participants. Please refer to the announcement published by the Company dated 9 January 2024 for more details.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the section headed “Corporate Governance Report” of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained the public float throughout the year and up to the date of this Annual Report as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any exemption of or relief from tax available to the Shareholders by reason of their holding of the securities of the Company.

AUDITORS

The current independent auditor of the Company (the "Independent Auditor"), Ernst & Young LLP ("EY"), a Singapore-based auditor, will retire as the Independent Auditor upon expiration of its current term of office at the close of the 2024 annual general meeting of the Company (the "AGM") to be held on or around 24 May 2024 and will not offer itself for re-appointment as the Independent Auditor. Subject to the approval of Shareholders at the AGM, following the retirement of EY at the close of the AGM, PKF-CAP LLP ("PKF"), also a Singapore-based auditor, will be appointed as the Independent Auditor to hold office until the conclusion of the next annual general meeting of the Company.

In accordance with section 13.51(4) of the Listing Rules:

(a) the Company confirms that it is not aware of any other matters or circumstances in relation to the proposed change of Independent Auditor that need to be brought to the attention of the Shareholders; and

(b) EY has provided a confirmation that there are no matters that need to be brought to the attention of the Shareholders.

For details, please refer to the announcement of the Company dated 12 April 2024.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 January 2024, a total of 2,900,000 shares options were granted by the Company under the share option scheme to seven employees at an exercise price of HK$0.304 per share. Such share options shall be vested upon expiration of 12 months from the date of grant and shall be valid from the date of vesting of such options to 8 January 2029 (both days inclusive) and exercisable at any time during which. For details, please refer to the announcement of the Company dated 9 January 2024.

On behalf of the Board

Lim Kuak Choi Leslie
Executive Director and Chief Executive Officer

28 March 2024

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Kinergy Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Mr. Lim Kuak Choi Leslie	*(Executive Director and Chief Executive Officer)*
Mr. Du Xiaotang	*(Executive Director)*
Mr. Tay Kim Kah	*(Executive Director and Group Financial Controller)*
Mr. Lim Khin Mann	*(Executive Director)*
Mr. Loh Kin Wah	*(Non-executive Director and Chairman of the Board)*
Mr. Fan Zhirong	*(Non-executive Director)*
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka	*(Independent Non-executive Director)*
Mr. Hoon Chee Wai	*(Independent Non-executive Director)*
Dr. Ang Peng Huat	*(Independent Non-executive Director)*

In accordance with Regulations 88 of the Constitution, Mr Fan Zhirong will retire and, being eligible, offer himself for re-election.

In accordance with Regulations 89 and 90 of the Constitution, Mr. Lim Khin Mann, Mr. Loh Kin Wah, and Mr Hoon Chee Wai will retire and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraphs below, neither at the end of nor at any time during the financial year was the Company a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest At beginning of the year or date of appointment	Direct interest At end of the year	Deemed interest At beginning of the year or date of appointment	Deemed interest At end of the year
The Company				
(Long positions in ordinary shares)				
Mr. Lim Kuak Choi Leslie(1)	281,277,246	286,643,246	18,148,000	18,148,000
Mr. Du Xiaotang(2)	88,000	88,000	12,950,000	12,950,000
Mr. Lim Khin Mann	23,992,000	24,092,000	–	–
Mr. Tay Kim Kah(3)	5,844,000	6,150,000	1,266,000	1,266,000
Mr. Loh Kin Wah	9,094,000	9,094,000	–	–
(Share options)				
Mr. Lim Kuak Choi Leslie	3,000,000	920,000	–	–
Mr. Du Xiaotang	2,500,000	920,000	–	–
Mr. Lim Khin Mann	1,500,000	750,000	–	–
Mr. Tay Kim Kah	3,000,000	1,500,000	–	–
Kinergy Philippines Inc (Ordinary shares of Peso 1,000)				
Mr. Lim Kuak Choi Leslie(4)	1	1	–	–

(1) These Shares comprise 286,643,246 Shares held directly by Mr. Lim Kuak Choi Leslie and 18,148,000 Shares held directly by Ms. Foo Kaw Jee. Ms. Foo is the spouse of Mr. Lim. Therefore, Mr. Lim is deemed or taken to be interested in the Shares held by himself and Ms. Foo, and Ms. Foo is deemed or taken to be interested in the Shares held by herself and Mr. Lim under the Securities and Futures Ordinance (the "SFO").

(2) These Shares comprise 88,000 shares held directly by Mr. Du Xiaotang and 12,950,000 shares held through Sino Expo Holdings Limited ("Sino Expo"). Sino Expo is owned as to 100% by Mr. Du Xiaotang. Mr. Du Xiaotang is also the sole director of Sino Expo. Therefore, Mr. Du Xiaotang is deemed or taken to be interested in the Shares held by Sino Expo under the SFO.

(3) These Shares comprise 6,150,000 shares held directly by Mr. Tay Kim Kah and 1,266,000 shares held through Shirnell Trading Pte Ltd ("Shirnell Trading"). Shirnell Trading is owned as to 100% by Mr. Tay Kim Kah. Mr. Tay Kim Kah is also the sole director of Shirnell Trading. Therefore, Mr. Tay Kim Kah is deemed or taken to be interested in the Shares held by Shirnell Trading under the SFO.

(4) This share is held in trust by the director on behalf of the Company.

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

OPTIONS

The Company has adopted the share option scheme on 27 June 2018 (the "Adoption Date") for the purpose of giving the eligible participants as incentives or rewards to recognise and acknowledge their contributions or potential contributions to the Company and/or any of its subsidiaries. The share option scheme will provide eligible participants an opportunity to have a personal stake in the Company with the view to motivate the eligible participants to optimise their performance efficiency for the benefits of the Company and/or of its subsidiaries; and attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Company and/or of its Subsidiaries.

On 1 June 2021, a total of 18,500,000 share options (the "2021 Share Option") was granted by the Company to certain eligible participants and were never vested, conditional upon the fulfilment of certain performance targets set for both year 2022 and year 2023. As the performance target for 2023 was not achieved, the 2021 Share Options were cancelled on 24 March 2023.

On 25 May 2023, a total of 8,340,000 share options were granted by the Company to certain eligible participants. Following the resignation of two of such grantees in January 2024, a total of 2,750,000 share options granted to such resigned grantees were cancelled.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with section 201B (5) of the Singapore Companies Act 1967, including the following:

- reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal audit evaluation of the adequacy of the system of internal accounting controls of the Company and the assistance given by the Group and the management to the external and internal auditors;
- reviewed the interim and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board;
- reviewed effectiveness of material internal controls of the Group, including financial, operational and compliance controls and risk management;
- met with the external and internal auditors to discuss any matters that should be discussed privately with the Audit Committee;
- reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- reviewed the nature and extent of non-audit services provided by the external auditor;
- recommended to the Board the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- reported actions and minutes of the Audit Committee to the Board with such recommendations as the Audit Committee considered appropriate; and
- reviewed connected party transactions.

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The Audit Committee convened two meetings during the year. The Audit Committee has also met external and internal auditors, without the presence of the Company's management.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report.

On behalf of the Board,

Lim Kuak Choi Leslie	**Du Xiaotang**
Director	*Director*

28 March 2024

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2023

Independent auditor's report to the members of Kinergy Corporation Ltd.

Report on the audit of the financial statements

OPINION

We have audited the financial statements of Kinergy Corporation Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flow of the Group for the year then ended, notes to the financial statements, and material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), International Financial Reporting Standards ("IFRS") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Allowance for expected credit losses of trade receivables

The Group's trade receivable balances amounted to S$17,427,000 (2022: S$15,151,000) as at 31 December 2023 and they represented about 21% (2022: 17%) of the Group's total current assets.

The recoverability of trade receivables is a key element of the Group's working capital management, which is being monitored on an ongoing basis by the respective local management. The determination as to whether trade receivable is recoverable involves management's judgements and estimates on the trade debtors' ability to pay. As such, we determined that this is a key audit matter.

Management considered the age of the outstanding balances, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of customers. In addition, management has also considered forward-looking adjustments to the historical default rate. Management incorporated this information together with the current and information specific to customers and economic environment to determine the allowance of expected credit losses on trade receivables.

Our audit procedures included, but not limited to the following procedures. We understand the Group's processes and controls relating to the monitoring of trade receivables and review collection risks of trade debtors. On a sample basis, we requested trade receivable confirmations, reviewed management's reconciliation of confirmation replies, where applicable, and obtained evidence of receipts from selected customers subsequent to financial year end. We evaluated management's assumptions used in assessing adequacy of allowance for expected credit losses amount through review of specific debtors' payment history and management's assessment of credit risk of these debtors. We also reviewed management's computation of expected credit losses, the allowance recognised and assessed the adequacy of the Group's disclosures of trade receivables and the related risks such as credit risk and liquidity risk in Notes 36 (a) and 36 (b) respectively to the financial statements.

Allowance for obsolete and slow moving inventories

The Group is in the business of contract manufacturing, design, engineering and assembly for the electronics industry, and the design, manufacture and sale of automated machines, apparatus, systems, equipment. As at 31 December 2023, the Group's total inventories amounted to S$46,079,000 (2022: S$53,699,000), representing 54% (2022: 59%) of the total current assets of the Group. As at 31 December 2023, the Group has recorded allowance for obsolete inventories of S$595,000 (2022: S$395,000). The allowance for obsolete inventories relates mainly to raw materials.

We focused on this area because the gross inventory and allowance for obsolete inventories are material to the financial statements and the determination of the allowance for obsolete and slow moving inventories involves a high level of management judgement. As such, we determined this to be a key audit matter because of the magnitude of the inventories and significant management estimation required.

Our audit procedures included, but not limited to the following procedures. We evaluated the reasonableness of the allowance by understanding how management assess and determine the allowance for those items that were deemed to be obsolete and had no future usage. We have checked, on a sampling basis, that the inventories are not obsolete and were either used in production or supported by committed/forecasted customer orders. In addition, for raw materials, we compared the raw materials on hand against the forecasted raw material usage and assessed the amount of raw materials that may require write-down. We evaluated management and assessments on the net realisable value of related inventories. This includes comparing the cost of these inventories against the selling price of the inventories in the recent sales transaction or upcoming customer order. We also assessed the adequacy of the disclosures related to inventories in Note 18 to the financial statements.

Valuation of investment securities

The aggregate carrying value of the Group's investment portfolio was S$23,033,000 (2022: S$30,957,000), which represented 14% (2022: 18%) of the Group's total assets as at 31 December 2023.

Included in the investment portfolio are equity interests of unlisted companies and funds with a total value of S$20,589,000 which are carried at fair value through profit or loss. These investments are categorised under Level 3 in the fair value hierarchy and valued based on valuation models using significant unobservable inputs.

We identified valuation of investment securities as a key audit matter because of the magnitude of these items to the financial statements, the impact of changes in valuation on the profit and loss and other comprehensive income and the management judgements and assumptions used in assessing fair value of the financial instruments. In addition, there was an increase in the level of estimation uncertainty in determining the fair value of the unquoted investments as at 31 December 2023 arising from the changes in market and economic conditions.

Our audit procedures included, but not limited to the following procedures. We evaluated the independent professional valuer's and management's competence and objectivity. We engaged internal valuation specialist to assist the review of management's assumptions, and valuation methodology used by the independent professional valuer and management to estimate the fair value of the investments. We assessed the reasonableness of management's assumptions used in the valuation, such as comparable companies, valuation multiple and discount for lack of marketability. We tested the mathematical accuracy of the fair value computation and reviewed the adequacy of the Group's disclosures in Note 35 to the financial statements relating to investment securities, fair value of assets, level 3 fair value measurements and key sources of estimation uncertainty, respectively, which are fundamental to users' understanding of this matter. They comprise key assumptions, estimation uncertainty and sensitivity of the fair values, including information that the fair values of the unquoted equity investments recorded in the Group's balance sheet as at 31 December 2023 was estimated based on conditions prevailing on that date.

