Frencken Group Limited

ANNUAL REPORT 2021

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About this year's Cover Design

Etched strategically on interconnected nodes, the dynamic icons represent the group's diverse capabilities, diversified business model and its global reach. Central to Frencken's plans to uphold operational excellence and maintain resilience amid market challenges. The molecular and aerospace symbols at the anterior represent the new business segments focusing on aerospace and materials science, as it seeks to stack additional growth engines and to move up the value chain.

Traversing the globe, the unfolding digital matrix arc symbolises "an encompassing presence with an emphasis on speed to opportunity", one of the group's core values as it constantly unlocks new and emerging opportunities across diversified market segments. Inspired by Frencken's strategic roadmap, swirling and dynamic digital mesh of blue showcase its agile and dynamic edge as the Frencken Group continues to innovate, transform, and accelerate ethical sustainable profitable growth.

Poised as the preferred partner of choice for customers, Frencken boasts strong leadership, great talents and diverse capabilities – as expressed by the brilliant rays of the rising sun over the globe. In line with its sustainability strategy, the green mountain-like digital mesh highlights the company's environmental focus as it drives a low carbon strategy.

Leveraging its strengths and charting the path forward, the group is well-positioned to lead and value-add to stakeholders through its ethical sustainable profitable growth mindset.

GROUP OPERATING STRUCTURE

Mechatronics Division

Europe

- Frencken Europe B.V.
  Eindhoven, The Netherlands
- Frencken Mechatronics B.V.
  Eindhoven, The Netherlands
- Machinefabriek Gebrs. Frencken B.V.
  Eindhoven, The Netherlands
- Optiwa B.V.
  Reuver, The Netherlands

America

- Frencken America Inc.
  Spokane, USA

Asia

- ETLA Limited
  Singapore
- Avimac Pte. Ltd.
  Singapore
- ETLA Technology (Wuxi) Co., Ltd.
  Wuxi, People's Republic of China
- Frencken Mechatronics (M) Sdn. Bhd.
  Bangi, Malaysia

Integrated Manufacturing Services Division

Asia

- Juken Technology Limited
  Singapore
- Juken Technology Engineering Sdn. Bhd.
  Selangor and Johor, Malaysia
- Juken (Thailand) Co., Ltd
  Bangkok, Thailand
- Juken (Zhuhai) Co., Ltd
  Zhuhai, People's Republic of China
- Frencken (Chuzhou) Co., Ltd
  Chuzhou, People's Republic of China
- Micro-Air (Tianjin) Technology Co., Ltd
  Tianjin, People's Republic of China
- Juken Uniproducts Pvt. Limited
  Noida, India

Europe

- Juken Swiss Technology AG
  Grenchen, Switzerland
- NTZ Nederland B.V.
  Rotterdam, The Netherlands

OUR BUSINESS

THE FRENCKEN ADVANTAGE

Frencken Group Limited (“Frencken”) is a Global Integrated Technology Solutions Company that is listed on the Main Board of the Singapore Exchange.

We provide comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions for world-class multinational companies in the analytical & life sciences, automotive, healthcare, industrial and semiconductor industries.

Frencken has capabilities to offer end-to-end solutions to customers across the entire value chain - from product conceptualisation, integrated design, prototyping and new product introductions, to supply chain design and management, state-of-the-art value and volume manufacturing, and logistics services.

With 3,691 employees in 18 operating sites across Asia, Europe and the USA, Frencken offers global reach backed by local expertise, to our growing base of customers. We unite the strengths of our strategically located businesses to create value for our customers.

INTEGRATED SOLUTIONS

Product Conceptualisation

Integrated Design

Prototyping

New Product Introductions

Supply Chain Design & Management

Value & Volume Manufacturing Services

Logistics Solutions

ONE-STOP GLOBAL INTEGRATED TECHNOLOGY SOLUTIONS PROVIDER

OUR BUSINESS (CONT'D)

MECHATRONICS DIVISION

Frencken designs and manufactures high precision and complex systems for renowned global Original Equipment Manufacturers in the analytical & life sciences, healthcare, semiconductor and industrial automation markets. We serve market and technology leaders from our operating sites and global centres in Europe, Asia and the USA.

Our Mechatronics Division has core competencies in development & engineering, complex & high precision components, precision cleaning of parts, high level assembly, global supply chain management and process & quality control.

Build to the customer's Product Design

- Optimise product design for manufacturability
- Develop a manufacturing process for quality and repeatability
- Optimise the manufacturing process for cost, quality and on-time delivery

Develop and build to the customer's Specifications

- Jointly develop product specification
- Product Conceptualisation
- Develop and build prototype
- Develop a manufacturing process for quality and repeatability
- Optimise the manufacturing process for cost, quality and on-time delivery
- Supporting the product's life cycle

Build to the customer's Roadmap

- Good grasp of market drivers and requirements, mapped to the customer's solutions roadmap
- Develop a solution / product from conceptualisation to serial production
- Product fitting into the customer's desired offering
- Production and managing the product's life cycle
- Frencken, your product design partner

GLOBAL CENTRES

oneMechatronics

Asia

- Bangi, Malaysia
- Singapore
- Wuxi, China

Europe

- Eindhoven, Netherlands
- Reuver, Netherlands

USA

- Spokane, USA

OUR BUSINESS (CONT'D)

IMS DIVISION

Frencken offers integrated contract design and manufacturing services to the automotive and consumer & industrial electronics segments. With over 30 years of experience, our IMS Division has extensive in-house capabilities and operating sites worldwide.

IMS

Proven track record in product design, tooling design + manufacturing, and manufacturing + finishing of hi-precision plastic injection parts conforming to stringent automotive standards.

Secondary processes for automotive decorative finishing, modules and final assembly + test.

IMS Coating

Proprietary PVD (Physical Vapour Deposition) solution which was developed and used by Frencken at the plant in Tianjin. "Sustainable Green" environmentally friendly PVD surface coating technologies for plastic.

Cost effective surface coating for automotive interior and functional parts utilising our "Green" coating processes. Qualified for 1st and 2nd automotive surface interior and plastic metallization solutions for electronic enclosures and automotive antennas.

IMS Filter

Conceptualisation, design and manufacture of high quality, reliable + efficient oil filtration solutions for automotive.

Automotive gearbox oil filtration systems for Internal Combustion Engine (ICE), Mild Hybrid Electric Vehicle (MHEV) and Plug in Hybrid Electric Vehicle (PHEV) and engine filters. Designed to customers' needs and specifications for superior filtration. Delivering cost effective performance and superior reliability.

GLOBAL CENTRES

IMS

Asia

- Noida, India
- Bangkok, Thailand
- Selangor, Malaysia
- Johor, Malaysia
- Singapore
- Zhuhai, China
- Tianjin, China
- Chuzhou, China

Europe

- Rotterdam, Netherlands
- Grenchen, Switzerland

OUR VALUE PROPOSITION

GLOBAL REACH, LOCAL EXPERTISE

Frencken has multiple design centres and manufacturing sites spanning Asia, Europe and the USA. Our global footprint and local expertise enhance the value that we bring to customers by facilitating seamless engagement leading to faster time-to-market and faster time-to-profit.

United States
Spokane

Netherlands
Eindhoven
Rotterdam
Reuver

Switzerland
Grenchen

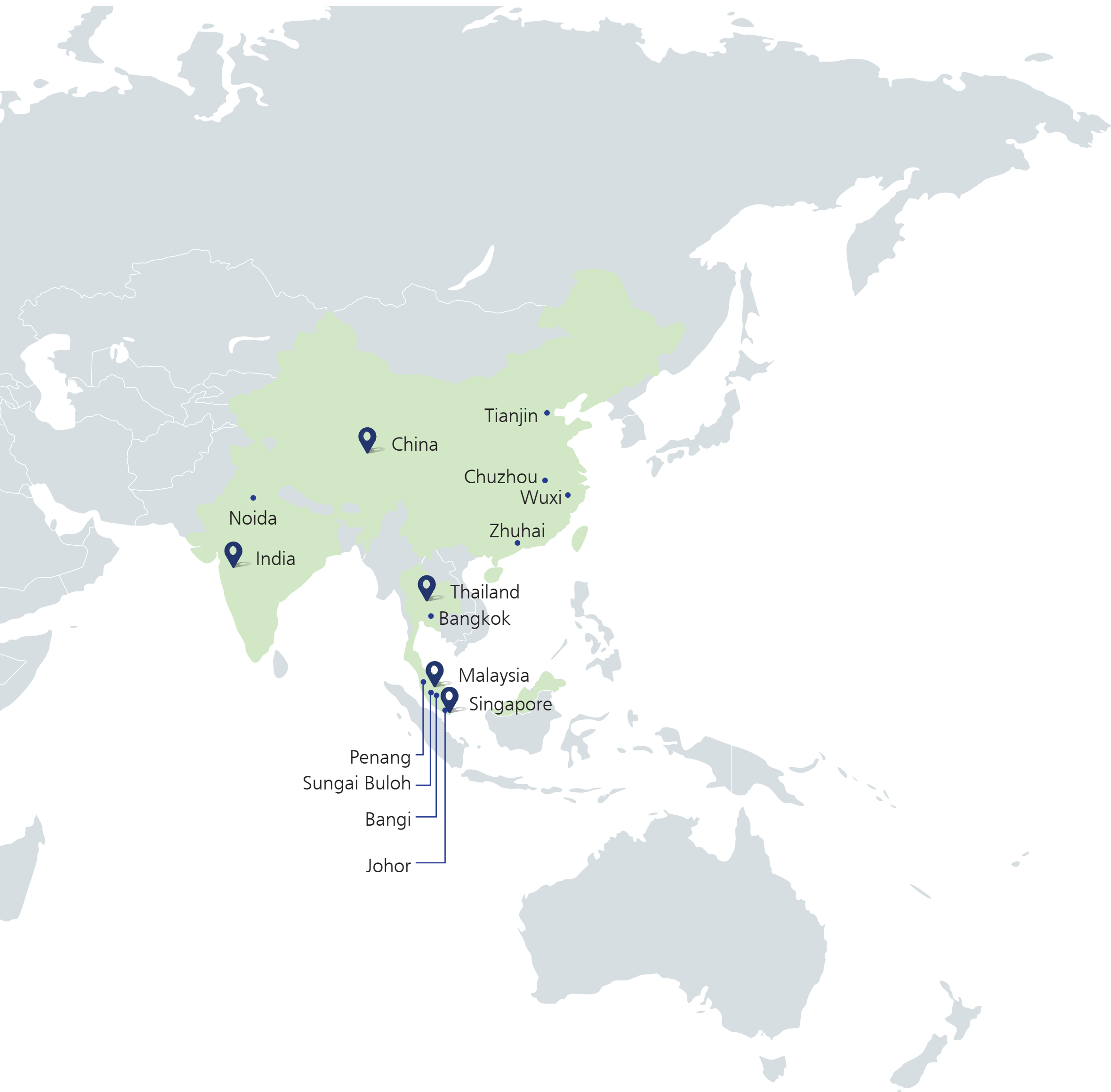
China
Tianjin
Zhuhai
- Jinding
- Nanshui
Chuzhou
Wuxi

Thailand
Bangkok

Malaysia
Sungai Buloh
Bangi
Johor
Penang

Singapore
Singapore

India
Noida



Revenue
S$767.1 million

Operating Sites
18

Countries Served
50+

Employees
3,691

Public Corporation listed on
SGX

OUR VALUE PROPOSITION (CONT'D)

DIVERSITY BRINGS RESILIENCE AND STABILITY

Frencken operates in a broad array of market segments, end-user markets and geographical regions. Our established presence in the analytical & life sciences, automotive, healthcare, industrial and semiconductor markets has resulted in growth, resilience and stability for the Group.

The Group's business is built on a model of market diversity and strong partnerships with market leaders in their respective industries. This has provided Frencken with a strong foundation to weather headwinds from ongoing global economic uncertainties and the COVID-19 pandemic.

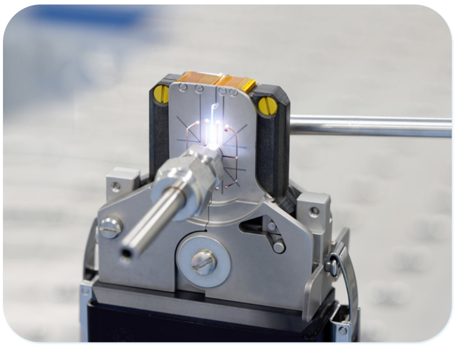
We take pride in our partnerships with customers to create world-class products. Our solutions, while not immediately visible to end-users, enable the products that surround us in our everyday lives.

The smart devices you use, the water you drink, the food you eat, the car you drive and even your medical diagnostic tests. These are examples of customers' products to which Frencken has contributed in the design, technology or manufacturing of components, sub-assemblies, or the entire product.

BREADTH OF CAPABILITIES

Automotive

- Filters
- Interior plastic decorative parts
- Dashboard clusters, pointers and clocks
- Eco-PVD coating technology for decorative surface or functional plastic metallization



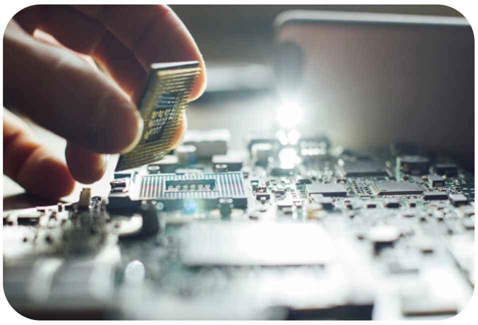
Analytical & Life Sciences

Components and sub-assemblies for
- Scanning electron microscope
- Mass spectrometry
- Gas / Liquid chromatography
- Spectroscopy
- Vacuum systems

OUR VALUE PROPOSITION (CONT'D)

Healthcare

Components and sub-assemblies for
- CV (cardiovascular) patient table
- Histopathology digital scanner
- X-Ray gantry and telescopic tube
- Micro motor for heart implants



Semiconductor

Components and sub-assemblies for
- Wafer fabrication equipment
- Die bonding
- IC testers and manipulators
- Wafer and semiconductor inspection solutions & tools

Industrial

Components and sub-assemblies for
- Industrial automation
- Electric motors for custom applications
- Semiconductor wafer transfer robots
- Electrical switch-gear for industrial and home applications

OUR SOLUTIONS SURROUND AND ENABLE THE PRODUCTS AROUND YOU

CHAIRMAN'S STATEMENT

Dato' Gooi Soon Chai
Non-Executive Non-Independent Chairman

CHAIRMAN'S STATEMENT (CONT'D)

Dear Shareholders,

On behalf of the Board of Directors, I wish to present Frencken Group Limited's annual report for the 12 months ended 31 December 2021 ("FY2021").