OTHER INFORMATION

Management is responsible for 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.

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, IFRSs 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 ISAs and 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 ISAs and SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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 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 Ang Chuen Beng.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

28 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Notes	2023 S$'000	2022 S$'000
Revenue	4	**92,490**	124,202
Cost of sales		**(85,489)**	(105,201)
Gross profit		**7,001**	19,001
Other income and gains	5	**7,214**	6,917
Sales and marketing expenses		**(2,640)**	(3,256)
General and administrative expenses		**(14,333)**	(13,072)
Other expenses	6	**(866)**	(843)
Finance costs	7	**(849)**	(708)
Share of results of associates	17	**3,454**	1,322
(Loss)/Profit before tax	10	**(1,019)**	9,361
Income tax credit/(expense)	11	**93**	(2,084)
(Loss)/Profit for the year		**(926)**	7,277
(Loss)/Profit for the year attributable to:			
Equity holders of the parent		**(2,559)**	4,631
Non-controlling interests		**1,633**	2,646
		(926)	7,277
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(3,364)**	(7,471)
Items that will not be reclassified to profit or loss			
Loss on equity instruments designated at fair value through other comprehensive income		**(5,388)**	(679)
Net gain on equity investment		**179**	–
Total comprehensive income for the year		**(9,499)**	(873)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		**(10,520)**	(2,098)
Non-controlling interests		**1,021**	1,225
		(9,499)	(873)
(Loss)/Earnings per share attributable to equity holders of the parent			
Basic and diluted (Singapore cents)	12	**(0.28)**	0.50

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
Non-current assets					
Property, plant and equipment	13	25,987	24,675	2,977	1,111
Right-of-use assets	28	5,771	5,803	4,429	4,140
Intangible assets	14	83	194	83	194
Investment in subsidiaries	15	–	–	67,307	62,656
Investment securities	16	23,033	30,957	–	9,550
Investment in associates	17	16,562	14,362	480	2,594
Deferred tax assets	26	2,365	664	1,335	–
Advance payment for property, plant and equipment		1,004	764	–	–
Total non-current assets		74,805	77,419	76,611	80,245
Current assets					
Inventories	18	46,079	53,699	26,995	30,265
Trade receivables	19	17,427	15,151	11,690	9,525
Prepayments, deposits and other receivables	20	2,921	2,547	1,605	5,494
Amounts due from subsidiaries	21	–	–	15,235	10,668
Cash and cash equivalents	22	18,141	20,098	2,848	1,972
Total current assets		84,568	91,495	58,373	57,924
Current liabilities					
Trade payables	23	18,055	15,441	7,029	5,516
Other payables and accruals	24	8,132	7,682	6,277	5,258
Provision for warranty	25	71	88	70	87
Amounts due to subsidiaries	21	–	–	10,818	4,610
Interest-bearing loans and borrowings	27	14,862	12,763	7,094	9,672
Income tax payable		55	617	–	–
Total current liabilities		41,175	36,591	31,288	25,143
Net current assets		43,393	54,904	27,085	32,781
Non-current liabilities					
Deferred tax liabilities	26	2,613	1,536	–	7
Interest-bearing loans and borrowings	27	6,030	8,485	5,756	8,074
Total non-current liabilities		8,643	10,021	5,756	8,081
Net assets		109,555	122,302	97,940	104,945
Equity					
Share capital	29	91,293	91,293	91,293	91,293
Reserves		3,327	15,191	6,647	13,652
Equity attributable to equity holders of the parent		94,620	106,484	97,940	104,945
Non-controlling interests		14,935	15,818	–	–
Total equity		109,555	122,302	97,940	104,945

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Attributable to equity holders of the parent										
Group	Share capital (Note 29)	Total share capital	Statutory reserve [1]	Translation reserve [2]	Fair value adjustment reserves	Share option reserves	Retained profits	Total reserves	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
31 December 2023											
At 1 January 2023	91,293	91,293	1,985	(2,862)	5,388	–	10,680	15,191	106,484	15,818	122,302
(Loss)/Profit for the year	–	–	–	–	–	–	(2,559)	(2,559)	(2,559)	1,633	(926)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	(2,752)	–	–	–	(2,752)	(2,752)	(612)	(3,364)
(Loss)/Profit on disposal of equity instruments designated at fair value through other comprehensive income	–	–	–	–	(5,388)	–	179	(5,209)	(5,209)	–	(5,209)
	–	–	–	(2,752)	(5,388)	–	179	(7,961)	(7,961)	(612)	(8,573)
Total comprehensive income for the year	–	–	–	(2,752)	(5,388)	–	–	(7,961)	(7,961)	(612)	(8,573)
Transfer to statutory reserve	–	–	662	–	–	–	(662)	–	–	–	–
Dividend paid to NCI	–	–	–	–	–	–	–	–	–	(1,904)	(1,904)
Share option expense (Note 30)	–	–	–	–	–	37	–	37	37	–	37
Dividend paid on ordinary shares (Note 31)	–	–	–	–	–	–	(1,381)	(1,381)	(1,381)	–	(1,381)
At 31 December 2023	91,293	91,293	2,647	(5,614)	–	37	6,257	3,327	94,620	14,935	109,555

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Group	Share capital (Note 29) S$'000	Total share capital S$'000	Statutory reserve [1] S$'000	Translation reserve [2] S$'000	Fair value adjustment reserves S$'000	Share option reserves S$'000	Retained profits S$'000	Total reserves S$'000	Total equity attributable to equity holders of the parent S$'000	Non-controlling interests S$'000	Total equity S$'000
	Attributable to equity holders of the parent										
31 December 2022											
At 1 January 2022	91,293	91,293	1,365	3,188	6,067	55	11,455	22,130	113,423	14,875	128,298
Profit for the year	–	–	–	–	–	–	4,631	4,631	4,631	2,646	7,277
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	(6,050)	–	–	–	(6,050)	(6,050)	(1,421)	(7,471)
Loss on equity instruments designated at fair value through other comprehensive income	–	–	–	–	(679)	–	–	(679)	(679)	–	(679)
	–	–	–	(6,050)	(679)	–	–	(6,729)	(6,729)	(1,421)	(8,150)
Total comprehensive income for the year	–	–	–	(6,050)	(679)	–	4,631	(2,098)	(2,098)	1,225	(873)
Transfer to statutory reserve	–	–	620	–	–	–	(620)	–	–	–	–
Dividend paid to NCI	–	–	–	–	–	–	–	–	–	(829)	(829)
Ordinary shares issued	–	–	–	–	–	–	–	–	–	547	547
Reversal of share option expense (Note 30)	–	–	–	–	–	(55)	–	(55)	(55)	–	(55)
Dividend paid on ordinary shares (Note 31)	–	–	–	–	–	–	(4,786)	(4,786)	(4,786)	–	(4,786)
At 31 December 2022	91,293	91,293	1,985	(2,862)	5,388	–	10,680	15,191	106,484	15,818	122,302

1. In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China ("PRC"), the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations that is approved for dividend payment must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

2. The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Share capital (Note 29) S$'000	Fair value adjustment reserves S$'000	Share option reserves S$'000	Retained profits S$'000	Total reserves S$'000	Total equity S$'000
Company						
31 December 2023						
At 1 January 2023	91,293	5,388	–	8,264	13,652	104,945
Profit for the year	–	–	–	(451)	(451)	(451)
Other comprehensive income for the year:						
Loss on equity instruments designated at fair value through other comprehensive income	–	(5,210)	–	–	(5,210)	(5,210)
Total comprehensive income for the year	–	(5,210)	–	(451)	(5,661)	(5,661)
Share option expense (Note 30)	–	–	37	–	37	37
Dividends paid on ordinary shares (Note 31)	–	–	–	(1,381)	(1,381)	(1,381)
At 31 December 2023	91,293	178	37	6,432	6,647	97,940
31 December 2022						
At 1 January 2022	91,293	6,067	55	7,690	13,812	105,105
Profit for the year	–	–	–	5,360	5,360	5,360
Other comprehensive income for the year:						
Gain on equity instruments designated at fair value through other comprehensive income	–	(679)	–	–	(679)	(679)
Total comprehensive income for the year	–	(679)	–	5,360	4,681	4,681
Ordinary shares issued	–	–	–	–	–	–
Share option writeback (Note 30)	–	–	(55)	–	(55)	(55)
Dividends paid on ordinary shares (Note 31)	–	–	–	(4,786)	(4,786)	(4,786)
At 31 December 2022	91,293	5,388	–	8,264	13,652	104,945

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 S$'000	2022 S$'000
Cash flow from operating activities			
(Loss)/Profit before tax		(1,019)	9,361
Adjustments for:			
Depreciation of property, plant and equipment	13	2,913	2,493
Depreciation of right-of-use assets	28	1,203	1,155
Amortisation of intangible assets	14	111	214
Provision for warranty	25	65	63
Impairment loss on trade receivables	19	–	2
Finance costs	7	849	708
Gain on disposal of property, plant and equipment	5	(34)	(41)
Write back of provision for inventory obsolescence	18	(398)	(37)
Share option expense/(writeback)	30	37	(55)
Share of results of associates	17	(3,454)	(1,322)
Gain on bargain purchase	5	(538)	–
Gain on disposal of investment securities	5	(852)	–
Capitalisation of development costs	14	–	(200)
Loss on remeasurement of initial investment in associate		669	–
Net fair value gains on investment securities	5	(4,589)	(5,468)
Interest income	5	(186)	(352)
Gain on deemed disposal of associate		(394)	–
Unrealised foreign exchange loss/(gain)		358	(337)
Operating cash flow before changes in working capital		(5,259)	6,184
Decrease/(Increase) in inventories		8,648	(1,396)
(Increase)/Decrease in trade receivables		(2,107)	16,707
(Increase)/Decrease in prepayments, deposits and other receivables		(4)	3,677
Increase/(Decrease) in trade payables		1,892	(19,362)
Decrease in other payables and accruals		(1,112)	(1,939)
Cash flow generated from operations		2,058	3,871
Interest income received		186	352
Income tax paid		(1,093)	(1,284)
Net cash flow generated from operating activities		1,151	2,939
Cash flow from investing activities			
Purchase of property, plant and equipment	13	(4,337)	(5,434)
Proceeds from disposal of property, plant and equipment		34	341
Increase in advance payment for property, plant and equipment		(240)	(761)
Purchase of investment securities		–	(3,872)
Proceeds from disposal of investment securities		7,169	–
Purchase of a shareholding in associates		–	(2,594)
Acquisition of subsidiaries, net of cash acquired	15b	249	–
Net cash flow generated from/(used in) investing activities		2,875	(12,320)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 S$'000	2022 S$'000
Cash flow from financing activities			
Payment of principal portion of lease liabilities	34(b)	(1,109)	(1,161)
Payment of Interest portion of lease liabilities	34(b)	(202)	(37)
Proceeds from borrowings	34(b)	10,921	5,959
Repayment of borrowings	34(b)	(11,067)	(8,775)
Payment of interest of borrowings	34(b)	(647)	(671)
Dividends paid on ordinary shares	31	(1,381)	(4,786)
Dividend paid to non-controlling interests		(1,904)	(829)
Capital contribution from non-controlling interests		–	547
Net cash flow used in financing activities		(5,389)	(9,753)
Net decrease in cash and cash equivalents		(1,363)	(19,134)
Effects of exchange rate changes on cash and cash equivalents		(594)	(2,474)
Cash and cash equivalents at 1 January		20,098	41,706
Cash and cash equivalents at 31 December	22	18,141	20,098

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. CORPORATE INFORMATION

Kinergy Corporation Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK").