I am pleased to report that Frencken has resumed our growth trajectory in FY2021, following a softer sales performance in FY2020 as a consequence of COVID-19. While the pandemic continued presenting challenges during FY2021, coupled with supply chain disruptions in the global technology industry, the majority of our business segments still produced better sales performances. The Group registered healthy double-digit gains to deliver record results at both the top- and bottom-line in FY2021.

Frencken's continuing ability to rise above a multitude of challenges over the years can be attributed to the robust business model that we have built. Our focused strategy of serving leading corporations in multiple industries, a wide range of end-user markets and different geographical regions ensures there is a high level of diversity in our business. This benefits the Group by providing greater stability and resilience. In FY2021, we continued to make progress to further strengthen our business model by executing both organic and inorganic initiatives.

Financial Performance for FY2021

In FY2021, the Group's revenue increased 23.6% year-on-year (yoy) to reach a record S$767.1 million, lifted by higher sales at both our Mechatronics and Integrated Manufacturing Services ("IMS") Divisions. At the bottom line, the Group reported a sterling 38.0% increase to mark our highest-ever net profit attributable to equity holders ("PATMI") of S$58.7 million.

The Mechatronics Division posted a 26.6% increase in revenue to S$659.0 million in FY2021. This was achieved on the back of double-digit sales growth of the semiconductor, analytical & life sciences and medical segments, with strong demand from our customers in Europe and Asia.

Revenue at the IMS Division increased at a moderate pace of 6.8% to S$107.8 million in FY2021. While our automotive segment continued to register sales growth, demand from automotive customers was constrained during the second half of the year due to semiconductor chip supply chain challenges.

With the Group's positive performance in FY2021, we ended the year on a sturdier financial footing. As at 31 December 2021, we had a balance sheet with cash and cash equivalents of S$192.6 million, up from S$174.5 million at the end of FY2020. Shareholders' equity increased to S$376.2 million, which is equivalent to a net asset value of 88.09 cents per share.

Frencken has a longstanding practice of rewarding shareholders for their continuous support. Accordingly, the Group is recommending the payment of a higher final tax-exempt (one-tier) dividend of 4.13 cents per share in respect of FY2021 as compared to the dividend of 3.0 cents paid for FY2020. The dividend translates to a pay-out ratio of 30% of the Group's PATMI and will be paid on 18 May 2022 upon receiving approval from shareholders at our Annual General Meeting on 22 April 2022. Since listing on the Singapore Exchange in 2005, the Group has consistently paid dividends representing at least 30% of earnings every year.

Strengthening our Business

In line with Frencken's long-term strategy to elevate our market position in the high technology industry, we continue to invest capital and execute programs to raise operational excellence, strengthen capabilities and expand capacity, ensure best-in-class quality and timeliness, and pursue profitable growth opportunities.

CHAIRMAN'S STATEMENT (CONT'D)

Strengthening our Business (cont'd)

To meet growing demand from customers, we have been ramping up output capability and increasing production space at both the Mechatronics and IMS Divisions.

At the Mechatronics Division, we have expanded our cleanroom facilities in Europe, Malaysia, Singapore and the USA. We are also constructing new and larger premises in the Netherlands, Malaysia and Singapore which are expected to be completed in the first half of FY2022.

Besides these organic growth initiatives, the Group has also strengthened the Mechatronics Division by acquiring Avimac Pte Ltd ("Avimac") in September 2021. In addition to expanding the division's production capacity, this acquisition also provides access to new capabilities and competencies. As Avimac already has an established customer base, certified manufacturing facilities and programs in the commercial aerospace engineering industry, it opens a pathway for the division to develop and grow a new business in the commercial aerospace segment in the future.

At the IMS Division, we are shaping the division as an innovative and sustainable automotive solutions provider. During FY2021, we continued to implement programs and capital investments to strengthen and transform our manufacturing operations in Asia. To reduce our carbon footprint and build greater business sustainability, solar energy panels have been installed at our factories in Chuzhou (China), Selangor (Malaysia) and Thailand.

Frencken remains committed to making investments in the Mechatronics and IMS Divisions to ensure we have the requisite capabilities and capacity to value-add to our customers and support the Group's future growth plans.

In line with our aim of delivering ethical, sustainable, profitable growth, the Group has embarked on our Sustainability Journey. Based on our internally developed concept called *Frencken*Sustain*Life*, the Group will take new steps in our roadmap during 2022 that aims to lead us to a low carbon strategy in 2025.

Outlook and Strategy

Looking ahead, the global economy continues to face a plethora of uncertainties ranging from the prolonged COVID-19 pandemic, continuing USA-China trade tariffs and the tense geopolitical situation in Europe, all of which could challenge the ongoing economic recovery from the pandemic.

Despite these uncertainties, we believe the global technology sector is poised to continue its long-term growth path, driven by the attractive fundamentals in key end-markets. With our balanced business model of serving diverse industry segments, Frencken is well positioned to leverage on this secular market trend. We will continue working tirelessly to deliver ethical, sustainable, profitable growth that creates value for all stakeholders.

The long-term growth catalysts will come from our continual focus on the expansion of our current businesses through market share increases with both existing and new customers, as well as our initiatives to build new business pillars in the technology space.

The Mechatronics Division has forged long-term customer relationships with multinational companies that are leaders in their respective fields. To expand wallet share with these customers, the division will continue collaborating closely with them on new product introductions while working to move up the value chain.

CHAIRMAN'S STATEMENT (CONT'D)

Outlook and Strategy (cont'd)

The IMS Division is looking to ride on an expected recovery of the automotive industry in 2022. In FY2021, the division successfully secured its first contract for automotive radar antenna program based on our proprietary plastic metallization process. We expect the automotive segment to benefit from more programs in the future, driven by the V2X (vehicle-to-everything) trends.

To broaden our growth platform in the high technology space, Frencken also announced a strategic move in January 2022 to acquire a controlling equity interest in Penchem Technologies Sdn. Bhd. ("Penchem").

Penchem is a high technology company focused on designing, developing, formulating and manufacturing polymer materials. The proposed acquisition will provide synergistic benefit to both the Group and Penchem. By joining the Frencken fold, Penchem will have potential to scale its future revenues by leveraging our global market access to reach a larger and broader clientele base. Our investment in Penchem is expected to yield rewards over a longer term horizon as it will not contribute materially to the Group's financial performance in the short-term. We plan to incubate and integrate Penchem into our Group as we believe it provides an exciting opportunity for Frencken to create a new growth pillar and build greater diversity in our business.

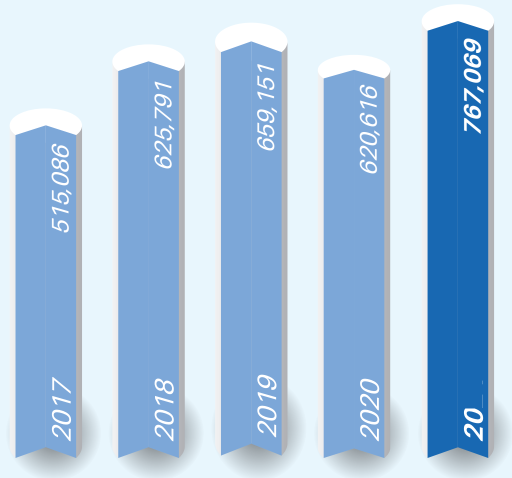
We are confident that these strategies will enable Frencken to enhance our value proposition to customers and strengthen our position as a premier Global Integrated Technology Solutions Company.

Appreciation

On behalf of the Board, I wish to thank our management and staff for their contributions and commitment to the Group. We would also like to express our appreciation to our valued customers, shareholders, business partners and suppliers for their continuing support and patronage of Frencken.

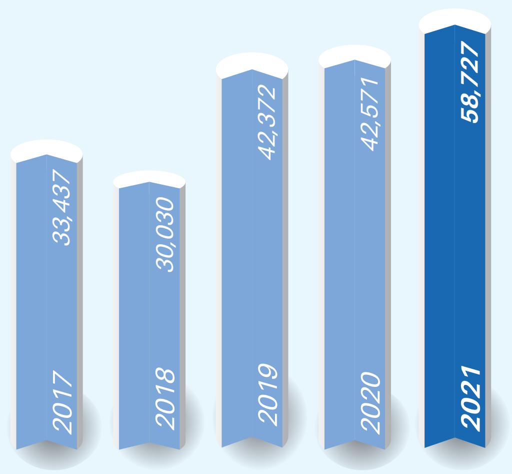
Dato' Gooi Soon Chai
Non-Executive, Non-Independent Chairman

FINANCIAL SUMMARY



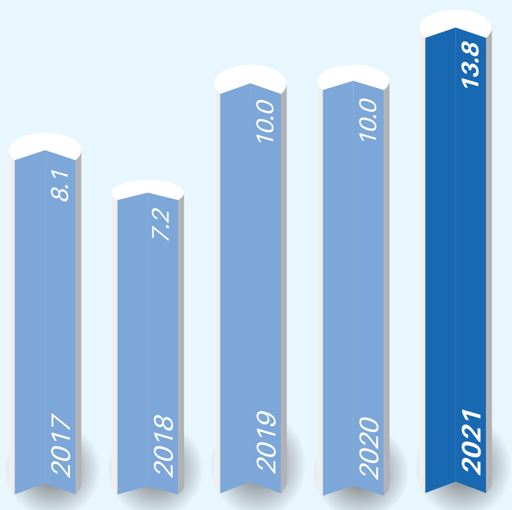
Revenue
($'000)

767,069



Profit attributable to equity holders
($'000)

58,727



Earnings per share - basic
(cents)

13.8

FINANCIAL SUMMARY (CONT'D)

FINANCIAL YEAR	2017	2018	2019	2020	2021
Operating Results	$'000	$'000	$'000	$'000	$'000
Revenue	515,086	625,791	659,151	620,616	**767,069**
Operating profit (1)	30,293	45,068	59,353	58,929	**71,924**
Profit attributable to equity holders	33,437	30,030	42,372	42,571	**58,727**
Financial Position	$'000	$'000	$'000	$'000	$'000
Total assets	420,155	463,740	506,196	563,793	**688,145**
Total liabilities	170,613	196,221	208,045	227,510	**309,116**
Shareholders' equity	247,199	264,892	295,373	333,955	**376,162**
Key Ratios					
Net profit on turnover (%)	6.5	4.8	6.4	6.9	**7.7**
Return on average equity (%)	14.5	11.7	15.1	13.5	**16.5**
(Net debts)/Net cash to equity (%)	1.8	(0.6)	23.4	32.1	**25.4**
Earnings per share - basic (cents)	8.1	7.2	10.0	10.0	**13.8**
- diluted (cents)	8.0	7.1	10.0	10.0	**13.7**
Net assets value per share (cents)	59.4	62.8	69.6	78.3	**88.1**
Dividend per share (cents)	2.39	2.14	3.00	3.00	**4.13**
Share Price and Market Capitalisation	Cents	Cents	Cents	Cents	Cents
Highest	60.5	68.0	97.5	132.0	**249.0**
Lowest	24.0	37.0	39.0	47.5	**120.0**
Average	45.2	50.0	64.2	91.9	**182.5**
	$'000	$'000	$'000	$'000	$'000
Average market capitalisation	188,205	210,751	272,383	391,928	**779,321**
Average shareholders' equity	229,926	256,046	280,133	314,664	**355,059**
Market value differential (2)	(41,721)	(45,295)	(7,750)	77,264	**424,263**

(1) Operating profit represents profit before interest, tax and exceptional items

(2) This represents the difference between the average market capitalisation and average shareholders' equity for the year

FINANCIAL HIGHLIGHTS

		2020	2021	Change
1	**Operating Results**	**$'000**	**$'000**	%
	Revenue	620,616	**767,069**	23.6
	Profit attributable to equity holders	42,571	**58,727**	38.0
	Net profit on turnover (%)	6.9	**7.7**	11.6
2	**Divisional Performance**	**$'000**	**$'000**	%
	Mechatronics - Revenue	520,459	**658,992**	26.6
	- Operating profit [1]	48,120	**59,723**	24.1
	IMS - Revenue	100,940	**107,797**	6.8
	- Operating profit [1]	7,756	**7,397**	(4.6)
3	**Solvency Profile**	**$'000**	**$'000**	%
	Cash and cash equivalents	174,454	**192,600**	10.4
	Borrowings	67,344	**97,225**	44.4
	Net cash/(Net debts)	107,110	**95,375**	(11.0)
	Interest cover ratio [2]	25.1	**30.8**	22.7
4	**Shareholders' Value**			%
	Shareholders' equity ($'000)	333,955	**376,162**	12.6
	Earnings per share - basic (cents)	10.0	**13.8**	38.0
	- diluted (cents)	10.0	**13.7**	37.0
	Return on average equity (%)	13.5	**16.5**	22.2
	Net asset value per share (cents)	78.3	**88.1**	12.5
	Dividend payout ratio (%)	30.1	**30.0**	(0.3)

(1) Operating profit represents profit before interest, tax and exceptional items

(2) Interest cover ratio = Profit before interest on borrowings, tax and exceptional items/interest on borrowings

FINANCIAL CALENDAR

FINANCIAL YEAR	31 December 2021	31 December 2022
Announcement of Results		
First half results announcement	12 August 2021	**11 August 2022**
Second half results announcement	24 February 2022	**February 2023**
Delivery of Annual Report	4 April 2022	**April 2023**
Annual General Meeting	22 April 2022	**April 2023**

BUSINESS REVIEW

Group Financial Performance in FY2021

For the 12 months ended 31 December 2021 ("FY2021"), Group revenue climbed 23.6% to S$767.1 million on the back of higher sales contributions from both the Mechatronics and IMS Divisions.

In line with its revenue growth, the Group's gross profit increased 22.3% to S$128.9 million in FY2021. Gross profit margin of 16.8% in FY2021 held relatively steady compared to 17.0% in FY2020, notwithstanding increased cost pressures.

Other income, net of other operating expenses, decreased to S$3.8 million in FY2021 from S$6.2 million in FY2020. This was due mainly to a decrease in grants from the job support scheme of the Singapore government, as well as grants from various other governments to alleviate the impact of the COVID-19 pandemic.

Selling and distribution expenses increased 20.6% to S$11.5 million in FY2021 due primarily to higher freight charges. Administrative and general expenses also rose 14.2% to S$49.3 million as a result of higher staff-related expenses and professional fees. Finance costs in FY2021 remained stable at S$2.4 million.