The registered office and place of business of the Company is located at 1 Changi North Street 1, Lobby 2, Singapore 498789.

The principal activities of the Company and its subsidiaries are (i) to provide contract manufacturing, design, engineering and assembly for the electronics industry; (ii) to provide design, manufacture and sale of automated machines, apparatus, systems and equipment; and (iii) provision of fund management services and conducting investment activities in equity securities and funds.

The Company operates in Singapore and the subsidiaries operate in the People's Republic of China ("PRC"), the Philippines, Malaysia and Japan.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or S$) and all values in the tables are rounded to the nearest thousand (S$'000), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards did not have any material effect on the financial statements of the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1–1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1–1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1–28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to SFRS(I) 1–21: Lack of Exchangeability	1 January 2025

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

Further information about those IFRSs/SFRS(I)s that are expected to be applicable to the Group is described below.

Amendments to IAS 1/SFRS(I) 1–1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB/SFRS issued amendments to paragraphs 69 to 76 of IAS 1/SFRS(I) 1–1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Subsequently, the Board noted that the COVID-19 pandemic has created pressures that could make it more challenging to implement any changes in classification of liabilities as current or non-current resulting from the application of these amendments. The pressures caused by the COVID-19 pandemic could also delay the start and extend the duration of any renegotiation of loan covenants resulting from those changes. Consequently, the Board decided to provide entities with operational relief by deferring the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2023. Earlier application of the amendments continues to be permitted. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.3 Issued but not yet effective International Financial Reporting Standards *(continued)*

Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback

In September 2022 the IASB amended IFRS 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

The Board decided to require a seller-lessee to apply the amendments retrospectively in accordance with IAS 8. The IASB expects the benefits of retrospective application to outweigh the expected costs because:

(a) sale and leaseback transactions often involve the sale of high-value items of property, plant and equipment with long economic lives. The accounting for such transactions could have a long-term material effect on the financial position of a seller-lessee. It is therefore important for users of financial statements that seller-lessees apply IFRS 16 consistently to those transactions.

(b) the amendments are expected to affect only the subsequent measurement of lease liabilities arising from a sale and leaseback transaction:

- with variable lease payments;
- occurring from the date of initial application of IFRS 16 (1 January 2019 for most seller lessees); and
- for which the seller-lessee's accounting policy differs from the requirements specified in these amendments.

(c) the amendments do not require the seller-lessee to estimate expected lease payments. The seller lessee could use the carrying amount of the lease liability at the commencement date–determined applying paragraph 100(a) -to develop its accounting policy for determining 'lease payments' as required by paragraph 102A

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and apply prospectively.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Amendments to SFRS(I) 1–1: Non-current Liabilities with Covenants

In October 2022, the IASB issued Non-current Liabilities with Covenants. The Board decided to require entities to apply Non-current Liabilities with Covenants (2022 amendments) retrospectively in accordance with IAS 8 because:

(a) classifying a liability as current or non-current on the same basis in current and prior periods would result in more comparable, and thus more useful, information than the information that would result from not reclassifying comparative amounts; and

(b) applying the amendments retrospectively is not expected to be onerous for entities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and the IASB allows an entity to apply the 2022 amendments early, but only if the entity also applies the 2020 amendments from the same date. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9/SFRS(I) 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9/SFRS(I) 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

(c) Investment in associates

An associate is an entity over which the Group has significant influence. 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 considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

2.5 Subsidiaries

A subsidiary is an entity, including a structured entity, directly or indirectly, controlled by the Company and/or its other subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5/SFRS(I) 5 are stated at cost less any impairment losses.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.6 Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Leasehold building	—	10 to 40 years
Plant and machinery	—	8 to 10 years
Computers and software	—	3 to 5 years
Furniture, fittings, air-conditioners and electrical installation	—	5 to 8 years
Motor vehicles	—	5 years
Workshop tools	—	3 to 7 years
Renovations	—	5 to 10 years
Office equipment	—	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold building	—	3–5 years
Prepaid land lease payments	—	50 years

The right-of-use assets are also subject to impairment. Refer to accounting policies in section 2.9 Impairment of non-financial assets.

(b) *Lease liabilities*

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.8 Intangible assets (other than goodwill)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding three years, commencing from the date when the products are put into commercial production.

2.9 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.10 Financial Instruments

(a) Financial assets

Initial recognition and measurement

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.10 Financial Instruments *(continued)*

(a) Financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- 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.

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets designated at fair value through profit or loss (equity instruments)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.10 Financial Instruments *(continued)*

(a) Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and form an integral part of the Group's cash management.

Cash and cash equivalents comprise cash on hand and at banks, including short-term deposits, which are not restricted as to use.

2.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.16 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provision for warranty

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed and adjusted if appropriate at least annually.

2.17 Employee benefits

(a) Pension scheme (defined contribution plans)

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to the statement of profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

The employees of the group are members of state-managed retirement benefits schemes operated by the relevant governments. The Group is required to contribute a certain percentage of payroll costs to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specific contribution.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Certain employees (including directors) of the Group is granted share options to buy the Company's share at determined price if and when certain performance targets relating to the Group's financial are met ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in Note 30 to the financial statements. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefit expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.18 Revenue

Revenue is measure based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

The Group provides contract manufacturing, design, engineering and assembly for the electronics industry, and the design, manufacture and sale of automated machines, apparatus, systems, equipment and precision moulds and dies.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are sold to certain customers with retrospective rebates for early settlement of trade receivables.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected early settlement rebates payable to customer where consideration have been received from customers within the stipulated settlement period.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

(b) Rendering of services

The Group provides maintenance services for circumstances which not covered by product warranty (e.g. malfunctions due to misuse or improper maintenance by customers, request for stationing of engineers for maintenance).

The amount of revenue is recognised based on the contractual price and on a time proportion basis over the contract terms.

(c) Fund management services

Revenue from fund management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.19 Foreign currencies

The financial statements are presented in Singapore dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively.

The functional currencies of the certain overseas subsidiaries are currencies other than the Singapore dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Group at the exchange rates ruling at the end of the reporting period and their statement of profit or loss are translated into Singapore dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity until the disposal of the respective foreign operation entity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flow, the cash flows of overseas subsidiaries are translated into Singapore dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Singapore dollars at the weighted average exchange rates for the year.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.20 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates and generates taxable income.

(b) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

— when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

— when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.20 Taxes *(continued)*

(c) Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

— When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

— When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.21 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.22 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.23 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

2.25 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amounts of the Group and the Company's income tax payables, deferred tax assets and deferred tax liabilities as at 31 December 2023 are S$55,000, S$2,365,000 and S$2,613,000 (2022: S$617,000, S$664,000 and S$1,536,000) and nil, S$1,335,000 and S$nil (2022: nil, nil and S$7,000), respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

(a) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 36(a).

The carrying amount of trade receivables at the end of the reporting period is disclosed in Note 19.

(b) Allowance for obsolete and slow-moving inventories

When necessary, allowance is provided for obsolete and slow-moving inventories to adjust the carrying value of inventories to the lower of cost and net realisable value. Management has estimated the allowance for obsolete and slow-moving inventories based on review of an ageing analysis of inventories at the end of the reporting period. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18.

(c) Fair value measurement of investment securities

The fair values of financial assets at fair value through profit or loss and other comprehensive income are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the related comparable companies chosen. The valuation methodologies and the source of parameters adopted by the Group are discussed in Note 35.

4. REVENUE

(a) Disaggregation of revenue

Segments	Electronics Manufacturing Services 2023 S$'000	Electronics Manufacturing Services 2022 S$'000	Original Design Manufacturing 2023 S$'000	Original Design Manufacturing 2022 S$'000	Investment 2023 S$'000	Investment 2022 S$'000	Total revenue 2023 S$'000	Total revenue 2022 S$'000
Type of goods and services								
Sale of goods	78,210	108,028	11,221	11,913	–	–	89,431	119,941
Rendering of services	743	1,148	2	8	2,314	3,105	3,059	4,261
	78,953	109,176	11,223	11,921	2,314	3,105	92,490	124,202
Primary geographical markets								
Singapore	50,027	83,099	539	449	–	–	50,566	83,548
The United States	8,911	9,384	1,999	592	–	–	10,910	9,976
Mainland China	10,605	10,208	82	71	2,314	3,105	13,001	13,384
Japan	3,678	–	1,172	3,166	–	–	4,850	3,166
The Philippines	–	25	6,673	6,135	–	–	6,673	6,160
Other countries	5,732	6,460	758	1,508	–	–	6,490	7,968
	78,953	109,176	11,223	11,921	2,314	3,105	92,490	124,202
Timing of transfer of goods or services								
At a point in time	78,953	109,176	11,223	11,921	–	–	90,176	121,097
Over period of time	–	–	–	–	2,314	3,105	2,314	3,105
	78,953	109,176	11,223	11,921	2,314	3,105	92,490	124,202

(b) Judgement and methods used in estimating revenue

Estimating variable consideration for sale of goods

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price. For early settlement rebates, management has determined that a portion of the estimated variable consideration is subject to the constraint as, based on past experience with the customers, it is highly probable that a reversal in the cumulative amount of revenue recognised will occur, and therefore will be recognised as a deduction to revenue.

(c) Contract liabilities

Information about contract liabilities from contracts with customers is disclosed as follows:

	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
Advances from customers (Note 24)	3,034	1,895	2,457	1,814

4. REVENUE *(continued)*

(c) Contract liabilities *(continued)*

Contract liabilities primarily relate to the Group and the Company's obligation to transfer goods or services to customers for which the Group and the Company have received advances from customers for sale of automated machines and apparatus.

Contract liabilities are recognised as revenue as the Group and the Company perform under the contract. Significant changes in contract liabilities are explained as follows:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,895**	1,828	**1,814**	1,106

5. OTHER INCOME AND GAINS

	Group	
	2023	2022
	S$'000	S$'000
Other income		
Government grants [(a)]	**270**	850
Bank interest income	**186**	352
Dividend income	**36**	–
Others	**315**	206
	807	1,408
Gains		
Gain on deemed disposal of associate	**394**	–
Net gain on disposal of investment securities	**852**	–
Net fair value gains on investment securities	**4,589**	5,468
Gain on bargain purchase [(b)]	**538**	–
Gain on disposal of property, plant and equipment	**34**	41
	6,407	5,509
	7,214	6,917

(a) The amount represents grants received from government authorities under various support schemes, among others, of which approximately (i) S$38,000 (31 December 2022: S$440,000) was primarily from the Job Growth Incentive programmes by the Singapore government which objectives were to provide cash flow support and help local companies to retain their local employees during the COVID-19 pandemic period and (ii) S$87,000 (31 December 2022: S$392,000) incentive from the PRC for high technology enterprise award. There are no unfulfilled conditions and other contingencies relating to these grants.

(b) The gain on bargain purchase of S$538,000 arose from the difference between the consideration paid and the fair value of the net identifiable assets of the associate as at acquisition date.

6. OTHER EXPENSES

	Group	
	2023	2022
	S$'000	S$'000
Impairment of financial assets — trade receivables (Note 19)	**–**	2
Foreign exchange differences, net	**866**	841
	866	843

7. FINANCE COSTS

	Group	
	2023	2022
	S$'000	S$'000
Interest expense on:		
— Lease liabilities	**202**	37
— Bank borrowings	**647**	671
	849	708

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remunerations for the year are as follows:

	2023	2022
	S$'000	S$'000
Fees	**405**	425
Other emoluments:		
Salaries, allowances and benefits in kind	**1,198**	1,105
Performance related bonuses	**308**	266
Pension scheme contributions	**29**	26
	1,940	1,822

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive Directors during the year indicated were as follows:

	2023 S$'000	2022 S$'000
Mr. Hoon Chee Wai	45	45
Dr. Senerath Wickramanayaka Mudiyanselage Sunil Wickramanayaka	45	45
Professor Zhang Wei	–	19
Dr. Ang Peng Huat	45	35
	135	144

(b) Executive directors, the chief executive and non-executive directors (excluding independent non-executive directors)

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Performance related bonus* S$'000	Share option expense S$'000	Pension scheme contributions S$'000	Total remuneration S$'000
2023						
Executive directors:						
Mr. Lim Kuak Choi Leslie	68	409	60	–	7	544
Mr. Du Xiaotang	45	464	202	–	–	711
Mr. Lim Khin Mann	45	133	18	–	15	211
Mr. Tay Kim Kah	67	192	28	–	7	294
	225	1,198	308	–	29	1,760
Non-executive directors:						
Mr. Yang Ping	–	–	–	–	–	–
Mr. Wang Yizhe	–	–	–	–	–	–
Mr. Loh Kin Wah	45	–	–	–	–	45
	45	–	–	–	–	45
Total	270	1,198	308	–	29	1,805

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, the chief executive and non-executive directors (excluding independent non-executive directors) *(continued)*

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Performance related bonus* S$'000	Share option expense S$'000	Pension scheme contributions S$'000	Total remuneration S$'000
2022						
Executive directors:						
Mr. Lim Kuak Choi Leslie	68	376	53	–	7	504
Mr. Du Xiaotang	45	447	174	–	–	666
Mr. Lim Khin Mann	45	120	16	–	13	194
Mr. Tay Kim Kah	68	162	24	–	6	260
	226	1,105	267	–	26	1,624
Non-executive directors:						
Mr. Yang Ping	19	–	–	–	–	19
Mr. Wang Yizhe	–	–	–	–	–	–
Mr. Loh Kin Wah	35	–	–	–	–	35
	54	–	–	–	–	54
Total	280	1,105	267	–	26	1,678

* Certain executive Directors are entitled to profit sharing payments which are determined as a percentage of the profit after tax of the Group that is in excess of budget.

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the year (2022: Nil), except for Mr. Wang Yizhe and Mr Fan Zhirong who decided to waive their directors' fee in their capacity as non-executive Directors respectively.

During the year, no remuneration was paid or payable by the Group to the executive Directors and the chief executive as an inducement to join or upon joining the Group or as compensation for the loss of office (2022: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included 3 Directors (2022: 3 Directors), details of whose remuneration are set out in Note 8 above. Details of the remuneration of the remaining 2 (2022: 2) highest paid employees who are neither a Director nor chief executive of the Group during the year indicated are as follows:

	2023 S$'000	2022 S$'000
Salaries, allowances and benefits-in-kind	776	621
Performance related bonuses	91	33
Pension scheme contributions	8	11
	875	665

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees 2023	2022
Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	2	1
	2	2

10. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting) the following items:

	2023 S$'000	2022 S$'000
Cost of inventories	**59,115**	80,654
Depreciation of property, plant and equipment	**2,913**	2,493
Depreciation of right-of-use assets	**1,203**	1,155
Amortisation of intangible assets	**111**	214
Research and development expenses	**2,688**	3,047
Short-term leases/minimum lease payments under operating leases	**513**	342
Auditor's remuneration	**339**	366
Professional fees	**326**	597
Employee benefit expense (excluding directors' and chief executive's remuneration):		
– Wages and salaries	**24,139**	23,050
– Pension scheme contributions	**3,354**	3,402
– Share option expense/(writeback)	**37**	(55)
Provision for warranty	**65**	63
Writeback of provision for inventory obsolescence	**(398)**	(37)
Foreign exchange differences, net	**866**	841
Government grants	**(270)**	(850)
Net gain on disposal of investment securities	**(852)**	–
Net fair value gains on investment securities	**(4,589)**	(5,468)
Bank interest income	**(186)**	(352)
Gain on disposal of property, plant and equipment	**(34)**	(41)

11. INCOME TAX CREDIT/(EXPENSE)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group operates.

The Singapore statutory income tax for the Company has been provided at the rate of 17% on the estimated assessable profits arising in Singapore during the year.

The PRC statutory income tax rate is at 25% on the assessable profits in accordance with the PRC Corporate Income Tax Law for 2023 (2022: PRC Corporate Income Tax Law for 2022) is qualified as High and New Technology Enterprises and is subject to a preferential income tax rate of 15%).

11. INCOME TAX EXPENSE *(continued)*

Major components of income tax expense

The major components of income tax credit/(expense) for the years ended 31 December 2023 and 2022 are as follows:

	2023 S$'000	2022 S$'000
Current income tax:		
– Current income taxation	(531)	(583)
– Over provision in respect of previous years	–	118
	(531)	(465)
Deferred income tax (Note 26):		
– Origination and reversal of temporary differences	624	(1,619)
Income tax credit/(expense) recognised in profit or loss	93	(2,084)

Relationship between tax credit/(expense) and accounting profit

A reconciliation between tax credit/(expense) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 is as follows:

	Group	
	2023 S$'000	2022 S$'000
(Loss)/Profit before tax	(1,019)	9,361
Tax at the domestic statutory rates applicable to profits in the countries which the Group operates	(123)	(2,705)
Expenses not deductible for tax	(1,322)	(175)
Utilisation of tax benefits previously not recognised	137	–
Over provision in respect of previous years	–	118
Income not subject to tax	602	378
Deferred tax asset not recognised	(71)	–
Share of results of associates	864	331
Others	6	(31)
Income tax credit/(expense) recognised in profit or loss	93	(2,084)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

11. INCOME TAX EXPENSE *(continued)*

Unrecognised tax losses

As at 31 December 2023, the Group has $8,033,000 of unabsorbed tax losses (2022: $6,651,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2022: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to S$8,563,000 (2022: S$11,931,000). The deferred tax liability is estimated to be S$428,000 (2022: S$597,000).

Tax consequences of proposed dividends

There are no income tax consequences (2022: Nil) attached to the payment of dividends by the Company to its shareholders but not recognised as a liability in the financial statements.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted (loss)/earnings per share amounts is based on the profit for the year attributable to the equity holders of the parent, and the weighted average number of ordinary shares of 920,393,394 shares in issue during the years ended 31 December 2023 and 2022.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The following table reflects the income and share data used in the basic and diluted earnings per share calculations:

	2023 S$'000	2022 S$'000
(Loss)/Profit		
(Loss)/Profit for the year attributable to equity holders of the parent	**(2,559)**	4,631

	Number of shares 2023	2022
Number of shares		
Weighted average number of ordinary shares	**920,393,394**	920,393,394
Earnings per share attributable to equity holders of the parent		
Basic and diluted (Singapore cents)	**(0.28)**	0.50

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building S$'000	Plant and machinery S$'000	Computer and software S$'000	Furniture, fittings, air-conditioners, electrical installation S$'000	Motor vehicles S$'000	Workshop tools S$'000	Renovations S$'000	Office equipment S$'000	Construction in progress S$'000	Total S$'000
Cost:										
At 1 January 2022	15,289	19,413	3,966	3,941	1,671	2,517	4,522	525	55	51,899
Additions	–	3,194	210	207	99	246	507	74	897	5,434
Disposals	–	(199)	(33)	(15)	(119)	(175)	(3)	(57)	(53)	(654)
Write off	–	–	–	–	–	–	(181)	–	–	(181)
Reclassifications	1	4	23	34	–	34	21	6	–	123
Exchange differences	(1,373)	(952)	(93)	(292)	(105)	(263)	(313)	(14)	(49)	(3,454)
At 31 December 2022 and 1 January 2023	13,917	21,460	4,073	3,875	1,546	2,359	4,553	534	850	53,167
Additions	–	757	219	109	2	67	2,059	212	912	4,337
Disposals	–	(298)	(34)	(10)	(61)	(5)	–	(36)	–	(444)
Write off	–	(22)	(83)	(29)	–	(91)	–	(20)	–	(245)
Acquisition of subsidiaries	841	226	4	27	–	–	104	19	–	1,221
Reclassification	1,518	114	31	225	23	–	(270)	29	(1,654)	16
Exchange differences	(689)	(485)	(44)	(100)	(29)	(241)	(134)	(7)	(22)	(1751)
At 31 December 2023	15,587	21,752	4,166	4,097	1,481	2,089	6,312	731	86	56,301
Accumulated depreciation:										
At 1 January 2022	2,803	13,857	3,312	2,946	1,076	1,674	1,634	418	–	27,720
Depreciation charge for the year	402	746	255	165	142	380	355	48	–	2,493
Disposals	–	6	(31)	(15)	(120)	(137)	(1)	(56)	–	(354)
Write off	–	–	–	–	–	–	(137)	–	–	(137)
Exchange differences	(262)	(345)	(68)	(151)	(93)	(199)	(102)	(10)	–	(1,230)
At 31 December 2022 and 1 January 2023	2,943	14,264	3,468	2,945	1,005	1,718	1,749	400	–	28,492
Depreciation charge for the year	375	1,222	304	224	155	223	346	64	–	2,913
Disposals	–	(298)	(34)	(10)	(61)	(5)	–	(36)	–	(444)
Write off	–	(6)	(83)	(21)	–	(85)	–	(20)	–	(215)
Acquisition of subsidiaries	19	81	4	25	–	–	49	18	–	196
Exchange differences	(131)	(253)	(32)	(68)	(24)	(70)	(47)	(3)	–	(628)
At 31 December 2023	3,206	15,010	3,627	3,095	1,075	1,781	2,097	423	–	30,314
Net carrying amount:										
At 31 December 2022	10,974	7,196	605	930	541	641	2,804	134	850	24,675
At 31 December 2023	12,381	6,742	539	1,002	406	308	4,215	308	86	25,987

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company	Plant and machinery S$'000	Computers and software S$'000	Furniture, fittings, air-conditioners and electrical installation S$'000	Motor vehicles S$'000	Workshop tools S$'000	Renovations S$'000	Office equipment S$'000	Total S$'000
Cost:								
At 1 January 2022	620	1,387	323	511	20	143	16	3,020
Additions	76	78	111	100	–	33	2	400
At 31 December 2022 and 1 January 2023	696	1,465	434	611	20	176	18	3,420
Additions	165	100	87	–	–	1,964	40	2,356
Disposals	–	(81)	(7)	–	–	–	(11)	(99)
At 31 December 2023	861	1,484	514	611	20	2,140	47	5,677
Accumulated depreciation:								
At 1 January 2022	417	971	307	71	17	138	13	1,934
Depreciation charge for the year	68	176	14	106	3	6	2	375
At 31 December 2022 and 1 January 2023	485	1,147	321	177	20	144	15	2,309
Depreciation charge for the year	75	194	42	118	–	56	5	490
Disposals	–	(81)	(7)	–	–	–	(11)	(99)
At 31 December 2023	560	1,260	356	295	20	200	9	2,700
Net carrying amount:								
At 31 December 2022	211	318	113	434	–	32	3	1,111
At 31 December 2023	301	224	158	316	–	1,940	38	2,977

14. INTANGIBLE ASSETS

	Group			Company		
	Development cost S$'000	Others S$'000	Total S$'000	Development cost S$'000	Others S$'000	Total S$'000
Cost:						
At 1 January 2022	2,442	32	2,474	1,198	32	1,230
Additions	200	–	200	200	–	200
At 31 December 2022, 1 January 2023 and 31 December 2023	**2,642**	**32**	**2,674**	**1,398**	**32**	**1,430**
Accumulated amortisation:						
At 1 January 2022	2,245	21	2,266	1,001	21	1,022
Amortisation for the year	214	–	214	214	–	214
At 31 December 2022 and 1 January 2023	**2,459**	**21**	**2,480**	**1,215**	**21**	**1,236**
Amortisation for the year	**111**	**–**	**111**	**111**	**–**	**111**
At 31 December 2023	**2,570**	**21**	**2,591**	**1,326**	**21**	**1,347**
Net carrying amount:						
At 31 December 2022	183	11	194	183	11	194
At 31 December 2023	**72**	**11**	**83**	**72**	**11**	**83**

Amortisation expense

The amortisation of development cost is included in the "General and administrative expenses" line item in the consolidated statement of comprehensive income. The remaining useful lives of the development cost are within 2 years (2022: within 3 years).