Net profit attributable to equity holders ("PATMI") reached a record level of S$58.7 million in FY2021. This represented an increase of 38.0% from S$42.6 million in FY2020. Excluding the exceptional items in FY2020, the Group would still have reported an increase of 20.4% in its PATMI in FY2021.

As at 31 December 2021, the Group had shareholders' equity of S$376.2 million, equivalent to a net asset value of 88.09 cents per share based on the total number of issued shares of 427.0 million shares.

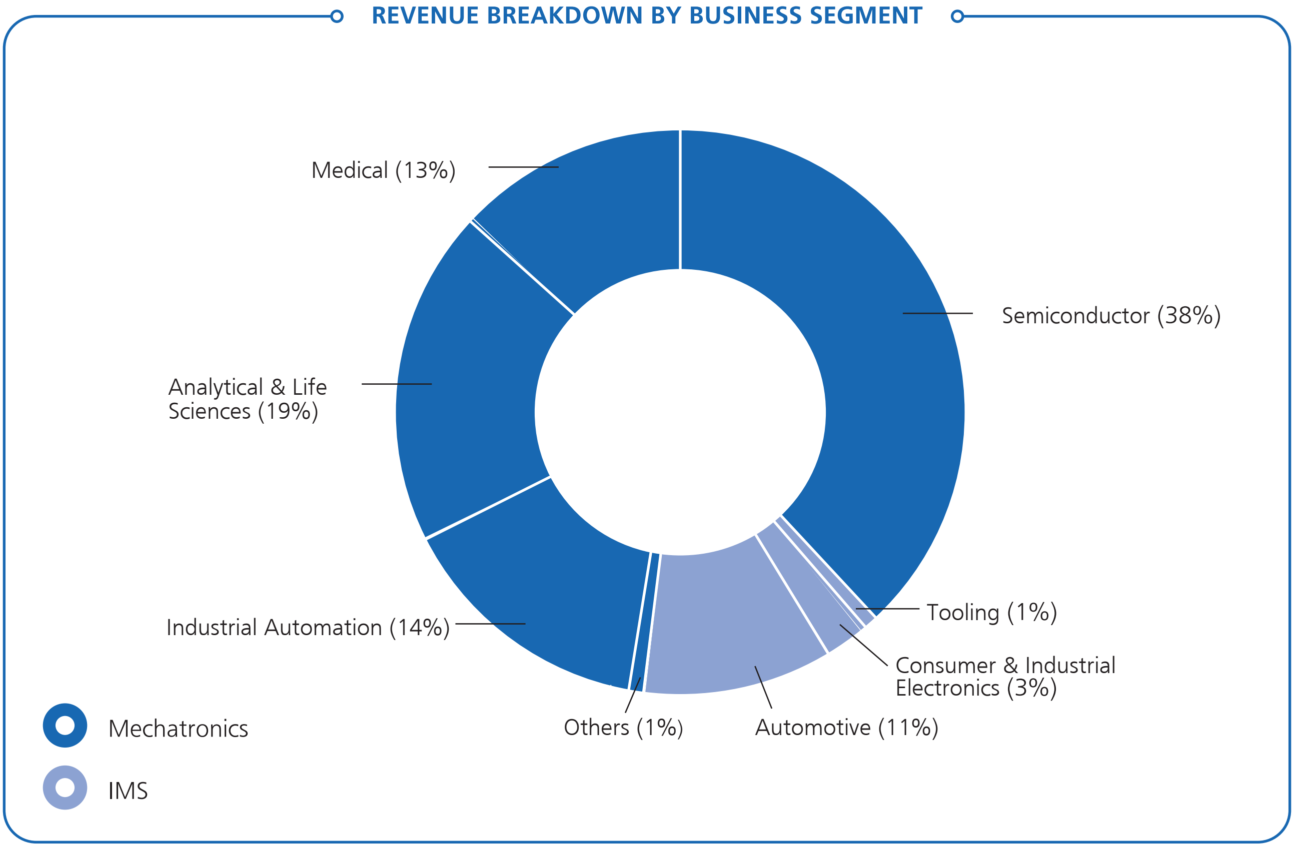
Total assets as at 31 December 2021 increased to S$688.1 million from S$563.8 million as at 31 December 2020. This was attributable mainly to higher property, plant and equipment, intangible assets, cash and cash equivalents, inventories as well as other current assets in line with revenue growth.

Group revenue
$767.1 million

Gross profit
$128.9 million

Profit before income tax
$70.5 million

BUSINESS REVIEW (CONT'D)



Property, plant and equipment as at 31 December 2021 increased to S$110.8 million from S$99.8 million as at 31 December 2020, reflecting the Group's investment in capacity through capital expenditure of S$18.0 million. Intangible assets increased to S$19.5 million as at 31 December 2021 from S$11.7 million as at 31 December 2020, attributed mainly to goodwill arising from the acquisition of Avimac Pte Ltd in FY2021.

Inventories as at 31 December 2021 increased to S$203.1 million compared to S$143.2 million as at 31 December 2020 to meet the fulfilment of orders to customers. Trade receivables also rose to S$123.3 million compared to S$98.7 million as at 31 December 2020 in tandem with the increase in the Group's sales. Cash and cash equivalents as at 31 December 2021 increased to S$192.6 million from S$174.5 million as at 31 December 2020.

Total liabilities as at 31 December 2021 increased to S$309.1 million from S$227.5 million as at 31 December 2020, attributable mainly to higher trade payables, other payables, accruals and provisions, borrowings and lease liabilities.

Trade payables increased to S$121.9 million as at 31 December 2021 from S$80.1 million as at 31 December 2020 in line with higher business requirements. Other payables, accruals and provisions also increased to S$58.1 million from S$49.5 million as at 31 December 2020 due mainly to staff-related expenses, deferred tax payments as part of pandemic relief measures by local authorities and consolidation of Avimac Pte Ltd. The Group's lease liabilities increased to S$22.2 million as at 31 December 2021 compared to S$14.6 million as at 31 December 2020. Total borrowings increased to S$97.2 million as at 31 December 2021 from S$67.3 million as at 31 December 2020. Hence, the Group had net cash of S$95.4 million as compared to S$107.2 million as at 31 December 2020. On account of higher borrowings, total debt-to-equity ratio stood at 25.8%, compared to 20.2% at the end of December 2020.

During FY2021, the Group generated net cash of S$40.3 million from operating activities. Net cash used in investing activities amounted to S$28.8 million in FY2021, attributable mainly to capital expenditure and acquisition of a subsidiary in Singapore, which was offset partially by interest received. Net cash used in financing activities amounted to S$9.2 million in FY2021 due primarily to payment of dividends to shareholders and repayment of lease liabilities. This was partially offset by net proceeds from trade borrowings. As a result of the above, the Group recorded a modest net increase in cash and cash equivalents of S$2.3 million during FY2021.

BUSINESS REVIEW (CONT'D)

Review of Business Segments

Mechatronics Division

The Mechatronics Division registered a 26.6% increase in revenue to S$659.0 million in FY2021. This was driven by double-digit sales growth of the semiconductor, medical and analytical & life sciences segments.

The semiconductor segment recorded strong sales growth of 55.6% to S$289.9 million in FY2021. This was lifted by higher orders for both front-end and back-end semiconductor equipment from customers in Europe and Asia, reflecting the underlying strength of the global semiconductor industry and continued digitalization trend.

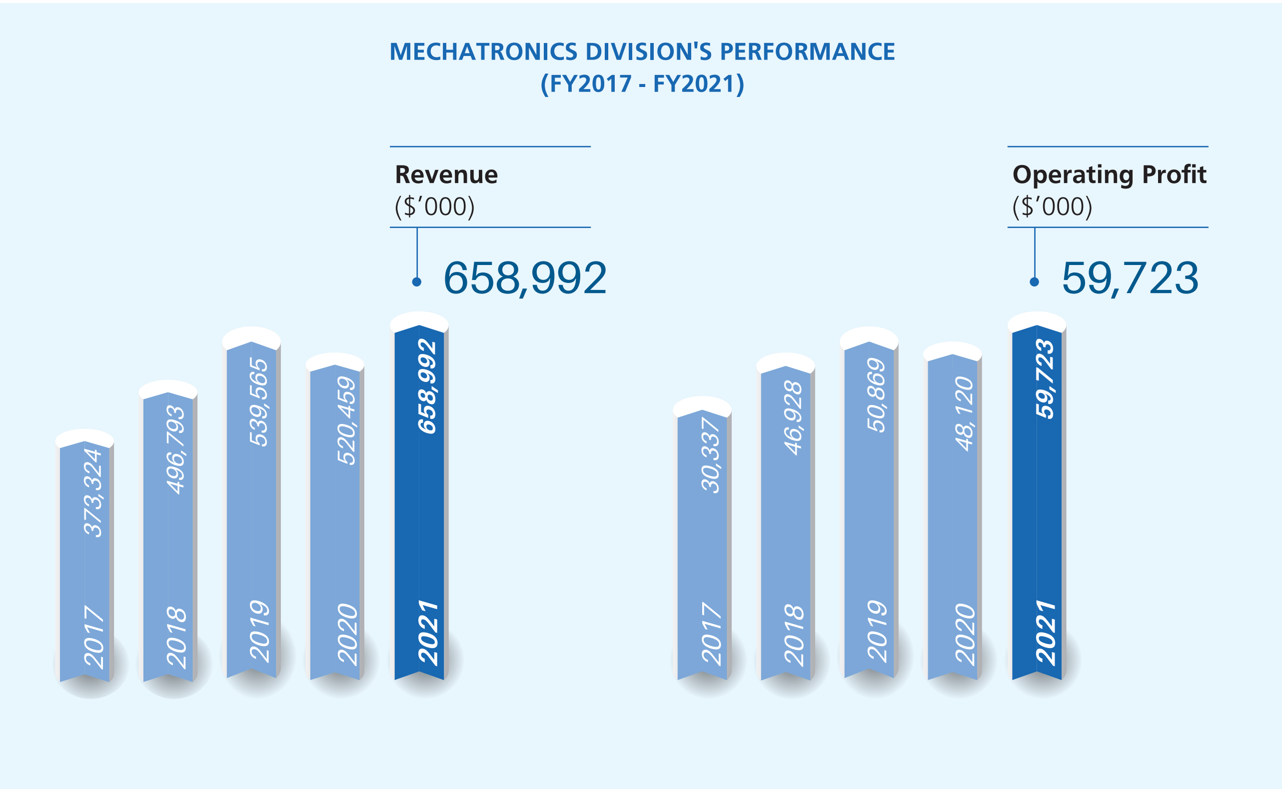
Sales of the medical segment increased 18.7% to S$101.0 million in FY2021, attributable mainly to an increase in demand from customers in Europe and Asia.

Thanks to improving demand from customers in Europe, the analytical & life sciences segment also achieved a 27.2% growth in sales to S$147.4 million in FY2021.

Sales of the industrial automation segment softened 11.9% to S$104.7 million in FY2021 due to lower capital expenditure for hard disk production equipment by a key customer. Sales of this segment are typically lumpy in nature and dependent on the capital expenditure of this key customer.

As a percentage of the Group's total revenue in FY2021, the semiconductor segment made up 37.8% while analytical & life sciences contributed 19.2%. The medical and industrial automation segments accounted for 13.2% and 13.7% respectively of Group revenue in FY2021.

In line with higher revenue, the Mechatronics Division's operating profit improved to S$59.7 million in FY2021 from S$48.1 million in FY2020.



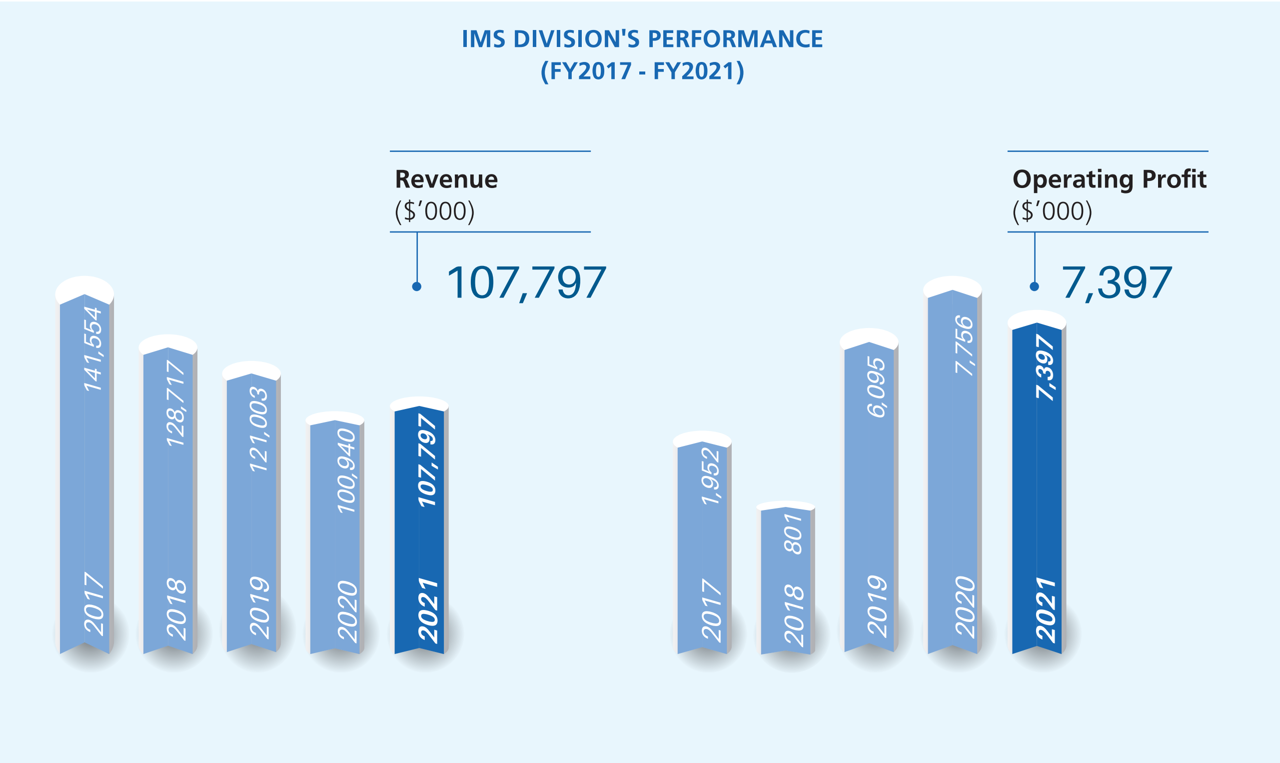
BUSINESS REVIEW (CONT'D)

Review of Business Segments (cont'd)

IMS Division

The IMS Division's revenue increased 6.8% to S$107.8 million in FY2021, attributed mainly to higher sales of the automotive and consumer & industrial electronics segments. Sales of the automotive segment increased 6.6% to S$82.1 million during FY2021. However, the global automotive industry slowed down in the second half of FY2021 consequent to shortages in the supply of semiconductor chips which inhibited demand from our automotive customers.