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 S$'000	2022 S$'000
Unquoted shares, at cost	**63,173**	56,068
Additional investment	**2,537**	7,105
Reclassify from associate	**2,114**	–
Impairment losses	**(517)**	(517)
	67,307	62,656

15. INVESTMENT IN SUBSIDIARIES *(continued)*

During the financial year 2023, the Company acquired a further 51% of Continuumm Technologies Pte Ltd at a consideration of S$15,000. Continuumm Technologies Pte Ltd is reclassed from Associate to subsidiary.

In June 2023, the Company made additional investments of S$2,521,856 in Kinergy EMS (Nantong) Co., Ltd. ("KEMS")

a. Composition of the Group

As at 31 December, the Group has the following investments in subsidiaries:

Name of company (Country of incorporation)	Principal activities (Place of business)	Issued ordinary/ registered share capital	Percentage of equity held 2023 %	2022 %
Subsidiaries of Kinergy Corporation Ltd.				
Kinergy EMS (Nantong) Co., Ltd (People's Republic of China) [(1)(6)]	Manufacture and assembling of sub-systems (People's Republic of China)	Renminbi 167,397	**100**	100
Kinergy Philippines Inc. (Philippines) [(2)]	Manufacture and sale of mechanical components (Philippines)	Philippine peso 40,000,000	**100**	100
Kinergy Japan KK (Japan) [(3)]	Business development office (Japan)	Japanese yen 10,000,000	**100**	100
Kinergy Intelligent Equipment Manufacturing (Nantong) Co., Ltd (People's Republic of China) [(4)(6)]	Investments (People's Republic of China)	United States Dollar 20,556,000	**100**	100
Continuumm Technologies Pte Ltd (Singapore) [(5)]	Wire harness	Singapore dollars 4,411,480	**100**	49
Kinergy (M) Sdn. Bhd. (Malaysia) [(3)]	Original Design Manufacturing (ODM)	Malaysia Ringgit 3,000,000	**100**	100

15. INVESTMENT IN SUBSIDIARIES *(continued)*

a. Composition of the Group *(continued)*

Name of company (Country of incorporation)	Principal activities (Place of business)	Issued ordinary/ registered share capital	Percentage of equity held 2023 %	2022 %
Held through Kinergy EMS (Nantong) Co., Ltd				
Kinergy Mechatronics Shanghai Co., Ltd (People's Republic of China) [3][6]	Marketing and logistics, strategic procurement of materials (the PRC)	Renminbi 8,773,000	**100**	100
Held through Kinergy Intelligent Equipment Manufacturing (Nantong) Co., Ltd				
KinerTec (Nantong) Co. Ltd. (People's Republic of China) [3][6]	Fabrication of precision machine frames and sheet-metal (the PRC)	United States Dollar 7,500,000	**60**	60
Shanghai GenLight Capital Management Co. Ltd. (Previously Shanghai CEL Puyan Equity Investment Management Limited) (People's Republic of China) [1][6]	Fund management business and investment activities (the PRC)	Renminbi 61,260,000	**51.03**	51.03
Jiangsu Furui Mechanical Co., Ltd (People's Republic of China) [3][6]	Manufacture of textile equipment, general machinery parts, castings, pipe accessories (the PRC)	Renminbi 20,000,000	**60**	60
Held through the Company and Kinergy Intelligent Equipment Manufacturing (Nantong) Co., Ltd				
KMR Precision Equipment (Nantong) Co., Ltd [3][6]	Manufacture of vacuum chamber machining and high precision engineering (the PRC)	United States Dollar 35,000,000	**100**	100
Held through Continuumm Technologies Pte. Ltd. (Singapore)				
Continuumm Technologies Sdn. Bhd. (Malaysia) [3] [5]	Wire harness & assembly of sub-systems (Malaysia)	Malaysia Ringgit 3,000,000	**100**	49

(1) Audited by member firms of EY Global in the respective countries.

(2) Audited by Dela Cruz Tatunay & Co. CPA, Philippines.

(3) Not required to be audited.

(4) Audited by Nantong Great Wall Associated CPAs, People's Republic of China.

(5) On 12 July 2023, the Company acquired an additional 51% in its 49% owned associate, Continuumm Technologies Pte. Ltd.. Upon acquisition, Continuumm became a wholly owned subsidiary.

(6) A limited liability company established in China.

15. INVESTMENT IN SUBSIDIARIES *(continued)*

b. Acquisition of subsidiaries

On 12 July 2023, the Company acquired an additional 51% in its 49% owned associate, Continuumm Technologies Pte. Ltd.. Upon acquisition, Continuumm became a wholly owned subsidiary.

The fair values of the identifiable assets and liabilities of Continuumm group as at the date of acquisition were:

Fair value recognised on acquisition date

	Amount S$'000
Assets	
Property, plant and equipment	995
Trade and other receivables	749
Inventories	630
Cash	264
Liabilities	
Trade and other payables	(1,554)
Total identifiable net assets at fair value	1,084
Fair value of previously held interest as an associate	(531)
Cash paid	(15)
Gain on bargain purchase of a business	538

Analysis of cash flows on acquisition

	Amount S$'000
Net cash acquired from the acquisition of the subsidiary (included in cash flows from investing activities)	264
Cash paid	(15)
	249

As the date of the acquisition, the carrying amount of trade and other receivables was S$749,000 which approximates its fair value and it is expected that the full contractual amounts can be collected.

Loss on remeasuring previously held equity interest to fair value at acquisition date

The Group recognised a loss of S$669,318 as a result of remeasuring its 49% equity interest in Continuumm at fair value. The loss is included in the General and administrative expenses line item in the Group's profit or loss for the year ended 31 December 2023.

15. INVESTMENT IN SUBSIDIARIES *(continued)*

b. Acquisition of subsidiaries *(continued)*

Impact of the acquisition on profit or loss

From the date of acquisition, Continuumm group has contributed S$1,116,000 of revenue and S$153,000 loss to the net loss after tax of the Group. If the business combination had taken place at the beginning of the year, the Group's revenue from continuing operations would have been increased by S$970,000 while and net loss increased by S$607,000.

Bargain purchase arising from acquisition

The gain on bargain purchase of S$538,000 was recognised in the consolidated statement of comprehensive income under other income and gains.

c. Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocating to NCI during the year S$'000	Accumulated NCI at the end of the year S$'000
2023				
Shanghai GenLight Capital Management Co. Ltd.	the PRC	**48.97%**	**1,971**	**13,999**
2022				
Shanghai GenLight Capital Management Co. Ltd.	the PRC	48.97%	2,788	12,512

The summarised financial information of Shanghai GenLight Capital Management Co. Ltd. is provided below. This information is based on amounts before inter-company eliminations.

Summarised balance sheets

	2023 S$'000	2022 S$'000
Current		
Assets	**7,292**	10,675
Liabilities	**(816)**	(1,407)
Net current assets	**6,476**	9,268
Non-current		
Assets	**20,835**	17,818
Liabilities	**(2,613)**	(1,530)
Net non-current assets	**18,222**	16,288
Net assets	**24,698**	25,556

15. INVESTMENT IN SUBSIDIARIES *(continued)*

c. Interest in subsidiaries with material non-controlling interest ("NCI") *(continued)*

Summarised statement of comprehensive income

	2023 S$'000	2022 S$'000
Revenue	**2,314**	3,105
Profit before income tax	**5,386**	7,610
Income tax expense	**(1,361)**	(1,918)
Profit after tax representing total comprehensive income	**4,025**	5,692

Summarised cash flow information

	2023 S$'000	2022 S$'000
Operating	**163**	1,111
Investing	**832**	(3,639)
Financing	**(3,796)**	(1,578)
Net decrease in cash and cash equivalents	**(2,801)**	(4,106)

16. INVESTMENT SECURITIES

	Group		Company	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Equity instruments at fair value through profit or loss				
— Non-listed equity investments	**20,589**	17,366	**–**	–
— Listed equity investment	**2,444**	4,041	**–**	–
Equity instruments at fair value through other comprehensive income				
— Non-listed equity investment	**–**	9,550	**–**	9,550
	23,033	30,957	**–**	9,550

17. INVESTMENT IN ASSOCIATES

The Group's investment in associates are summarised below:

	Group As at 31 December 2023 S$'000	2022 S$'000
Nantong Intelligent Fund (1)	**11,201**	8,729
Nanyang Kinergy Equity Investment Fund Partnership (Limited Partnership) ("Nanyang Fund") (1)	**4,911**	3,421
Continuum Technologies Pte. Ltd. (2)	**–**	1,784
Liteleaf Pte. Ltd. (3)	**450**	428
	16,562	14,362

(1) Audited by member firms of EY Global in the respective countries.

(2) Audited by KPMG

(3) Not required to be audited.

The Company's investment in associates are summarised below:

	Company 2023 S$'000	2022 S$'000
Unquoted shares, at cost	**480**	2,594
	480	2,594

Particulars of the principal associates of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of ownership interest attributable to the Group 2023	2022
Held through subsidiaries:				
Nantong Intelligent Fund	The PRC	Private equity investment	**20%**	20%
Nanyang Fund	The PRC	Private equity investment	**20%**	20%
Held through the Company:				
Continuum Technologies Pte. Ltd.	Singapore	Manufacture of Wire harness	**–**	49%
Liteleaf Pte. Ltd.	Singapore	Manufacture of farm equipment and farm operation	**8%**	49%

17. INVESTMENT IN ASSOCIATES *(continued)*

In June 2023, Liteleaf Pte Ltd issued new shares to increase the paid up capital. The Company's shareholdings was diluted from 49% to 8% as they did not take up the new issue.

As one of the Company's directors sits in Liteleaf's board of directors, Liteleaf is considered one of the principal associates of the Group despite owning only 8% interest in Liteleaf.