For FY2021, the automotive segment accounted for 10.7% of Group revenue. The consumer & industrial electronics segment, which recorded higher sales of S$19.2 million in FY2021 compared to S$16.5 million in FY2020, contributed to 2.5% of Group revenue in FY2021. The IMS Division reported lower operating profit of S$7.4 million in FY2021 compared to S$7.8 million in FY2020, attributable mainly to COVID-induced restrictions that affected factory operations during the year, higher operating costs amid demand fluctuations and global automotive industry challenges particularly in the second half of FY2021.



Operational Initiatives

Notwithstanding challenges stemming from fluctuations in customers' demand and supply chain disruptions, our Mechatronics Division registered higher revenue in FY2021. This came on the back of better sales performances for the semiconductor, analytical & life sciences and medical segments. While supply chain bottlenecks had inevitably affected operational efficiencies to a certain extent, we managed to overcome these challenges to deliver on customers' demands.

As the semiconductor industry continued on a strong growth trajectory amid the COVID-19 pandemic, our Mechatronics Division capitalized on increased demand from existing customers and also gained a new customer for its semiconductor portfolio. On top of ongoing new production introduction (NPI) programs, we are also encouraged by the additional scope and business for our motor business with a key wafer fabrication equipment customer.

To support the future growth of our Mechatronics business, we continued to upgrade and increase capacity of our cleanroom facilities in Europe, Malaysia, Singapore and the USA. Besides organic initiatives, we have also acquired Avimac Pte Ltd in Singapore during FY2021 to step up our machining capacity and capabilities. We believe these investments will better place our Mechatronics Division to meet the capacity and complex needs of our customers. Going forward, we plan to continue expanding capabilities and capacity, as well as driving automation and digital transformation at our Mechatronics operating sites.

BUSINESS REVIEW (CONT'D)

Operational Initiatives (cont'd)

In line with the Group's strategy to build strength and resilience through diversity, our Mechatronics Division will push forward with its business direction to focus on the semiconductor, analytical & life sciences, medical and industrial automation segments. These segments continue to display promising potential as we work with customers who are leaders in their respective industries.

Our "*oneMechatronics*" program which represents a global joint approach for our Mechatronics Division's manufacturing operations located in Europe, Asia and the USA continues to gain traction. Our MNC customers' desire for the support of a global manufacturing partner like Frencken has led to the transfer of several existing and new projects in the semiconductor, medical and analytical & life sciences segments from our operations in Europe to Asia. We envisage this integrated approach will allow the Mechatronics Division to better address the needs of our global customers.

To deepen our relationships with customers and spur future revenue expansion, the Mechatronics Division will continue to hone our competencies and capabilities to augment our value-add to customers and strengthen our supply management. We are also looking to expand our complex assembly services particularly for our operations in Asia.

As for our IMS Division, revenue edged higher in FY2021 despite the prevailing supply chain constraints which had put a dampener on the demand from our customers. While we were able to overcome supply chain challenges in terms of raw materials supply and logistics at our end, the magnitude of recovery for our automotive segment in FY2021 was undermined by semiconductor IC shortages that have affected the production volumes of automakers worldwide.

Nevertheless, FY2021 was still a notable year as we began to harvest the fruits of our efforts to transform our IMS Division. As part of this transformative course to become an innovative and sustainable automotive solutions provider, the IMS Division has successfully leveraged our proprietary eco-PVD (Physical Deposition) technology to secure our maiden contract for automotive radar antenna program which is based on plastic metallization process. This new program marks a significant milestone as it represents the culmination of our tooling capabilities, molding know-how, eco-PVD technology and strong foothold in the automotive industry.

We have set up dedicated space for high precision injection moulding, eco-PVD coating and fully automated assembly and end-of-line (EOL) testing lines for the automotive radar antenna program at our factory in Chuzhou (China). Besides investing in our IMS facilities to enhance capabilities and operations, we have also completed the installation of solar energy panels at our factories in Chuzhou, Selangor (Malaysia) and Thailand, which will help to reduce our carbon footprint.

Looking ahead, the IMS Division has earmarked capital for investments in a new clean room for fully automated assembly and EOL testing lines, high precision injection molding equipment with robotic automation, new eco-PVD chambers, as well as the Manufacturing Execution System (MES) to drive digital transformation.

Indeed, we are positioning our automotive segment to capitalise on V2X (vehicle-to-everything) trends as we elevate our capacities and capabilities to win more programs. In addition to continual process improvements to raise customer satisfaction in quality and delivery, we also plan to improve our value-added processes to boost long term growth. These include secondary process, assembly and EOL testing. Besides the automotive industry, the IMS Division plans to look at tapping on our proprietary technologies to capitalise on opportunities in other markets such as electronics and medical, to drive future growth and diversification.

As a testament of our commitment to higher quality standards, the recent customer accolades received by the IMS Division include *Zero PPM in quality management* and *Zero Incident* for our operations in Jinding, Zhuhai (China) and India. One of the new certifications received was the ISO 13485 Medical Devices certification for our facility in Johor (Malaysia). Our factory in Chuzhou was also awarded VDA6.3 by automotive customers, on top of the existing IATF 16949, ISO45001 and ISO14001 certifications.

As the Group executes its strategies to drive sustainable and profitable growth over the long-term, we remain mindful of the uncertainties in the global economy amid resurgence in COVID-19 infection rates, interest rate hikes and geopolitical tensions. Supply chain disruptions, shipping bottlenecks, supplies and logistics cost pressures and tight labour market may continue to pose challenges for the technology industry. Recognizing these challenges, Frencken has assembled teams that will focus on driving initiatives to better manage and mitigate the impact on the Group's operations. We also plan to continue making strides towards further integration within our Mechatronics and IMS Divisions to enable stronger execution and greater efficiencies.

PROFILE OF BOARD OF DIRECTORS

DATO' GOOI SOON CHAI

Non-Executive Non-Independent Chairman

Dato' Gooi Soon Chai is our Chairman and Non-Independent Non-Executive Director. He was appointed as our Director on 10 February 2015 and as the Group's Chairman on 10 August 2016. He is also a member of our Remuneration and Nominating Committees.

In an illustrious career spanning 30 years, Dato' Gooi has amassed a wealth of experience and extensive network of contacts in the global technology industry. He is presently Senior Vice President, Keysight, and President of Order Fulfillment & Digital Operations. In this role, Dato' Gooi is responsible for Keysight's Software Test Automation business, Order Fulfillment, Global Procurement & Materials, and Information Technology functions. This includes advancing digital transformation through Keysight's intelligent software test solutions, digital platforms, and application services as well as managing the end-to-end supply chain that encompasses manufacturing operations, technology centers, global supply chain operations, engineering, global trade logistics, and compliance.

Most recently, Dato' Gooi was the president of the Electronic Industrial Solutions Group ("EISG") where he established Keysight Technologies as a key player in the automotive, internet of things (IoT) and semiconductor measurement segments. Under his leadership, the EISG team made significant contributions to accelerate growth and profitability.

Prior to this, Dato' Gooi served as the President of Agilent Order Fulfillment for the company's Life Sciences, Chemical Analysis, and Electronic Measurement business groups. He was responsible for leading efforts to leverage the company's strength in supply chain and engineering operations across the three business groups.

In 2006, he was named the Vice President and General Manager of the Electronic Instruments Business Unit ("EIBU") at Agilent Technologies. In this role, he managed a diverse portfolio of businesses serving the general purpose, semiconductor, board-test, and nanotechnology markets.

He holds a Bachelor of Science degree with first class honors in electrical and electronics engineering from University of London and a Master of Science degree in computing science from Imperial College of Science and Technology, London.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

DENNIS AU
President and Executive Director

Dennis Au was appointed as President of our Group on 5 May 2015 and as our Executive Director on 28 April 2016. He is responsible for charting the Group's strategic direction, setting the organisation's goals, overseeing its global operations and driving its performance.

In addition to his role as the Group's President, Mr Au also holds the position of Chief Executive Officer of the Mechatronics Division, and oversees the division's business development and expansion plans in Europe, Asia and the USA.

Mr Au has over 30 years of experience in the high technology industry for aerospace & defense, automotive, communications and semiconductor markets. He was previously a Vice President and General Manager of Keysight Technologies for the Korea and the South Asia Pacific region. Prior to that, Mr Au was Vice President and General Manager with Agilent Technologies and was also formerly Regional Manager for Hewlett Packard's Hi-Volume Manufacturing Test Solutions for Asia Pacific.

Mr Au holds a Bachelor of Engineering (Electronic, Electrical and Systems) from the National University of Malaysia.

CHIA CHOR LEONG
Independent
Non-Executive Director

Chia Chor Leong is our Independent Non-Executive Director. He was appointed as our Director on 22 September 2004 and is the Chairman of the Nominating Committee and a member of our Audit and Remuneration Committees.

Mr Chia has an LL.B. (Honours) degree from the University of Singapore in 1980 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1981. He has been an advocate and solicitor in private practice since 1981, and now practises mostly as an arbitrator, adjudicator and mediator.

Mr Chia had served as the Chairman of the Criminal Law Advisory Committee (Review) of the Ministry of Home Affairs, Singapore, and as a member of the Singapore Road Safety Council. He is the Chairman of the External Placement Review Board and a member of the Independent Review Panel, under the Ministry of Home Affairs. In recognition of his voluntary public service since 1987, Mr Chia was awarded the Public Service Medal in 2000, the Public Service Star in 2007 and the Public Service Star (Bar) in 2020.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

MELVIN CHAN WAI LEONG

Lead Independent
Non-Executive Director

Melvin Chan Wai Leong is our Lead Independent Non-Executive Director. He was appointed as our Director on 27 April 2017. He is also the Chairman of our Audit Committee and a member of our Nominating Committee.

Mr Chan has more than 25 years of operational and business experience in the semiconductor and electronics manufacturing industries, as well as extensive working experience in the Asia Pacific region, Australia, New Zealand, China and India. Mr Chan is currently the Managing Director of Synersys Capital, a firm providing business consultancy and advisory services. Prior to him assuming the advisory role, Mr Chan was the Director and Chief Executive Officer of Ellipsiz Ltd, a SGX Mainboard-listed company. Mr Chan started his career as an engineer at Hewlett Packard and moved on to hold various senior management positions at Electronic Resources Limited (ERL), Ingram Micro, iNETest Resources and Ellipsiz Ltd.

Mr Chan holds a Bachelor's degree in Electrical & Electronics Engineering and a Master of Business Administration degree from the National University of Singapore.

FOO SEANG CHOONG

Independent
Non-Executive Director

Foo Seang Choong is our Independent Non-Executive Director. He was appointed as our Director on 31 December 2021 and is also our Remuneration Committee Chairman and a member of our Audit Committee. Mr Foo has over 30 years of professional experience in finance and accounting, strategy and transformation. Mr Foo is currently the Vice President of Finance and Corporate Controller with Kulicke & Soffa Industries and a Director with BFX Pte. Ltd.. Prior to that, he was Senior Director of Finance with Oracle Asia Pacific and Executive Director of Finance with Dell Asia Pacific and Japan.

Mr Foo is a fellow of Institute of Public Accountants.

PROFILE OF KEY MANAGEMENT

BRIAN TAN CHUEN YEANG

Chief Financial Officer

Brian Tan Chuen Yeang was appointed as Chief Financial Officer on 31 December 2021. He is responsible for leading our Group's finance agenda and management through corporate finance, treasury, financial reporting, audit and tax compliance, and risk management.

Mr Tan's career covers over 20 years of increasingly senior roles in energy logistics, oil and gas, telecommunications, and manufacturing. His career experience included strategic, commercial, and leading roles in financial management, fundraising, restructuring and investments, driving transformation and performance. Before joining the Group, Mr Tan was CFO for Malaysia and Singapore with Knauf-USG Boral, a leading German company in building materials. He has worked with Usaha Tegas, a Malaysian private investment company, NBK Group, a conglomerate in Qatar, and spent the earlier part of his career of more than 12 years with Bumi Armada and MISC Berhad in various roles and corporate finance responsibilities.

Mr Tan holds an MBA from Manchester Business School and a Bachelor of Business in Accountancy from RMIT University. He is a fellow of CPA Australia and has a corporate finance qualification from ICAEW.

DOMINIC LEE SIE YONG

Vice President, Human Resource

Dominic Lee is the Group's Vice President ("VP") of Human Resource. He joined our Group in January 2016 and is responsible for partnering with the Group's management to drive ongoing people strategies and transformational change.

Mr Lee has over 30 years of experience in various industries, including food and beverage, high technology and medical. Previously, he was VP, Human Resource Asia Pacific for Symrise Asia Pacific Limited and Director Human Resource for Agilent Technology and Covidien Pte Limited.

Mr Lee holds a Bachelor of Science (Hon.) in Computer Science and Mathematics from McMaster University in Canada and a Masters in Asia Pacific Human Resource Management from the National University in Singapore.

FOKKO LEUTSCHER

President, Mechatronics

Fokko Leutscher was appointed as President of Frencken Mechatronics in May 2020. In this role he is responsible for Mechatronics' strategic direction, overseeing its global operations, and driving its performance. In 2017, he first joined the Frencken Group as the Managing Director of Frencken Mechatronics Europe and America.

Mr Leutscher has over 20 years of international work experience, of which 10 years in Asia, in capital equipment manufacturing and supply chain management. Before joining Frencken, he was Vice President of Front-End Global Operations at ASM International. Prior to this role, he served as General Manager Front-End Manufacturing Singapore and held various management positions at ASM International in the Netherlands.

Mr Leutscher holds a Master's Degree in Business Economics from the University of Groningen, the Netherlands.

CORPORATE INFORMATION

COMPANY REGISTRATION NO.: 199905084D

BOARD OF DIRECTORS

Dato' Gooi Soon Chai
(Non-Executive Non-Independent Chairman)

Dennis Au
(President, Executive Director)

Chia Chor Leong
(Independent Director)

Melvin Chan Wai Leong
(Lead Independent Director)

Foo Seang Choong
(Independent Director)

AUDIT COMMITTEE
Melvin Chan Wai Leong (Chairman)
Chia Chor Leong
Foo Seang Choong

REMUNERATION COMMITTEE
Foo Seang Choong (Chairman)
Chia Chor Leong
Dato' Gooi Soon Chai

NOMINATING COMMITTEE
Chia Chor Leong (Chairman)
Melvin Chan Wai Leong
Dato' Gooi Soon Chai

AUDITORS
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Partner-in-charge: Rankin Brandt Yeo
Year of appointment: Financial year ended 31 December 2019

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DBS Bank Ltd
AmBank (M) Berhad
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Hon Wei Ling, ACIS

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PRESIDENT'S MESSAGE ON FRENCKEN'S SUSTAINABLE DEVELOPMENT

Frencken's 2021 achievements are built upon our core competencies, segment and customer diversity, great customers and the strength of our talents coupled with execution excellence.

Frencken have focused on driving sustainable profitable growth since 2015 and in 2021 we added Ethical Sustainable Profitable Growth to the tag line, signaling the start of our Sustainability Journey called this "Frencken*Sustain*Life" (FSL).

FSL is our Environment Social Governance (ESG) program, which will prioritize returns to our stakeholders. We are focused on key sustainability goals with multi-year targets for which we look forward to report our milestones as we achieve them year on year. Frencken is passionate in weaving a responsible future not just for Frencken and our stakeholders but also for the planet and our future.

Frencken will focus on robust methodologies in measuring and evaluating our operations based on sustainability principles. We have integrated effective methods to consistently implement sustainability measures. Aligned with the Sustainable Stock Exchange Initiative (SSEI), SGX has set forth regulations for annual financial disclosures to consider climate change risks, in accordance with the Taskforce for Climate related Financial Disclosures (TCFD) framework. Frencken, as part of its high-quality governance has embarked on adopting TCFD Recommendations.

Our FSL, prepares our key internal stakeholder – our employees who relate to significant sustainability matters, such as water, energy, emissions, effluents and waste. This raises their appreciation for natural resources and biodiversity. We gain better perspective on climate change impact in our operations. With this awareness we strive for efficiencies and strategically navigate compliance requirements, ethically for sustainable profitable growth.

With the support of Frencken's Board and Management Team, our FSL will meet requirements of our stakeholders as we continue to deliver shareholder value. FSL will be the backbone to our continuing profitable growth ethos, making it now Ethical Sustainable Profitable Growth. I look forward to working with you, to rapidly achieve those milestones and sustainably grow our business.

Thank you. Let's grow stronger, together. Stay safe.

Dennis Au
President and Executive Director

SUSTAINABILITY REPORT

About This Report

As part of Frencken Group Limited's ("Frencken", "we", "our", "the Group", "the organisation") sustainability journey, our commitment towards communicating our Environmental, Social and Governance ("ESG") performance for our stakeholders has persisted through this Sustainability Report which is currently in its fifth year. This report provides an overview of our sustainability performance throughout the reporting period (1 January 2021 to 31 December 2021), unless stated otherwise.

For FY2021, our disclosure covers the areas of businesses owned and operated by our subsidiaries:
a) Juken Technology Engineering Sdn Bhd ("JTJ") in Johor, Malaysia,
b) Frencken Mechatronics (M) Sdn Bhd ("FMMSB") in Selangor, Malaysia,
c) Juken (Thailand) Co., Ltd. ("JTH") in Bangkok, Thailand, and
d) Micro-Air (Tianjin) Technology Co., Ltd ("JMAT") in Tianjin, People's Republic of China.

Pursuant to our approach in progressively expanding the coverage of our sustainability disclosure throughout the organisation, we have further included our ESG practices and performance in JMAT for this year's reporting.
[102-1] [102-48] [102-49] [102-50] [102-51] [102-52]

Reporting Approach and Methodology

In order to ensure a coherent and standardised approach towards our reporting, we have continued to adopt the reporting framework of Global Reporting Initiative ("GRI") Standards, which persists as the leading global benchmark in sustainability reporting. We adapt those standards relevant to our business as prescribed in this international framework for corporate sustainability reporting. We are consistent in reporting coherently to SGX requirements in our reporting approach.

We acknowledge the existence of our business impacts not just the economy and environment as it also adds value to all our business and social relations. Our approach to this reporting compliance is to demonstrate transparency in sharing how we contribute to sustainable development as a whole. We understand the methodology we have adapted is all encompassing, and year on year we have been making incremental progress with additional disclosures.

Those significant matters we had identified this year are consistent with our business. We have responsibly stated these impacts on our business according to the Principles of Reporting of GRI Standards (here are principles according to GRI 2021 Consolidated Standard):

Accuracy

The Group endeavours to provide an accurate depiction of its sustainability performance through this Sustainability Report

Balance

We provided a true and fair view of our operational excellence while safeguarding our environment, social and economic wellbeing. Our Sustainability Report provides an overview of our sustainability performance in an unbiased manner.

Clarity

Our organisation presents information in a way that is accessible and understandable.

SUSTAINABILITY REPORT (CONT'D)

Reporting Approach and Methodology (cont'd)

Comparability

We have selected, compiled, and reported information consistently to enable further analysis over time and relative impacts.

Reliability

All information and data presented in this report are gathered and recorded from reliable and certified sources, from within the organisation which has been compiled, analysed and reported accordingly.

Completeness

We have made accessible sufficient information to enable any further assessment and understanding of our organisation's impacts towards sustainability during the reporting period.

Sustainability Context

We have gone beyond in providing information about the wider context of sustainable development.

Timeliness

We have fulfilled this reporting requirement on a regular schedule (annual reporting) to make it available on time for users to make decisions.

Verifiability

The organisation has gathered, recorded, compiled, and analyzed information in such a way that the information can be examined to establish quality reporting in accordance with SGX requirements.

We approach our sustainability reporting to not just meet compliance requirement but also that we go beyond by being inclusive in understanding key factors that balances our sustainable development in Frencken.

SUSTAINABILITY REPORT (CONT'D)

Reporting Approach and Methodology (cont'd)

Stakeholder Inclusiveness

Our Sustainability Report reflects the expectation and interests of the stakeholders on significant impact to the Group's activities, products, and services. We have derived our disclosures from business locations that are significant to stakeholders of our business in these locations. Please find a description of our stakeholder engagement approaches on page 36.

Materiality

There are significant environmental, economic and social impact which affect our operations in the locations where we operate as outlined in this report. Please find more information on those material matters significant to our business operations on page 37.

The Group had carried out its material sustainability gap assessments to ascertain topics relevant to Frencken's sustainable development. With reference to the assessment, our disclosures for the current year includes the following material topics as guided by the GRI Standards with the inclusion of several (NEW) additional matters:

- GRI 201: Economic Performance 2016
- GRI 204: Procurement Practices 2016 (NEW)
- GRI 301: Materials 2016
- GRI 306: Waste 2020 (NEW)
- GRI 307: Environmental Compliance 2016
- GRI 403: Occupational Health and Safety 2018
- GRI 404: Training and Education 2016
- GRI 419: Socioeconomic Compliance 2016

We acknowledge due to the recent pandemic there were emerging issues which needed to be weighed, thus we have taken into consideration two new additional sustainability matters within our disclosures for the year, i.e., Procurement Practices and Waste. This is also aligned with our objective to be constantly aware of our ever-changing business landscape and as a result of it, to be proactive in acknowledging and taking actions to address any pertinent matters that are key to our business and future success. With that, we are mindful of all concerns highlighted by our stakeholders. In this report, we detail our approach in managing these factors and our progress as of FY2021.
[102-46] [102-54]

In the preparation of this Sustainability Statement, our 5th non-financial disclosure, we have attained an overall assurance alongside our financial disclosures in this Integrated Sustainability Report FY2021. As the Group is poised to embark on a concerted sustainability journey, we will consider seeking external assurance for our disclosures to provide further context and additional certitude to our stakeholders on our overall sustainability performance. Regardless, we remain committed to ensuring that the information reported is accurate and truthful. For any feedback or questions on this Sustainability Report, please contact corp@frenckengroup.com.
[102-53] [102-56]

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY STATEMENT

A PROACTIVE APPROACH TOWARDS SUSTAINABILITY

Dear Stakeholders,

At Frencken, we recognise that our commitment towards sustainability enables us to address emerging risks whilst building a sustainable business. We thus remain strongly committed to advancing progress in relation to sustainability and take seriously our responsibility to deliver positive results. Within this context, we are pleased to disclose our fifth Sustainability Report, which was prepared in accordance to the GRI standards.

This year has witnessed continued obstacles posed by the ongoing COVID-19 pandemic, underscoring the importance of remaining agile and resilient in unpredictable conditions. In view of these challenges, our sustainability efforts have been vital – helping to ensure that our business is guided by the goal to produce long-term, positive value for our stakeholders and wider community.

Since our first report on sustainability, we echo, Frencken's focus on driving sustainable profitable growth. In 2021 we drive *Ethical Sustainable Profitable Growth* with our Sustainability Strategy known as ***"Frencken*Sustain*Life"*** (FSL) .

FRENCKEN * SUSTAIN * LIFE

As a technology solutions provider, we recognise our responsibility to address sustainability across all fronts in order to remain ahead in a competitive market. In our view, sustainability requires sincere effort and leadership to drive responsible profits, where we create beneficial long-term value for all our stakeholders. In this regard, we continue to take action in refining our sustainability implementations on Environment, Social and Governance (ESG) priorities.

In FY2021, we have driven important progress with regards to our sustainability agenda and will continue to build upon this foundation to generate sustainable value.

DELIVERING ECONOMIC VALUE

At Frencken, we are strongly committed in creating value for our stakeholders and achieve stable economic performance. In order to drive positive business outcomes, we adopt strategies and measures that will enable us to exceed expectations of our customers and investors whilst building resilience in an ever-changing industry.

This steadfast approach has been particularly important in light of the COVID-19 pandemic, which has generated volatility in the marketplace. Despite challenges, Frencken has remained proactive and resilient. In addition to existing measures which ensure smooth business operations and high levels of performance across our entities, our management team has introduced various initiatives to improve economic performance in view of these uncertainties. This includes incorporating certification programmes as well as developing long-term roadmaps and business expansion plans to continually grow our competencies and expertise in innovation, technology and manufacturing. Furthermore, while we have continued our efforts to ensure that our products meet the highest quality standards, we have also invested in our people. Notably, we have focused on nurturing our talent through dedicated training programmes in order to create an agile, competent and competitive workforce.

As we move forward, our aim to create a sustainable and thriving business remains a key driving force in our decision making and scheduled action plans. We will continually review and monitor our efforts, introducing new innovation where possible to ensure that Frencken delivers economic value to all our stakeholders.

As a global partner to the supply chain of global brands, our customers benefit from best practices in our procurement practices. We deliver high quality products, on time. Our Advantage is our Diversity Brings Resilience and Stability. During the pandemic we served all our customers without any disruptions to their supply chain KPIs. Our global footprint is advantageous as our suppliers are also close to us and our customers. It makes economic sense to Frencken and our global customers by having Frencken as a supply chain partner.

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY STATEMENT (CONT'D)

ADDRESSING ENVIRONMENTAL IMPACT

Due to the nature of our business, we recognise that production processes may have direct and indirect effect on the environment. In view of this, we continually strive to minimise our environmental impact and maintain compliance with all local environmental regulations in countries where we operate. We are guided by the goals to promote responsible environmental stewardship while we enact relevant initiatives that will enable us to appropriately address the impact of our business on the environment.

In order to address any potential adverse impacts, we have maintained and expanded our efforts to ensure environmental compliance with responsible material and waste management practices. In particular, we have maintained stringent measures and controls to monitor and evaluate our environmental performance. When and where gaps have been identified within our processes, we have efficient mechanisms that will implement prompt and effective improvements. Furthermore, our entities have notably developed various measures to demonstrate their commitment to the environment, we reviewed our resource dependencies and minimized risks to material availability via responsible sourcing practices.

Our efforts in FY2021, have driven our progress in relation to minimizing not just our environmental footprint but also improved the way we comply with environment related regulations. Building upon this foundation, our FY2021 had generated positive results in relation to our Environment compliance performance.

GENERATING SOCIAL IMPACT

As a Group, we consistently aim to ensure compliance and generate positive social impact for our people. We understand the importance of ensuring that our people are safe, healthy and competent within their roles and recognise the fundamentals of ethical standards in our business operations. Within this context, we have continued our efforts to adopting new and maintaining existing best practices throughout our organisation.

In FY2021, this notably includes maintaining our robust policies, procedures and systems to ensure compliance with relevant rules and regulations, as well as continue investing in initiatives that will ensure our business operates responsibly. In building a resilient and sustainable business, our continuous commitment towards safeguarding our people and the communities surrounding our local operations was maintained. We have made significant progress in FY2021, and we will continue to develop efforts that strengthen our position as a responsible business and employer.

IN CONCLUSION

In FY2021, we have maintained positive and sustainable growth in our progressive journey. Our values remain strong and our goals remain open to growth and development as we look forward to the future. Along with our stakeholders, we recognise the need to anticipate and mitigate sustainability risks, in addition to exploring innovative ideas and solutions that will strengthen the resilience and growth of our business. As such, our sustainability agenda remains at the heart of our business.

While we are still navigating the effects of the ongoing COVID-19 pandemic, we remain positive about the future ahead. Driven by our motivation to build a sustainable business, we look forward to expanding our sustainability efforts to deliver even greater ESG results across our 18 operations. With that, this report aims to provide crucial insight into our material sustainability matters and performance for FY2021.

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY AT FRENCKEN

GOVERNANCE STRUCTURE

At Frencken, we believe that a strong governance structure is synonymous with an organisation's long-term success. Since the introduction of the Code of Corporate Governance ("2018 Code") by the Monetary Authority of Singapore ("MAS") in August 2018, the Group has been acting in accordance with the code to ensure the highest standards of corporate governance. To this end, we have aligned our personnel profiles, standard operating processes ("SOP") and organisational structures accordingly to strengthen our management practices. These measures promote a culture of transparency, accountability and sustainability within the Group as we strive for long-term value delivery for our stakeholders.

In upholding our commitment to ethical business conduct, our corporate governance structure is coupled with the implementation of robust internal controls, including a comprehensive set of policies and procedures. These policies stipulate good measures in personal data protection, conflict of interest, business continuity, enterprise risk management and outsourcing.