The following table illustrates the aggregate financial information of the Group's investment in associates:

Summarised balance sheets

	2023			
	Nantong Intelligent Fund S$'000	Nanyang Fund S$'000	Continuum Technologies S$'000	Liteleaf S$'000
Current assets	56,471	24,559	–	1,216
Non-current assets (excluding goodwill)	–	–	–	3,719
Total assets	56,471	24,559	–	4,935
Current liabilities	(466)	(4)	–	(775)
Non-current liabilities	–	–	–	(898)
Total liabilities	(466)	(4)	–	(1,673)
Net assets	56,005	24,555	–	3,262
Proportion of the Group's ownership	20%	20%	–	8%
Group's share of net assets	11,201	4,911	–	261
Goodwill on acquisition	–	–	–	189
Group's carrying amount of the investment	11,201	4,911	–	450

17. INVESTMENT IN ASSOCIATES *(continued)*

Summarised balance sheets *(continued)*

	2022			
	Nantong Intelligent Fund S$'000	Nanyang Fund S$'000	Continuum Technologies S$'000	Liteleaf S$'000
Current assets	43,855	17,117	1,318	2,012
Non-current assets (excluding goodwill)	–	–	4,054	2,663
Total assets	43,855	17,117	5,372	4,675
Current liabilities	(210)	(9)	(1,809)	(1,753)
Non-current liabilities	–	–	–	(5,013)
Total liabilities	(210)	(9)	(1,809)	(6,766)
Net assets/(liabilities)	43,645	17,108	3,563	(2,091)
Proportion of the Group's ownership	20%	20%	49%	49%
Group's share of net assets	8,729	3,421	1,746	(1,025)
Goodwill on acquisition	–	–	(29)	1,410
Other adjustments	–	–	67	43
Group's carrying amount of the investment	8,729	3,421	1,784	428

17. INVESTMENT IN ASSOCIATES *(continued)*

Summarised statement of comprehensive income

	2023			
	Nantong Intelligent Fund S$'000	Nanyang Fund S$'000	Continuum Technologies S$'000*	Liteleaf S$'000
Revenue	–	–	970	2,816
Operating expenses	(416)	59	(2,161)	(3,356)
Interest income	–	–	–	–
Fair value gain on investments	14,521	7,881	–	–
	14,105	7,940	(1,191)	(540)
Proportion of the Group's ownership	20%	20%	49%	8%
Group's share of profit/(loss) for the year	2,821	1,588	(583)	(372)

	2022			
	Nantong Intelligent Fund S$'000	Nanyang Fund S$'000	Continuum Technologies S$'000	Liteleaf S$'000
Revenue	–	–	4,048	18
Operating expenses	(211)	(227)	(4,721)	(124)
Interest income	–	–	–	–
Fair value gain on investments	3,141	5,822	–	–
	2,930	5,595	(673)	(106)
Proportion of the Group's ownership	20%	20%	49%	49%
Group's share of profit/(loss) for the year	586	1,119	(331)	(52)

The associates Nantong Intelligent Fund and Nanyang Fund requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 December 2023 and 2022.

18. INVENTORIES

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Statement of financial position:				
Raw materials	**32,737**	37,824	**21,536**	25,807
Work-in-progress	**5,004**	5,811	**1,699**	1,774
Finished goods	**8,338**	10,064	**3,760**	2,684
Total inventories at lower of cost and net realisable value	**46,079**	53,699	**26,995**	30,265
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	**59,115**	80,654	**53,333**	81,484
Inclusive of the following charge:				
— (Write back)/allowance for inventory obsolescence	**(398)**	(37)	**96**	66

During the year, there was a write back on the allowance for inventory obsolescence as the inventories were used and sold above the cost.

19. TRADE RECEIVABLES

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables	**17,427**	15,151	**11,690**	9,525

Trade debtors are non-interest bearing and are generally on 30–90 days' term. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
United States Dollar	**13,982**	11,495	**11,590**	9,523

19. TRADE RECEIVABLES *(continued)*

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Neither past due nor impaired	**14,130**	12,754	**10,252**	8,599
Past due but not impaired:				
— 0 to 30 days	**1,414**	1,538	**372**	533
— 31 to 60 days	**630**	514	**502**	211
— 61 to 90 days	**779**	70	**146**	5
— Over 90 days	**474**	275	**418**	176
	17,427	15,151	**11,690**	9,524

Expected credit losses ("ECL")

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Movement in allowance account:				
At 1 January	**4**	2	**–**	–
Charge for the year	**–**	2	**–**	–
At 31 December	**4**	4	**–**	–

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Advances to suppliers	**640**	742	**849**	4,799
Deposits	**565**	500	**342**	246
Prepaid Goods and Services Tax ("GST")/ Value-added tax ("VAT")	**610**	593	**212**	140
Prepayments	**305**	292	**125**	117
Other receivables	**376**	237	**77**	192
Bills of exchange	**425**	183	**–**	–
Prepayments, deposits and other receivables	**2,921**	2,547	**1,605**	5,494
Add:				
Amounts due from subsidiaries (Note 21)	**–**	–	**15,614**	10,668
Trade receivables (Note 19)	**17,427**	15,151	**11,690**	9,524
Cash and cash equivalents (Note 22)	**18,141**	20,098	**2,848**	1,972
Less:				
Advances to suppliers	**(640)**	(742)	**(849)**	(4,799)
Prepaid GST/VAT	**(610)**	(593)	**(212)**	(140)
Prepayments	**(305)**	(292)	**(125)**	(117)
Total financial assets carried at amortised cost	**36,934**	36,169	**30,571**	22,602

21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023	2022
	S$'000	S$'000
Due from subsidiaries:		
Trade	**8,185**	5,513
Non-trade (net of allowance for impairment)	**7,429**	5,155
	15,614	10,668
Due to subsidiaries:		
Trade	**10,631**	4,610
Non-trade	**187**	–
	10,818	4,610
Allowance for impairment		
At 1 January and 31 December:	**379**	379

21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(continued)*

The non-trade amounts due from/(to) subsidiaries are unsecured, non-interest bearing and repayable on demand. The trade amounts due from/(to) subsidiaries are under normal trade credit terms. All receivables are to be settled in cash.

Amounts due from/(to) subsidiaries denominated in foreign currencies at 31 December are as follows:

	2023 S$'000	2022 S$'000
Amounts due from subsidiaries		
United States Dollar	**11,231**	7,643
Amounts due to subsidiaries		
United States Dollar	**10,175**	4,322

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 **S$'000**	2022 S$'000	**2023** **S$'000**	2022 S$'000
Cash and bank balances	**18,126**	11,290	**2,848**	1,972
Short-term deposits	**15**	8,808	**–**	–
	18,141	20,098	**2,848**	1,972

Cash at banks earn interest at floating rates based on daily bank deposit rates. Non-pledged short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective non-pledged short-term deposits rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023 **S$'000**	2022 S$'000	**2023** **S$'000**	2022 S$'000
United States Dollar	**4,781**	4,333	**2,779**	1,904

23. TRADE PAYABLES

The trade payables are non-interest bearing and are normally settled on 30–90 days' term.

Trade payables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
United States Dollar	**5,959**	3,752	**3,980**	2,481

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
— 0 to 30 days	**6,869**	6,135	**3,593**	2,490
— 31 to 60 days	**3,555**	3,748	**1,456**	1,891
— 61 to 90 days	**2,642**	2,511	**969**	956
— Over 90 days	**4,989**	3,047	**1,011**	179
	18,055	15,441	**7,029**	5,516

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
Accruals [(a)]	**4,494**	4,248	**2,877**	2,571
Advances from customers	**3,034**	1,895	**2,457**	1,814
Other payables	**604**	1,539	**943**	873
Other payables and accruals	**8,132**	7,682	**6,277**	5,258
Add:				
Amount due to subsidiaries (Note 21)	**–**	–	**10,818**	4,610
Trade payables (Note 23)	**18,055**	15,441	**7,029**	5,516
Interest-bearing loans and borrowings (Note 27)	**20,892**	21,248	**12,850**	17,746
Less:				
Advances from customers	**(3,034)**	(1,895)	**(2,457)**	(1,814)
Total financial liabilities carried at amortised cost	**44,045**	42,476	**28,240**	31,316

(a) Accruals amount mainly consist of salary and bonus.

Other payables are non-interest bearing and are repayable on demand.

25. PROVISION FOR WARRANTY

Analysis of provision for warranty:

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
At 1 January	**88**	41	**87**	38
Addition	**65**	63	**57**	56
Amounts utilised during the year	**(82)**	(15)	**(74)**	(7)
Exchange differences	**–**	(1)	**–**	–
At 31 December	**71**	88	**70**	87

The Group provides one-year warranties to its customers on certain of its products, under which faulty products are repaired. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the financial years were as follows:

	Group				Company	
	Statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2023	2022	**2023**	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Deferred tax assets:						
Differences in depreciation for tax purposes	**–**	26	**(26)**	5	**–**	–
Unutilised tax losses	**2,294**	467	**1,827**	(196)	**1,335**	–
Unrealised profit	**71**	147	**(76)**	(72)	**–**	–
Provisions	**–**	24	**(24)**	20	**–**	–
	2,365	664			**1,335**	–
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**–**	7	**7**	19	**–**	7
Fair value adjustment of investment securities	**2,613**	1,529	**(1,084)**	(1,395)	**–**	–
	2,613	1,536			**–**	7
Deferred (expense)/income tax credit			**624**	(1,619)		

27. INTEREST-BEARING LOANS AND BORROWINGS

	Interest rate/annum	Maturity	Group As at 31 December 2023 S$'000	Group As at 31 December 2022 S$'000	Company As at 31 December 2023 S$'000	Company As at 31 December 2022 S$'000
Lease liabilities	2.5%–7.5% (Company: 3.0%)	2022–2040	**4,881**	4,748	**4,498**	4,132
S$5,000,000 bank loan	2%	August 2025	**2,132**	3,377	**2,132**	3,377
S$5,000,000 bank loan	2.5%	June 2026	**2,578**	3,565	**2,578**	3,565
S$408,333 bank loan	1.67%	May-2024	**408**	–	**408**	–
Bank trade financing	3.15%–6.9% (Company: 5.75%)	2023	**10,294**	8,526	**2,635**	5,640
Bank overdrafts	5%	On demand	**599**	1,032	**599**	1,032
			20,892	21,248	**12,850**	17,746
Repayable:						
Current:						
— Within a period not exceeding one year			**14,862**	12,763	**7,094**	9,672
Non-current:						
— Within a period of more than one year but not exceeding two years			**2,360**	3,497	**2,086**	3,086
— Within a period of more than two years but not exceeding five years			**3,670**	4,988	**3,670**	4,988
			6,030	8,485	**5,756**	8,074
			20,892	21,248	**12,850**	17,746

All the above borrowings are unsecured.

28. LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for various items of leasehold building and prepaid land lease payments used in its operations. Leases of leasehold building generally have lease terms between 3 to 5 years, while land use right have a lease term of 20 to 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options which are further discussed below.

The Group also has certain leases of housing for employees with lease terms of 12 months or less. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Prepaid land lease payments/ leasehold land S$'000	Leasehold building S$'000	Total S$'000
At 1 January 2022	1,357	898	2,255
Addition	–	4,844	4,844
Depreciation expense	(5)	(1,150)	(1,155)
Exchange differences	(7)	(134)	(141)
At 31 December 2022 and 1 January 2023	1,345	4,458	5,803
Additional	**–**	**1,422**	**1,422**
Disposal	**–**	**(169)**	**(169)**
Depreciation expense	**(40)**	**(1,163)**	**(1,203)**
Exchange differences	**(26)**	**(56)**	**(82)**
At 31 December 2023	**1,279**	**4,492**	**5,771**

Company	Leasehold building S$'000
At 1 January 2022	897
Additional	4,210
Depreciation expense	(967)
At 31 December 2022 and 1 January 2023	4,140
Additional	**1,422**
Disposal	**(170)**
Depreciation expense	**(963)**
At 31 December 2023	**4,429**

28. LEASE LIABILITIES *(continued)*

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

	Group		Company	
	2023	2022	**2023**	2022
	S$'000	S$'000	**S$'000**	S$'000
At 1 January	**4,748**	1,038	**4,132**	915
Addition	**1,422**	4,844	**1,422**	4,211
Accretion of interest	**202**	37	**186**	27
Payment	**(1,311)**	(1,198)	**(1,072)**	(1,021)
Disposal	**(170)**	–	**(170)**	–
Exchange differences	**(10)**	27	**–**	–
At 31 December	**4,881**	4,748	**4,498**	4,132
Current	**1,278**	973	**1,170**	768
Non-current	**3,603**	3,775	**3,328**	3,364
	4,881	4,748	**4,498**	4,132

The following are the amounts recognised in profit or loss:

	Group	
	2023	2022
	S$'000	S$'000
Depreciation expense of right-of-use assets	**1,203**	1,155
Interest expense on lease liabilities	**202**	37
Expense relating to short-term leases (included in general and administrative expenses)	**513**	342
Total amount recognised in profit or loss	**1,918**	1,534

The Group had total cash outflows for leases of S$1,918,000 (2022: S$1,540,000).