They have been developed in conformity with the following international standards that are globally established:
- Applicable provisions of the Securities and Futures Act (Chapter 289);
- Listing Manual issued by Singapore Exchange Securities Trading Limited (SGX-ST);
- Code of Corporate Governance 2018; among others.

[102-12] [102-18]

Whistleblowing Policy

Frencken's group-wide whistleblowing policy reflects our anti-retaliation stance by establishing a secured avenue for all communications of concerns and issues by our stakeholders. With that, we aim to safeguard the confidentiality of Whistleblowers and protect them from any reprisals, victimisation, harassments and/or disciplinary proceedings, in line with our objective to instil transparency and accountability across our operations. The policy is extended to the Group's employees, suppliers, customers, outsourced partners, agents and consultants that have dealings with the Group.

MANAGING SUSTAINABILITY-RELATED RISKS

We believe that effective management of risks relevant to the organisation, including sustainability risks, is fundamental to the sustainable growth of the Group. Our Board of Directors ("Board") play a crucial role in risk governance within Frencken by leading the overall risk management practices, such as advising the review of our Group's business operations to ensure we have sufficient insights into our material risks and ways to formulate corrective measures to mitigate the impacts of those risks.

[102-11]

As a company that has been operating for several decades now, we have maintained responsibility in managing internal control and risk management procedures within the Frencken Group. We recognize to maintain integrity and adequacy of risk management and control systems is an on-going process to achieve business objectives.

We understand that Risk Management does not necessarily address all absolute risk mitigation, however, we acknowledged that certain material matters of the business – pertaining to Environment and Social may cause Economic risks. Therefore, maintaining reasonable financial risk management and internal controls at Group level addresses all other risks systems within our operations. In our operations we maintain a far more stringent risk and internal controls as it is part and parcel of our Quality Management System. All processes within our operations are reviewed and risk factors identified to evaluate all significant risks and impact within our organisation. From here our Management Team would periodically discuss and improve on mitigating risks to our business and its operations. External certifying body would audit our premises and scrutinize our processes further to ensure we have left no stones unturned in making sure we maintain internal controls. Our rigorous internal discussions ensure there is check and balance.

SUSTAINABILITY REPORT (CONT'D)

SUSTAINABILITY AT FRENCKEN (CONT'D)

MANAGING SUSTAINABILITY-RELATED RISKS (CONT'D)

Our Audit Committee would carry out their responsibilities in keeping those systems validated. All recommendations of our Audit Committee are key to strategic future growth directions for our business. At operations level we set action plans for financial performance improvement by ensuring we strictly adhere to those internal controls. This demonstrates credibility in the way we maintain our financial performance via internal audit and controls. The Audit Committee and Internal Audit functions serve as a second and third level reviewers of our operational processes to recommend swift corrective action and improvements where necessary from time to time.

The next layer of our risk management and control systems is embedded through customer requirements and meeting voluntary certification requirements while maintaining high integrity for our business operations. Our Mechatronics and Integrated Manufacturing Services segments serve our customers credibly by ensuring we have all the necessary management systems in place such as the one on Quality (ISO9001), Environment (ISO14001) and Social (ISO45001), in addition to the Automotive Quality Management System (IATF16949) and the Medical Device Quality System (ISO13485). We attend to specific market demands including for traceability and conformity with Statistical Process Control (SPC), FDA and CSA product certifications including Lean Management Systems (Six-sigma) throughout our business operations.

RESPONSIBLE SUPPLY CHAIN

Sustainability is embedded across Frencken's practices and integrated throughout our supply chain, as the Group is proactive to engage with its suppliers in achieving common sustainability objectives. This effort has led us to collaborate with our suppliers and vendors across all our operating locations. In managing the sustainability risks and opportunities across our value chain we also advocate that our suppliers and vendors adopt sustainability practices, such as creating good working conditions and providing fair compensation for their employees which may contribute to enhancement in the wider community in the long run.

In support of that direction, General Manager and the Procurement Department takes charge of the overall approach in supply chain management within the entities in the scope of this report by constantly monitoring and addressing all relevant factors that may impact or influence sustainability in our supply chain.

We have extensive practices as control measure of a Responsible Supply Chain Partner for global brands. We ensure across our global footprint we procure nearshore or local to assure our customers of a disruption free supply for products. We have good supplier onboarding and practices where we conduct Supply Chain Due Diligence, when we select our suppliers and vendors. We also conduct Supplier Audits at their premises to have full sight of their sustainable practices. We ensure our suppliers also fulfil the criteria set by some of our customers on us. Supplier relationships extend with it, risks to our business operations and reputation. Hence, we encourage our suppliers to join us in the Self-Assessment exercise of Responsible Business Alliance (RBA) to ensure we abide by the RBA Code of Conduct for Suppliers.

RBA is the world's largest industry coalition dedicated to corporate social responsibility in global electronics supply chains. We in Frencken subject our operations through the RBA Self-Assessment to ensure we mitigate all ESG risks in areas concerning workers, health and safety, environment and ethics. In our Supplier Selection process, we also consider all declarations in their sourcing practices involving minerals from Conflict areas.

We are steadfast in strategically developing long-term partnerships with our Suppliers to ensure credible support for our global brand customers. We are strengthening our governance for Responsible Supply Chain Management by addressing newer opportunities to align with demands of our global customers. This includes financial and operational due diligence and audits of suppliers integrated with ESG risk so that we make informed decisions in our supply chain management.
[102-9] [102-10]

SUSTAINABILITY REPORT (CONT'D)

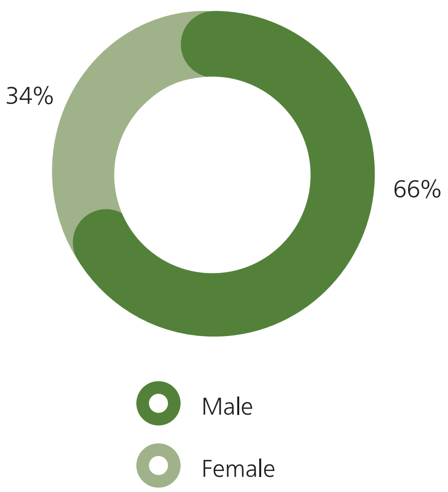
SUSTAINABILITY AT FRENCKEN (CONT'D)

SCALE OF THE ORGANISATION

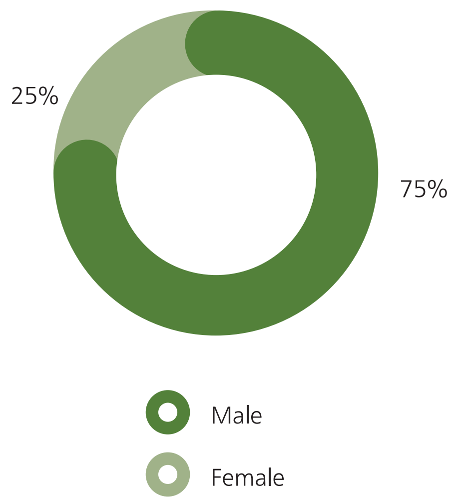
The scale of the organisation, i.e. the number of entities and employees, reflects our ability to create positive and wider impact on the community through economic value generated and employment opportunities created. With 18 operations established worldwide, our commercial footprints span across the USA, the Netherlands, Switzerland, India, China, Thailand, Malaysia, and Singapore. The Group is supported by 3,691 employees (2,849: full time permanent employees and 842: part time temporary employees) in our diverse business portfolios, covering the provision of products and services in the automotive, healthcare, industrial, analytical & life sciences, and semiconductor segments.
[102-7] [102-8]

Employment Contract and Type

Full Time Permanent Employees



Part Time Temporary Employees



Frencken's Employee Pulse Survey enables us to acknowledge the recognition from our employees, that Frencken is indeed a Better Workplace as polling results demonstrated. We had in 2021 received positive participation with around 70% respondents who work within global locations in Asia and the remaining 30% were from the Europe and US offices. The survey is a good opportunity for us to get to know our employees and how they feel at work. These results tell us that our Frencken Family is happy. We are considering translating the survey into Dutch and Mandarin languages in future as our current Newsletter is also in dual language. We aim to improve from these findings to foster a better place to work.

Being a manufacturing environment, we note that our employees rely on their immediate Supervisors for guidance and on job conversations. 85% of the respondents noted that their Supervisor communicate and provide sufficient guidance in helping them to achieve their goals. This reflects on our human resource management culture within the organisation. While 84% felt they were recognized and appreciated by their supervisor.

Although Frencken is acknowledged as a great place to work, 78% of the respondents had informed they are eager to learn and set their career path. Over 81% of our employees feel comfortable in giving feedback or expressing ideas to their supervisor and higher management. Frencken is a great place to work as 90% of respondents felt that their work is meaningful because they are allowed to contribute through their creativity and are free to exercise critical thinking skills in their daily job.

Our employees appreciated that the company provided all the necessary resources to carry out their job function effectively before and throughout the COVID-19 pandemic, according to over 85% of respondents.

SUSTAINABILITY REPORT (CONT'D)

STAKEHOLDER ENGAGEMENT

Due to our global presence with multi-division business operations, we serve a wide range of stakeholders, whose views and recommendations have contributed to the strategic improvement of the Group throughout the years. We place utmost importance in fostering good relationships with our key stakeholders who have supported us as we embark on a sustainability journey.

These key stakeholders, including shareholders, investors, employees, customers, government/regulators, suppliers/contractors, and the media, are identified based on the level of influence they have on the Group's operations. In the past four years, we have benchmarked our sustainability performance, targets and achievements based on the sustainability issues material to them.

We maintain our approach in stakeholder engagement as we continue to engage with them through initiating frequent and effective conversations with them on significant matters to the business sustainability. The table below shows the way we interact with our respective key stakeholders during FY2021.
[102-40] [102-42] [102-43]

Stakeholders Groups	Mode of Engagement	Frequency of Engagement
Shareholders	Annual Meetings	Annually
Investors	Meetings	As required
	Electronic Communication	As required
Employees	Meetings	Regularly
	Frencken's official events	Regularly
	Frencken's unofficial events such as team-building events, annual dinner.	Annually
Customers	Project-centric dialogues	Regularly
	Meetings	Regularly
	Electronic Communication	Regularly
Government / Regulators	Meetings	As required
	Electronic Communication	As required
Suppliers / Contractors	Project-centric dialogues	Regularly
	Meetings	Regularly
	Electronic Communication	Regularly
Media	Online Frencken Group Site	As needed

SUSTAINABILITY REPORT (CONT'D)

MATERIALITY ASSESSMENT

Since we commenced our first materiality assessment in 2018, the list of material sustainability topics has been updated annually as we incorporate feedback from key stakeholders in those ongoing engagements with them. Apart from the existing six sustainability topics from the previous year, we have identified additional two material topics in FY2021, i.e., Procurement Practices and Waste, making it a total of eight topics categorised under three pillars - Economic, Environment and Social, which are disclosed in this report.

In the following sections of the report, our progress throughout the year on these matters are reported in detail as we disclose our management practices and performance data. With this report, we aim to provide a transparent overview of our sustainability journey and our achievements thus far so that our stakeholders are well informed of the Group's sustainability efforts.
[102-44] [102-47] [102-49]

For our FY2021 sustainability reporting, there are a total of eight sustainability matters identified, with a breakdown of the relevant sustainability disclosures as showcased in the table below.

Category	Topic	Sub-topics Material to our Operations	Impact of the Sub-topic
Economic	GRI 201: Economic Performance	Disclosure 201-1: Direct economic value generated and distributed	Within and outside the organisation
	GRI 204: Procurement Practices	Disclosure 204-1: Proportion of spending on local suppliers	Within and outside the organisation
Environmental	GRI 301: Materials	Disclosure 301-1: Materials used by weight or volume Disclosure 301-2: Recycled input materials used Disclosure 301-3: Reclaimed products and their packaging materials	Within the organisation
	GRI 306: Waste	Disclosure 306-1: Waste generation and significant waste-related impacts Disclosure 306-2: Management of significant waste-related impacts Disclosure 306-3: Waste generated	Within and outside the organisation
	GRI 307: Environmental Compliance	Disclosure 307-1: Non-compliance with environmental laws and regulations	Within and outside the organisation
Social	GRI 403: Occupational Health and Safety	Disclosure 403-9: Work-related injuries Disclosure 403-10: Work-related ill health	Within and outside the organisation
	GRI 404: Training and Education	Disclosure 404-1: Average hours of training per year per employee	Within the organisation
	GRI 419: Socioeconomic Compliance	Disclosure 419-1: Non-compliance with laws and regulations in the social and economic area	Within and outside the organisation

[102-46] [102-47]

SUSTAINABILITY REPORT (CONT'D)

ECONOMIC PERFORMANCE

Why it matters

At Frencken, our commitment in creating value for our stakeholders and driving the success of our business is fully embedded in our efforts to continuously achieve strong economic performance. By ensuring sustainable growth and long-term profitability, we believe we can enhance values for our shareholders, as well as improve the welfare of our employees and contribute back to the local communities in areas where we operate. In light of the COVID-19 crisis, our stable economic performance also allows us to remain resilient against the impact brought by the pandemic and maintain our competitive position within the industry.
[103-1]

How we approach it

Our management team, which includes the General Manager and Head of Departments, are responsible for steering the strategic direction of the Group in achieving economic excellence by setting clearly defined targets and action plans within Frencken. They diligently review the performance of key functions, namely sales and marketing, production, quality control, purchasing and supply chain, and evaluate their progress against key performance indicators ("KPI")s on a monthly basis. Monitoring activities are formally documented into monthly targets and summarized reports. These would then be reviewed to make informed decisions and to devise action plans, when necessary, to ensure that our performance is on track to realise our targets.

Our Business Continuity Management accompanied by our Contingency Plan is essential to protect our operations so we may swiftly recover from any disruptive incidents. The review of those incidences enabled us to identify potential threats to our business operations and strengthen our capacity to deal with unforeseen events. We are agile and resilient, to minimize the impact of unexpected interruptions to our business operations.

Our performance over the year is further summarised and presented to the Management Team during the Annual Management Review meeting to deliberate on the formulation of business strategies and improvement plans for the upcoming year. The COVID-19 pandemic and its recovery phases has prompted the Management Team to introduce new initiatives in the effort to improve the economic performance, including pursuing additional certification schemes as well as developing capability road maps and business expansion plans so that the Group can propel its business to the next level even amidst this challenging time.

Furthermore, the policies and procedures implemented across the Group sets the parameters for best practices in managing business activities within Frencken. Examples of such policies are our Quality Management System ("QMS"), Environmental Management System ("EMS") as well as Occupational Health & Safety Policies which effectively guide and facilitate various key parts of our business. In line with our efforts to ensure continuous value delivery, for customers from key economic sectors such as automotive, medical, analytical & life sciences, semiconductor and industrial automation we have continued the successful adoption of the following certifications across our operations and maintained strict adherence to the certification requirements:

- ISO 9001:2015 & IATF 16949:2016 - Quality Management System;
- ISO 14001:2015 - Environment Management System;
- ISO 45001:2018 - Occupational Health and Safety Management System;
- IATF 16949:2016 - Automotive Quality Management Systems; and
- ISO 13485:2016 - Medical Devices.

Frencken recognises that the performance and the quality of our products are critical in supporting the growth of our business. To better understand how our products are received by the market, we conduct annual and semi-annual customer satisfaction surveys to collect feedback from customers. We have been able to achieve above 90% scores on customer satisfaction surveys across our business units in FY2021. JMAT achieved a score of 98% due to fulfilment on product quality, on time delivery, ease of communication and doing business through the project and excellent post project service assistance. Based on such survey results, we continue to identify areas for improvement for all necessary adjustments to improve product quality and meet customer demands. We are further supported by regular monitoring and assessments of our operations throughout the Group via annual internal and external audits in our continuous effort to improve our operations and product quality. It is notable that JMAT recorded no complaints in 2021.

SUSTAINABILITY REPORT (CONT'D)

ECONOMIC PERFORMANCE (CONT'D)

How we approach it (cont'd)

In addition, we also believe that innovation and creativity translate into business success. Hence, we place utmost importance in developing our people by establishing holistic training plans at business operations level to enhance their competency and knowledge. Key controls are also put in place to safeguard our information technology ("IT") related assets as well as their operational use for ensuring a safe and smooth business operation. Some notable initiatives include establishing strict IT policy, installation of comprehensive anti-virus programme, regular data backup practices at offsite storage location, e.g., in iCloud as well as encouraging the use of company server for storing company documents/ information. Our IT Policy is governed from the Group level to all our business locations. Our IT team is accessible to our employees for any remote troubleshooting.
[103-2] [103-3]

Our performance

As the Group continue to make positive progress navigating through the ongoing impact of the COVID-19 pandemic, we have remained committed at the creation of value and success for our business and its stakeholders. To this end, we are pleased to report that our profit attributed to equity holders of the company ("PAT") for 2021 has improved by a stellar 38.0% compared to the previous year.

Revenue for FY2021

$767,069,000

PAT for FY2021

$58,727,000

Please refer to the Annual Report for information on the Operating Profits and Employee Compensation.
[201-1]

PROCUREMENT PRACTICES

Why it matters

As we strive to enhance our financial performance, we firmly believe that the effectiveness of our procurement practices is key to ensuring long-term success of the business. By adopting a holistic and proactive approach in managing procurement, we are able to mitigate sudden disruptions to the supply chain and continue to operate smoothly, especially given the current post pandemic circumstances. Our dedication to deliver quality products to the customers also compels us to impose stringent requirements on our suppliers.
[103-1]

How we approach it

In line with the abovementioned objective, we are guided by robust policies and procedures in all our business operations in managing procurement practices. From supplier sourcing and selection to supplier performance evaluation, we strictly abide by the requirements detailed in the policies at each stage of the procurement process. We have a nearshoring strategy as a risk mitigation action plan for our supply chain. It is part of our Business Continuity Management-Contingency Plan which is adapted in our supply chain operations. Besides, the Group's quality management approach is extended to our suppliers to ascertain their ability to meet our quality requirements when we make purchases.

The Procurement Department oversees end-to-end execution of sourcing activities at each entity and is supported by the Supply Chain Department and Quality Assurance Department when and where needed. Their responsibilities include identifying competent and suitable suppliers, ensuring continuity of supplies and timely delivery of orders, and identifying alternative sources for materials, among others. To manage our procurement practices in an effective and efficient manner, the entire supply chain team periodically would monitor and evaluate our performance against a pre-determined set of targets, such as timeliness of delivery, quality of materials, cost reduction and implementation of improvement initiatives. Within FMMSB, a technological tool-Power BI, has been deployed to aid the said monitoring and evaluation activity. After the relevant performance data has been collated, the information is reviewed by the respective Managers and reported during meetings with key decision makers.

SUSTAINABILITY REPORT (CONT'D)

PROCUREMENT PRACTICES (CONT'D)

How we approach it (cont'd)

On the other hand, performance review on suppliers is carried out, in an ongoing basis to ensure that they continuously meet the required standards of the Group. Requirements and expectations of each purchase are communicated to all new suppliers upon onboarding. With that, performance of suppliers is subjected to rigorous annual assessments which may be extended to an on-site audit or performed through self-assessment audits. In JMAT, such audits are supplemented by a rating system from which suppliers are evaluated on. This comprehensive scoring process enables the company to continually make informed, synergistic supply chain decisions, prioritize high-performing suppliers and maintain an optimal vendor base. In the event that a non-conformance by a supplier is detected, the supplier involved is required to implement corrective measures and share their improvement plans with Frencken. For JTJ, such suppliers are engaged to identify the root causes for the issues noted, upon which a Corrective Action Report ("CAR") is issued for suppliers' further action, as stipulated within their formal Supplier Assessment and Quality Control procedure.

As a measure to maintain the highest standards in our procurement practices, relevant operations are also continuously evaluated via both internal and external audits, known as the Quality Management Systems audit. This is a process risk identification measure in our operational methodology. Based on the audit findings, mitigating actions are designed for implementation. This will help us manage gaps identified in the process of managing our supply chain operations far more responsibly.
[103-2] [103-3]

Our performance

To uphold the Group's value in facilitating the growth of local economy and contributing to the advancement of the surrounding communities, we have begun taking note of our local procurement performance. For FY2021, in line with our definition of a local vendor (being one whose business and manufacturing operations are based in the country where our entities in scope operate), FMMSB has observed a 34% spending of their procurement budget on local vendors as compared to the goal of 50%. Besides, JTJ managed to secure 25% of its procurement from local suppliers with the remaining 75% from direct nearshore suppliers based in Singapore, which is located adjacent to where JTJ is based, i.e. Johor. Within similar context, JMAT and JTH managed to successfully source 100% of their procurement from vendors or suppliers local to their country of operations. Moving forward, we aim to improve our sourcing practices by ensuring supplies of materials for production meet the demand of our customers.

Frencken will continue its approach in managing local procurement for the entities in scope, to ensure they are well aligned with the Group's nearshoring strategy as part of the risk mitigating actions for our supply chain.
[204-1]

SUSTAINABILITY REPORT (CONT'D)

ENVIRONMENTAL PERFORMANCE

MATERIALS

Why it matters

As a leading technology solutions provider, Frencken utilises materials to deliver high-quality products to our customers. However, we also acknowledge the impact our operations may have on the environment, especially our consumption of non-renewable resources within our production processes. Within this context, Frencken is deeply committed to ensuring that we use our material resources responsibly through the development and implementation of industry leading practices. Further, we seek to adopt innovative solutions – where possible – to reduce our reliance on non-renewable resources. We are attuned to the latest industry practices in ensuring we procure responsibly and where possible we adopt the use of environment friendly materials and packaging products as recommended by our customers.
[103-1]

How we approach it

At Frencken, our material consumption is closely monitored to ensure that our resources are used in an efficient and responsible manner. As such, we track our material usage throughout our production process, as well as monitor performance to identify gaps and implement improvements where necessary. At the foundation of our approach on material consumption is the robust production planning performed for any production line in operations. With the assistance of computerised systems, e.g. SAP, materials are planned, monitored and optimised to ensure its consumption is optimized. KPIs and targets are also established for our resource utilisation in order to encourage operational efficiencies and better financial performance. Such performance review meetings would discuss improvement plans on a biannual basis.

In order to advocate responsible material utilisation throughout the Group, common materials such as resins, plastics, metal, carton boxes, and papers are centrally managed via our Sourcing Department, supported by each operating business unit. This allows the Group to ensure accountability of the materials we acquire for our production thus encouraging optimum utilisation in delivering high-quality products for our customers.

As a Group, we continually aim to adopt resource conservation practices to promote sustainable use of materials. This includes actions to identify areas for improvement within our products to minimise the use of non-renewable materials (where possible) whilst maintaining an ideal level of resource availability to support our production.

To ensure compliance with relevant rules and regulations regarding material usage, Frencken is often subjected to undergo various assurance exercises such as internal and external third-party audits. Systems and processes regarding resource utilisation are reviewed during audits to ensure compliance with stipulated standard operating procedures, or guidelines and improvements are highlighted guided by industry best practices and customers' requirements.
[103-2] [103-3]

Our performance

For FY2021, the entities in scope have reported the following materials usage in their operations:

Type	Metrics	Total (FY2021)
Direct Materials	Kg	1,434,524.3
	Pcs	8,075,479[1]
Indirect Materials		
→ Packaging	Kg	415,105.6
	Pcs	1,782,396[2]
→ Others	L	29,964.7
Scrap Materials	Kg	409,197.0

1 The quantities represented here are computed in pieces due to the nature of the materials, which are mainly fabrication parts, raw materials for precision machining manufacturing, raw materials for sheet metal manufacturing and sheet metal items.

2 The quantities represented here are computed in pieces due to the nature of the materials, which are mainly packaging materials kept at workshop as stock.

Our performance in managing materials within our business operations is dependent highly on customers' demand. As a responsible supply chain partner, we reduce materials that cause degradation to the environment in as many ways as possible. With consideration that our sustainability reporting for this year includes the performance of an additional subsidiary (i.e., JMAT), we will continue to monitor and disclose on the changes of our material usage moving forward to give a better representation of our consumption of materials over the years.
[301-1] [301-2] [301-3]

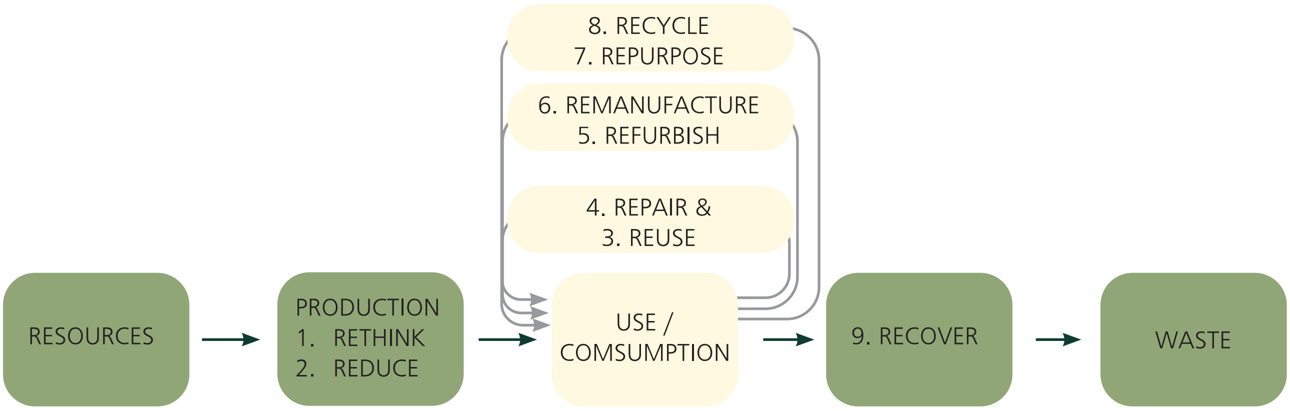
SUSTAINABILITY REPORT (CONT'D)

WASTE

Why it matters

Aligned with our steadfast commitment to responsible environmental stewardship, Frencken is strongly determined to ensure that our waste is managed responsibly and in line with all applicable rules and regulations. Our stakeholders expect us to conduct ourselves according to the highest standards, and we take seriously our responsibility to minimise the impact of our business operations to the environment whilst producing world-class products. In view of these expectations, Frencken has adopted the necessary measures to properly handle and dispose waste whilst minimising waste production across our business operations.

We are mindful over waste generated in each of our business operations. To tackle the challenging environmental issue of waste in manufacturing operations, we have adopted the concept of circularity. We are well aware that GRI had updated the Waste standard, in 2020, hence we included it in our FY2021 sustainability reporting which demonstrates applied proactive governance. We are currently taking additional steps to further align the proliferation of waste management in production which has now evolved from 3R to 9R (rethink, reduce, reuse, repair, refurbish, remanufacture, repurpose, recycle and recover).



How we approach it

We have continued a Group-wide initiative to segregate waste and promote recycling practices. We have business premises with dedicated recycling stations which promotes on-site recycling efforts. We do emphasize (where possible) the circularity approach in managing our packaging waste. For new shipments we reuse cartons and plastic pallets returned by our customers. In this way we align with our customers efforts in reducing plastic and paper waste to landfill as their global supply chain partner.

Within our own operations, we adopt reuse practices for scrap metal within our production processes to convert them into new jigs and fixtures. FMMSB, adheres to strict guidelines in segregation of carton boxes, foam and shredded paper which are later repurposed for packaging. Where possible, we have repaired and redesigned wooden pallets for storage purposes.

Not limiting our waste management to operations, our office paper consumption has reduced more so, during the pandemic due to virtual business communications in the workplace. In our sales, production, engineering and quality divisions, we continue to strive in reducing our paper consumption by digitalizing our engineering and other work related documentations as well as interactions.

As a Group, we aim to maintain zero-incidents of non-compliance with all applicable environmental laws established by local authorities, including any rules and regulations regarding waste. In view of this commitment, our entities have established dedicated departments and governing policies to ensure that waste produced as a result of our production are handled according to the local environmental authority guidelines and regulations.

FMMSB has established an Environmental Policy to manage all environmental matters, including commitments to implement a systemic approach to identify, manage, reduce and responsibly dispose of (or recycle) waste. FMMSB keeps track of scheduled waste stored onsite via the Department of Environment ("DOE")'s eSWIS system. At JMAT, various policies and procedures established is strictly followed in relation to waste management, including procedures to handle non-conforming products and for managing hazardous waste (i.e., includes the process of collating, storing and disposal of waste).

SUSTAINABILITY REPORT (CONT'D)

WASTE (CONT'D)

How we approach it (cont'd)

In addition to policies and monitoring systems, dedicated and qualified personnel are assigned to oversee waste-related matters at our entities. This is further exemplified at FMMSB, where a competent person certified under DOE is assigned to manage its scheduled waste, from the initial phase of storage to the eventual disposal of such waste by categories. The personnel have been trained as a competent person who ensures regulatory updates and the development of best practices on waste management. Further, KPIs and departmental targets are established to incentivise compliance and drive responsible conduct with regards to waste management. Such KPIs are assessed on an annual basis during Management Review meetings. We strive to set goals in the future that reflects on our commitment to adopt waste related best practices.