29. SHARE CAPITAL

	Number of shares	Amount S$'000
Issued and fully paid ordinary shares [(1)]:		
As at 31 December 2022, 1 January 2023 and 31 December 2023	920,393,394	91,293

(1) All issued shares are fully paid ordinary shares with no par value.

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

30. SHARE OPTION SCHEME

The Company operates the share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include (1) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries (2) any directors (including executive, non-executive and independent non-executive directors) of our Company or any of its subsidiaries; and (3) any advisers (professional or otherwise), consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group. The Scheme became effective on 27 June 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The remaining life of the Share Option Scheme was approximately 4 years.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue immediately following completion of the listing of the global offering of the Company dated 18 July 2018, being 83,935,132 shares, excluding for this purpose shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Scheme (or any other share option schemes of the Company). The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the relevant class of shares of the Company in issue in the past 12 months including the date of grant are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than five years from the date of grant of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant and (iii) the volume weighted average price for the two months preceding the date of grant. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

30. SHARE OPTION SCHEME *(continued)*

On 1 June 2021, the Company granted share options to directors and senior management to subscribe for a total of 18,500,000 ordinary shares with the exercise price of HK$1.00 per share. The closing price of the Shares immediately before the date of grant (being 31 May 2021) was HK$0.74 per share. Details of movements in share options granted prior to 1 January 2023 and outstanding as at 1 January 2023 under the Share Option Scheme are as follows:

	Date of grant	Vesting schedule	Exercise price (HK$)	Number of options outstanding as at 1-Jan-23	Deemed lapsed in FY2023	Number of options outstanding as at 31-Dec-23
Directors and Chief Executive						
Mr. Lim Kuak Choi Leslie	1-Jun-21	Tranche 1	1.000	2,000,000	(2,000,000)	–
		Tranche 2	1.000	1,000,000	(1,000,000)	–
Mr. Tay Kim Kah	1-Jun-21	Tranche 1	1.000	2,000,000	(2,000,000)	–
		Tranche 2	1.000	1,000,000	(1,000,000)	–
Mr. Du Xiaotang	1-Jun-21	Tranche 1	1.000	1,666,000	(1,666,000)	–
		Tranche 2	1.000	834,000	(834,000)	–
Mr. Lim Khin Mann	1-Jun-21	Tranche 1	1.000	1,000,000	(1,000,000)	–
		Tranche 2	1.000	500,000	(500,000)	–
Total Directors and Chief Executive				**10,000,000**	**(10,000,000)**	**–**
Senior management	1-Jun-21	Tranche 1	1.000	5,666,000	(5,666,000)	–
		Tranche 2	1.000	2,834,000	(2,834,000)	–
Total				**18,500,000**	**(18,500,000)**	**–**

The vesting schedule of the share options shall vest in two tranches in accordance with the following dates:

— Tranche 1: shall be vested on the date which the Board announces the Group's audited consolidated financial results of FY2022.

— Tranche 2: shall be vested on the date which the Board announces the Group's audited consolidated financial results of FY2023.

The exercise period of the share options shall commence from the date of vesting up to 31 May 2026 conditional upon the fulfilment of certain performance targets relating to the Group. The performance targets have been determined by the Board and specified in the respective grant letters of each Grantee. The exercise of the share options by the grantees is conditional upon the fulfilment of certain performance targets set for both year 2021 and year 2022. The performance target for 2021 was achieved but not for 2022. As such, according to the vesting conditions of the share options, the share options not yet vested became not exercisable and was therefore lapsed on the date when the Board announced the Group's audited consolidated financial results for the year ended 31 December 2022, resulting in a writeback of the share option of S$55,000. No share options thereof were vested as at 1 January 2023 and 31 December 2023.

As at 1 January 2023, 65,435,132 shares were available for future grant under the scheme mandate limit of the Share Option Scheme. Subsequent to such lapse of share options on the date when the Board announced the Group's audited consolidated financial results for the year ended 31 December 2022 and as at 1 January 2023, 83,935,132 Shares were available for future grant under the scheme mandate limit of the Share Option Scheme.

30. SHARE OPTION SCHEME *(continued)*

On 25 May 2023, the Company granted share options to Directors and senior management to subscribe for a total of 8,340,000 ordinary shares with the exercise price of HK$0.300 per Share. Assuming that the 8,340,000 options outstanding as at 31 December 2023 are fully exercised, the corresponding 8,340,000 ordinary shares issued represents 0.91% of the weighted average number of ordinary shares of 920,393,394 in issue during the six months ended 31 December 2023. The closing price of the Shares on the date of grant was HK$0.230 per Share whereas the closing price of the Shares immediately before the date of grant (being 24 May 2023) was HK$0.245 per Share. Subsequent to such grant of the share options on 25 May 2023, 75,595,132 Shares remained available for future grant under the scheme mandate limit of the Share Option Scheme as at 31 December 2023. As at the date of this report, a total of 75,595,132 Shares, representing approximately 8.21% of the issued Shares at the date of this report, were available for issue under the Share Option Scheme. Details of movements in share options granted during the year ended 31 December 2023 under the Share Option Scheme are as follows:

					Movement during FY2023		
	Date of grant	Vesting schedule	Exercise price (HK$)	Number of options outstanding at as 1-Jan-23	Granted during FY2023	Cancelled/ exercised/ lapsed	Number of options outstanding and not vested at 31-Dec-23
Directors and Chief Executive							
Mr. Lim Kuak Choi Leslie	25-May-23	Tranche 1	0.300	–	306,000	–	306,000
		Tranche 2	0.300	–	306,000	–	306,000
		Tranche 3	0.300	–	308,000	–	308,000
Mr. Tay Kim Kah	25-May-23	Tranche 1	0.300	–	500,000	–	500,000
		Tranche 2	0.300	–	500,000	–	500,000
		Tranche 3	0.300	–	500,000	–	500,000
Mr. Henry Lee Wong*	25-May-23	Tranche 1	0.300	–	500,000	–	500,000
		Tranche 2	0.300	–	500,000	–	500,000
		Tranche 3	0.300	–	500,000	–	500,000
Mr. Du Xiaotang	25-May-23	Tranche 1	0.300	–	306,000	–	306,000
		Tranche 2	0.300	–	306,000	–	306,000
		Tranche 3	0.300	–	308,000	–	308,000
Mr. Lim Khin Mann	25-May-23	Tranche 1	0.300	–	250,000	–	250,000
		Tranche 2	0.300	–	250,000	–	250,000
		Tranche 3	0.300	–	250,000	–	250,000
Total Directors and Chief Executive				**–**	**5,590,000**	**–**	**5,590,000**
Senior management	25-May-23	Tranche 1	0.300	–	914,000	–	914,000
		Tranche 2	0.300	–	914,000	–	914,000
		Tranche 3	0.300	–	922,000		922,000
Total				**–**	**8,340,000**	**–**	**8,340,000**

* Mr. Henry Lee Wong ceased to be an alternate Director to Mr. Lim Khin Mann with effect from 23 December 2023.

The vesting schedule of the share options shall vest in three tranches in accordance with the following dates:

— Tranche 1: shall be vested on 25 May 2024.

— Tranche 2: shall be vested on 25 May 2025.

— Tranche 3: shall be vested on 25 May 2026.

30. SHARE OPTION SCHEME *(continued)*

No options have been vested during the year ended 31 December 2023.

The exercise period of the share options shall commence from the period commencing from the relevant date of vesting up to 24 May 2028 (both days inclusive). This grant of share options is a one-off grant in recognition of performance met by the Company in 2021 and there was no performance target attached to this grant of share options.

The fair value of the share options granted in 2023 was S$132,000 of which the Group recognised a share option expense of S$37,000 during the year ended 31 December 2023.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 was 2.4 years.

The weighted average fair value of share options granted in 2023 was 0.44 Singapore cents (2022: 1.22 Singapore cents).

The exercise prices for share options outstanding at the end of the year was HK$0.30 (2022: HK$1.00).

The fair value of equity-settled share options granted in 2023 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Group and Company 2023
Dividend yield (%)	**3.5%**
Expected volatility (%)	**65.5–81%**
Risk-free interest rate (%)	**3.84–3.92%**
Expected life of options (years)	**2**

The expected life of the share options is based current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

31. DIVIDENDS

	Company	
	2023 S$'000	2022 S$'000
Declared and paid during the year:		
— Final exempt (one-tier) dividend for FY 2022: 0.15 (FY 2021: 0.52) Singapore cents per share	**1,381**	4,786
Proposed but not recognised as a liability as at 31 December		
Dividend on ordinary shares, subject to shareholders' approval at the AGM		
— Final exempt (one-tier) dividend for FY 2022: 0.15 Singapore cents per share	**–**	1,381

32. COMMITMENTS

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2023	2022
	S$'000	S$'000
Contracted but not provided for:		
Property, plant and equipment	**877**	1,815
Investment securities	**8,683**	11,576
	9,560	13,391

Investment securities

The balance of S$8,683,000 pertains to the remaining investment commitments of the Group.

33. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the Company have the following significant related party transactions which took place at terms agreed between the parties during the financial year:

	2023	2022
	S$'000	S$'000
Group		
Management fee	**1,124**	813
Consultancy fee	**128**	98
Purchase of materials	**–**	(74)
Company		
Sales	**3,821**	4,017
Purchases	**32,909**	52,473
Commission	**(114)**	(131)

(b) Compensation of key management personnel

	Group	
	2023	2022
	S$'000	S$'000
Short-term employee benefits	**3,835**	3,501
Defined contribution benefits	**130**	119
Other short-term benefits	**19**	21
	3,984	3,641
Comprise amounts paid to:		
Directors of the Company	**1,940**	1,920
Other key management personnel	**2,044**	1,721
	3,984	3,641

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Major non-cash transactions

During the years ended 31 December 2023 and 2022, the Group has no significant non-cash arrangement.

(b) Changes in liabilities arising from financing activities

	Lease liabilities S$'000	Bank loans S$'000	Total S$'000
At 1 January 2022	1,038	19,754	20,792
Changes from financing cash flows			
— Repayment	(1,161)	(8,775)	(9,936)
— Interest	(37)	(671)	(708)
Additions	4,844	5,959	10,803
Accretion of interests	37	671	708
Exchange differences	27	(438)	(411)
At 31 December 2022 and 1 January 2023	4,748	16,500	21,248
Changes from financing cash flows			
— Repayment	**(1,109)**	**(11,067)**	**(12,176)**
— Interest	**(202)**	**(647)**	**(849)**
Additions	**1,422**	**10,921**	**12,343**
Disposals	**(170)**	**–**	**(170)**
Accretion of interests	**202**	**647**	**849**
Exchange differences	**(10)**	**(343)**	**(353)**
At 31 December 2023	**4,881**	**16,011**	**20,892**

35. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 — Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 — Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

35. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant observable inputs other than quoted prices (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
Group and Company 31 December 2023				
Assets measured at fair value				
Financial assets at fair value through profit or loss (Note 16)				
— Non-listed equity investments	–	–	20,589	20,589
— Listed equity investments	–	–	2,444	2,444

	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant observable inputs other than quoted prices (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
Group and Company 31 December 2022				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income (Note 16)				
— Non-listed equity investment	–	–	9,550	9,550
Financial assets at fair value through profit or loss (Note 16)				
— Non-listed equity investments	–	–	17,366	17,366
— Listed equity investments	–	–	4,041	4,041

35. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(b) Assets and liabilities measured at fair value *(continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	Group	
	2023	2022
	S$'000	S$'000
Carrying amount as at 1 January	**30,957**	24,063
Gain or losses for the period:		
— Included in profit or loss	**4,589**	5,468
— Included in other comprehensive income	**–**	(679)
Purchases, issues, sales:		
— Purchases	**–**	3,872
— Sales	**(11,527)**	–
Exchange differences	**(986)**	(1,767)
	23,033	30,957

(i) ***Financial instruments whose carrying amounts approximate to their fair values***

Management has determined that the carrying amounts of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from/to subsidiaries, trade payables, financial liabilities included in other payables and accruals, based on their notional amounts, reasonably approximate to their fair values because these financial instruments are mostly short-term in nature.

(ii) ***Level 3 fair value measurements***

The fair values of the unquoted equity investments have been estimated using market approach based on market multiples derived from a set of comparable companies. The valuation requires management to make certain assumptions about the model inputs, including listed comparable companies, volatility in the share price and discount for lack of marketability ("DLOM"). The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2023 are shown below:

35. FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(b) Assets and liabilities measured at fair value *(continued)*

(ii) Level 3 fair value measurements (continued)

As at 31 December 2023

Gain on disposal of shares

The Group recognised a gain of S$179,000 as a result of disposing of its shares with TOWA (Nantong) Co., Ltd., which were held at fair value through other comprehensive income. The gain is included in the in the Group's other comprehensive income line item in the Group's profit or loss for the year ended 31 December 2023.

As at 31 December 2022

Valuation Technique	Significant unobservable inputs	Range	Increase/(decrease) in unobservable inputs	Favourable/ (unfavourable) impact on other comprehensive income S$'000
Market Comparable Companies	Market Multiple	3.3x to 37.6x	5%	469
			(5%)	(469)
	DLOM	30%	5%	(682)
			(5%)	682
Market comparable companies	Market Multiple	17.6x to 42.5x	5%	172
			(5%)	(172)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk

The Group and Company trades only with recognised and creditworthy third parties. It is the Group and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group and the Company's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group and the Company does not offer credit terms without the specific approval of the chief financial officer.

The credit risk of the Group and the Company's other financial assets, which comprise cash and cash equivalents, investment securities and other financial assets include in Note 20, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group and the Company trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group and the Company as the customer bases of the Group and the Company's trade receivables are widely dispersed in different sectors and industries.

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, which are derived based on the Group and the Company's historical information.

The Group and the Company consider available reasonable and supportive forwarding-looking information which includes the following indicators:

— Credit rating.

— Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

— Significant increases in credit risk on other financial instruments of the same debtor.

— Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

— There is significant difficulty of the issuer or the debtor

— A breach of contract, such as a default or past due event

— It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 December 2023 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the country and market credit rating will deteriorate over the next year, leading to an increased number of defaults.

Information regarding loss allowance movement of trade receivables are disclosed in Note 19.

Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2023		2022	
	S$'000	% of total	S$'000	% of total
By country:				
Singapore	**9,683**	**55.5**	8,060	53.2
The United States	**1,721**	**9.9**	881	5.8
Mainland China	**3,748**	**21.5**	4,100	27.1
The Philippines	**1,510**	**8.7**	1,048	6.9
Japan	**1**	**–**	256	1.7
Others	**764**	**4.4**	806	5.3
	17,427	**100**	15,151	100.0

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk *(continued)*

Credit risk concentration profile *(continued)*

For the year ended 31 December 2023, approximately 42% (2022: 58.7%) of the Group's total revenue was derived from a major customer. At the end of the reporting period, approximately 38.0% (2022: 38.0%) of the trade receivables balance of the Group is due from a major customer.

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. Bank borrowing is a preferred source of financing to ensure continuity of funding. The Group also ensures availability of bank credit facilities to address any short-term funding requirement.

The Group's surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

Analysis of financial instruments by remaining contractual maturities

The maturity profile of the Group's financial liabilities at the end of reporting period based on contractual undiscounted repayment, is as follows:

Group	One year or less S$'000	One to five years S$'000	More than five years S$'000	Total S$'000
2023				
Financial liabilities:				
Trade payables	(18,055)	–	–	(18,055)
Financial liabilities included in other payables and accruals	(5,098)	–	–	(5,098)
Interest-bearing loans and borrowings	(15,373)	(6,195)	–	(21,568)
Total undiscounted financial liabilities	(38,526)	(6,195)	–	(44,721)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

Analysis of financial instruments by remaining contractual maturities *(continued)*

Group	One year or less S$'000	One to five years S$'000	More than five years S$'000	Total S$'000
2022				
Financial liabilities:				
Trade payables	(15,441)	–	–	(15,441)
Financial liabilities included in other payables and accruals	(5,787)	–	–	(5,787)
Interest-bearing loans and borrowings	(13,080)	(8,843)	(81)	(22,004)
Total undiscounted financial liabilities	(34,308)	(8,843)	(81)	(43,232)

Company	**One year or less** S$'000	**One to five years** S$'000	**Total** S$'000
2023			
Financial liabilities:			
Trade payables	**(7,029)**	**–**	**(7,029)**
Financial liabilities included in other payables and accruals	**(3,820)**	**–**	**(3,820)**
Amount due to subsidiaries	**(10,818)**	**–**	**(10,818)**
Interest-bearing loans and borrowings	**(7,541)**	**(5,921)**	**(13,462)**
Total undiscounted financial liabilities	**(29,208)**	**(5,921)**	**(35,129)**
2022			
Financial liabilities:			
Trade payables	(5,156)	–	(5,156)
Financial liabilities included in other payables and accruals	(3,444)	–	(3,444)
Amount due to subsidiaries	(4,610)	–	(4,610)
Interest-bearing loans and borrowings	(9,977)	(8,509)	(18,486)
Total undiscounted financial liabilities	(23,187)	(8,509)	(31,696)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 83% (2022: 89.0%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 52% (2022: 58.0%) of purchases were denominated in the units' functional currencies. The Group's trade receivables and trade payables balance at the end of the reporting period have similar exposures. As at 31 December 2023, the Group has no outstanding foreign currency forward exchange contract.

At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The Group also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in United States Dollar ("USD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant.

	Group	
	2023	2022
	S$'000	S$'000
	(Loss)/Profit before tax	Profit before tax
USD/SGD — strengthened 3% (2023: 3%)	**(305)**	107
— weakened 3% (2023: 3%)	**305**	(107)

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

As disclosed in the statement of changes in equity, the subsidiaries of the Group in Mainland China are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2023 and 2022.

38. SEGMENT INFORMATION

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

(i) Electronics Manufacturing Services division ("EMS") focuses primarily on manufacturing of complete machines, sub-systems and components, for original equipment manufacturers. Major products of the EMS division include complete machines such as dicing machines and lapping machines and sub-systems such as work-holders, sliders systems and magazine handlers.

(ii) Original Design Manufacturing division ("ODM"), it is subdivided into the Automated Equipment Department and Precision Tooling Department, designs and manufactures the Group's own "Kinergy" brand proprietary automated equipment, precision tools and spare parts for use mainly in the semiconductor back-end equipment industry. Major products of the ODM divisions include equipment such as auto frame loaders, precision tools such as encapsulation moulds and dies and spare parts.

(iii) Investment, which primarily engages in providing fund management services and conducting investment activities in equity securities and funds.

The Group's chief operating decision maker is the chief executive officer, who reviews revenue and results of major type of products sold for the purpose of resource allocation and assessment of segment performance. The accounting policies of the operating segments are the same as the Group's accounting policies. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted gross profit.

38. SEGMENT INFORMATION *(continued)*

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

	2023			
	EMS S$'000	ODM S$'000	Investment S$'000	Total S$'000
Segment revenue				
Sales to external customers	78,953	11,223	2,314	92,490
Intersegment sales	33,362	3,759	–	37,121
	112,315	14,982	2,314	129,611
Reconciliation:				
Elimination of intersegment sales				(37,121)
				92,490
Segment results	4,048	639	2,314	7,001
Other income and gains				7,214
Sales and marketing expenses				(2,640)
General and administrative expenses				(14,333)
Impairment loss on financial assets and other expenses				(866)
Finance costs				(849)
Share of results of associates				3,454
Loss before tax				(1,019)
Other segment information:				
(Write back)/provision for inventory obsolescence	(429)	31	–	(398)
Depreciation and amortisation	3,221	929	77	4,227
Net fair value gains on investment securities	–	–	(4,589)	(4,589)
Capital expenditure*	5,620	139	–	5,759

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

38. SEGMENT INFORMATION *(continued)*

	2022			
	EMS S$'000	ODM S$'000	Investment S$'000	Total S$'000
Segment revenue				
Sales to external customers	109,176	11,921	3,105	124,202
Intersegment sales	51,504	4,985	–	56,489
	160,680	16,906	3,105	180,691
Reconciliation:				
Elimination of intersegment sales				(56,489)
				124,202
Segment results	14,738	1,158	3,105	19,001
Other income and gains				6,917
Sales and marketing expenses				(3,256)
General and administrative expenses				(13,072)
Impairment loss on financial assets and other expenses				(843)
Finance costs				(708)
Share of results of associates				1,322
Profit before tax				9,361
Other segment information:				
(Write back)/provision for inventory obsolescence	(52)	15	–	(37)
Depreciation and amortisation	3,163	694	5	3,862
Net fair value gains on investment securities	–	–	5,468	5,468
Capital expenditure*	5,722	4,785	–	10,507

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

38. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	Revenue	
	2023	2022
	S$'000	S$'000
Singapore	**50,566**	83,548
The United States	**10,910**	9,976
Mainland China	**13,001**	13,384
Japan	**4,850**	3,166
The Philippines	**6,673**	6,160
Other countries	**6,490**	7,968
	92,490	124,202

The revenue information above is based on the location of the customers.

(b) Non-current assets

	Non-current assets	
	2023	2022
	S$'000	S$'000
Mainland China	**20,183**	20,503
Singapore	**7,489**	5,445
Philippines	**4,169**	4,724
	31,841	30,672

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets.

Information about a major customer

Revenue from individual customers which amounted to more than 10% of the Group's revenue is set out below:

	2023	2022
	S$'000	S$'000
Customer A	**38,808**	72,932
Customer B	**12,482**	–

39. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 9 January 2024, a total of 2,900,000 share options were granted by the Company under the share option scheme to seven employees at an exercise price of HK$0.304 per share. Such share options shall be vested upon expiration of 12 months from the date of grant and shall be valid from the date of vesting of such options to 8 January 2029 (both days inclusive) and exercisable at any time during which. For details, please refer to the announcement of the Company dated 9 January 2024.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 28 March 2024.