To promote improvements and ensure compliance, internal and external audits are regularly conducted by appointed auditors and relevant regulatory authorities on an annual basis. In the event of any non-conformance investigation mechanisms are followed as per policy and procedures. Frencken addresses any gaps in our waste management practices through swift and constant monitoring practices within all our business operations.
[306-1] [306-2]

Our performance

For FY2021, the entities in scope have reported the following amounts of waste generated as a result of their operations:

2021: Waste Generated (MT)		
Category	**Hazardous**	**Non-Hazardous**
Waste diverted to disposal	110.5	238.2
Waste diverted from disposal (e.g. reuse, recycling and recovery)	0	17.1

As we move forward, Frencken is committed to monitoring and improving its material and waste management practices in order to minimise and mitigate any potential adverse effects on the environment.
[306-1] [306-2] [306-3]

SUSTAINABILITY REPORT (CONT'D)

ENVIRONMENTAL COMPLIANCE

Why it matters

Within the context of environmental compliance, Frencken recognises its obligation to ensure strict adherence to fundamental standards and best practices, while adopting targets to minimise and even reduce our environmental footprint. As such, we remain steadfast in our goal to maintain utmost compliance with applicable environmental regulations where we operate. With that, the Group has continued to adopt a proactive approach in relation to environmental matters, implementing necessary measures to ensure that we meet and surpass the expectations of both authorities and other stakeholders. [103-1]

How we approach it

As a Group, we continually strive to ensure that we maintain compliance with all applicable environmental regulations, such as the Environmental Quality Act 1974, Environmental Quality (Scheduled Wastes) Regulations 2005 and Clean Air Regulations 2014, among others. In order to maintain compliance, each business operations is responsible to monitor closely its established governance practices. This includes the appointment of qualified personnel or the setup of working groups/ Management Committee to keep abreast with the latest rules, regulations and requirements relating to Environmental Compliance as well as oversee the overall company's compliance systems.

In FMMSB, qualified person(s) are assigned to monitor and manage compliance on environmental regulations whilst the entity is raising the quality of governance by establishing an Environmental Performance Monitoring Committee. In JTH, the Environmental Management Representative is responsible for overseeing environmental initiatives and compliance efforts within the company and would regularly report performance to the Top Management.

Alongside designating environmental compliance to the respective business operations, regular governance and reporting responsibilities are monitored at Group level to align with our sustainability strategies. Each business operation responsible for implementing environmental related actions are also accountable to measure environmental impact. As a method of limiting environmental degradation, we promote responsible environmental stewardship across Frencken. This notably includes initiatives such as environmental noise monitoring, effluent and waste management, quality of air and emissions assessments, exhaust ventilation measurements among others.

In addition, we subject our business locations to internal and external audits to review and assess our policy and procedural improvements regularly where necessary. Any gaps and areas for improvements identified via such reviews are prioritized and addressed promptly by the relevant business operations.

As a supply chain partner to global brands, we acknowledge that our compliance and adherence to environment stewardship must also be supported by our suppliers. We have adopted environmental compliance as one of the key and primary pre-conditions to assess suppliers during the initial selection phase. All new suppliers, are required to declare their compliance with Frencken's Group-wide Code of Conduct which includes an acknowledgement of "Standards for Environment". Further environmental protection requirements are embedded into procurement and sourcing strategies at the business operations level depending on the local guidelines as a responsible supplier management practice. JTH's, environmental requirements are incorporated throughout its procurement process, such as through environmental related clauses embedded into procurement agreements or during the conduct of site audits. Additionally, should there be a customer's request, we also would assist and advocate our suppliers to obtain third-party certification to demonstrate its environmental compliance, such as ISO 14001:2018 Environmental Management System certification.

As a Group, Frencken also encourages efficient resource utilisation, especially with regards to water, electricity and fuel consumption. Within this context, our entities have performed various initiatives to reduce their environmental footprint. This includes the conduct of awareness programmes to promote efficient energy consumption, monthly water and electricity monitoring, air conditioner units usage and control measures, regular maintenance of electrical equipment, and encouraging responsible behaviour towards the environment among staff by advocating "switch off" lights by visual reminders.

Specifically notable that in FY2021, FMMSB has completed its efforts to replace street lighting with LED fixtures, with a high bay light at the production floor which is converted from halogen to LED light. At JTH, solar panels have been installed are part of a renewable energy transition project that was maintained throughout the reporting year of 2021. For further details on this project, please refer to page 54.

SUSTAINABILITY REPORT (CONT'D)

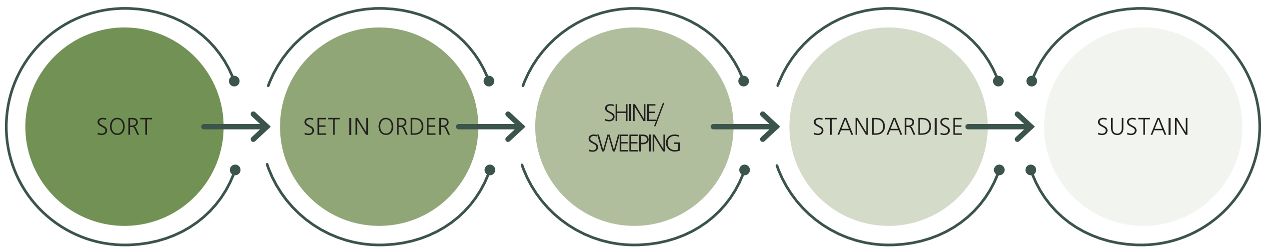
ENVIRONMENTAL COMPLIANCE (CONT'D)

How we approach it (cont'd)

Generally, our approach towards environmental stewardship is based upon setting the right goals at Group level, for our business operations across various regions through our sustainability programmes. All our business operations are aligned with the Group's objective to drive sustainable development for Frencken. They support with timely monitoring and assessment of environmental performance, conduct thorough meetings with relevant key departments within each operating location.

Following such closely monitored reviews and action plans, we address gaps identified to enact improvements. With considerations that employees are one of the key stakeholders in our business environment, trainings and internal communications on our environmental stewardship efforts are frequently carried out to ensure our people fully understand and support our commitments.

Frencken's 5S Performance Parameters To Ensure Environmental Compliance

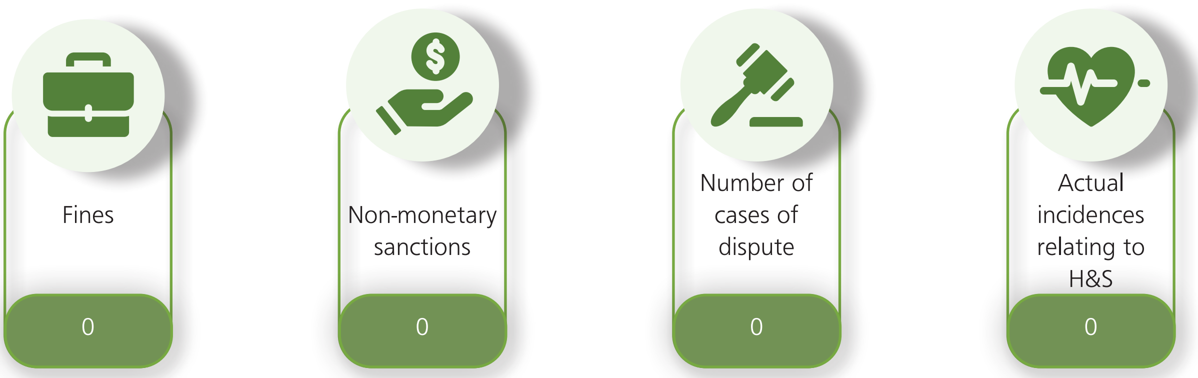


[103-2] [103-3]

Our performance

For FY2021, the Group is delighted to announce that we have maintained our esteem record of receiving no fines or non-monetary sanctions due to violations of environmental regulations. Moreover, there has also been zero cases of dispute for any environment-related issues.

Non-Compliance With Environmental Laws And Regulations – FY2021



Additionally, entities have committed to reduce their environmental footprint by establishing internal targets for water and electricity consumption.

For FY2021, JTJ had maintained its target of keeping monthly water expenditures below RM4,000 and electricity expenditures below RM200,000 as targeted. With regards to water, JTJ achieved their targeted goal throughout the reporting period.

On the other hand, JTH's goal of sustaining less than 0.20% of water consumption per sale value and less than 7.00% of electricity consumption per sale value was achieved successfully throughout FY2021. As a result of their dedicated efforts on improving consumption efficiency, the entity managed to achieve an average of 0.11% of water consumption per sale value and 4.38% of electricity consumption per sale value during the year.

As a supply chain partner for global brands, we serve several customers within each operating locations, hence all environmental compliance is high priority for us to maintain our license to operate and align with our customers' requirements. All environmental resource consumption reduction targets are based on intensity measures to continue serving our customers increasing demand while adhering to environmental compliance as part of our Group's strategic sustainability direction.

[307-1]

SUSTAINABILITY REPORT (CONT'D)

SOCIAL PERFORMANCE

OCCUPATIONAL HEALTH AND SAFETY

Why it matters

Frencken's holistic approach to Occupational Health and Safety ("OHS") rests on our commitment to continuously improve and uphold health and safety measures throughout the organisation. To ensure that our operations serve the best interest of all engaged stakeholders, we have taken a dedicated stance in providing a hazard-free environment within which productive work can take place. By fostering a culture that prioritises the well-being of our people, we are also able to create a sustainable talent ecosystem while establishing ourselves as a trusted employer in the industry.

How we approach it

Ensuring compliance with leading standards

OHS policies and procedures are developed by our entities in line with local labour standards and practice guidelines adopted across our business operations. At Group level, the policies lay the foundation which enables an oversight of our initiatives in relation to our goals in workplace specific improvement. Furthermore, we have within all our operations additional guidelines pertaining to Emergency Response Plan (i.e., fire and chemical spillage). We also provide manuals for safe handling procedures for equipment within our operating facility. All additional guidelines are provided in immediate response to an emerging need which we constantly monitor, as prescribed in our policies and procedures.

Enforcing strong governance structure and incident-reporting mechanism

Our commitment towards adopting and maintaining best OSH practices is spearheaded by the Safety and Health Committee at each operating location. The committee is responsible for the effective implementation and monitoring of health and safety practices, as well as the systemic review and refinement of standard operating procedures within each business unit. Aside from employer (executive) and employee (non-executive) representatives who serve as members in the committee, Safety Officer(s) and competent personnel (i.e., who have necessary experience/ qualifications in firefighting, first aid, scheduled waste management and etc.) work as an extension of the committee on the ground. In JTJ, this group of competent personnel also form an Emergency Respond Team ("ERT") Committee.

At present, any accidents or near-miss incidents should be escalated to the employee's immediate Supervisor and the Safety Committee or Safety Officer at once for preliminary investigations to be initiated. Ultimately, an in-depth Root Cause Analysis (RCA) will be conducted to identify weaknesses in our current practices and recommended Corrective Action Plan (CAP) to mitigate further risk of recurrence.

OHS meetings are conducted at least once every 3 months to highlight key investigation takeaways and remediation plans of such accidents or near-miss incidences, aligned to the local authority requirements. Meeting outcomes along with other safety issues are communicated to employees through awareness briefings and/or made accessible on the OHS Notice Board and documented in our company repository.

Adopting stringent control measures and procedures

Leveraging on Group-wide policies, Standard Operating Procedures (SOPs) have been developed and are continuously fine-tuned across all our offices and production facilities to reduce the impact of any work-related hazards. All high-risk activities that our employees are engaged in especially throughout our manufacturing processes, are governed by safety operational manuals as derived from our Hazard Identification, Risk Assessment and Risk Control ("HIRARC") guidelines.

Employees on the ground are mandatorily equipped with personal protective equipment ("PPE") during their day-to-day operations. To adequately allocate PPE to employees as deemed fit to their respective line of work, a Monitoring List is maintained to track the provision of general PPE (e.g., safety shoes, ear plugs, goggles, gloves, masks) and other protective gear specific to work functions (e.g., welding shield, welding gloves, airline respirator, blasting suit, headgear).

Stringent control measures are also extended to external parties, as for instance, all suppliers and contractors are subjected to extensive pre-entry requirements (i.e., registration process at the entrance with proof of negative COVID-19 test results, proper attire, equipped with PPE, and other safety paraphernalia is provided where necessary) and visitors must be escorted by company coordinators during their visits within the company premises. We maintain such stringent practices to safeguard lives within our operating environment.

SUSTAINABILITY REPORT (CONT'D)

SOCIAL PERFORMANCE (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

How we approach it (cont'd)

Continuous improvement through audits and regulatory authority inspection

Our pledge towards compliance and improvement is further bolstered with the role of our internal, external audits (i.e., for ISO 45001:2018 - Occupational Health and Safety Management System) and customers' assessment feedback (i.e., via the Responsible Business Alliance Self-Assessment Questionnaire) in helping us to identify and address potential weaknesses. This is in addition to periodical audits carried out by regulatory authorities within the countries where we operate such as the Department of Safety and Health as well as the Fire and Rescue. Any red-flagged data collected via such audits will be reported immediately to the General Manager and Senior Governance Committee for prompt action. These measures enable us to fortify processes from the Group level and curb any form of complacency. Our systems and processes are set as a measure to check and balance our operational activities for alignment with our sustainable development.

Health and safety training

Beyond the overarching structure and policies in place, it is just as crucial for employees to be equipped with knowledge, resources, and awareness to respond to health and safety threats. To this end, each subsidiary has regular safety education and training. Furthermore, heavy machinery operators are required to undergo technical skill and refresher trainings periodically to ensure that their competencies remain up to par and certified as per industry requirements.

In accordance with the legal framework under the Occupational Safety and Health Regulations 2000: Use and Standard of Exposure Chemical Hazardous to Health, we have taken rigorous measures to mitigate health-related risks for our employees who are exposed to hazardous chemicals in their area of work. A Medical Surveillance Programme is established to closely monitor employees' health in relation to the impact of such exposure.

In addition, we are mindful over the potential health hazards within a production environment. Audiometric and Vision Test Programmes are administered by certified Occupational Health Physicians for employees working in high noise and welding areas. Early detection of potential health concerns among our employees is our utmost priority as we place employees as high importance for Frencken. In implementing health screening, we mitigate risks to our employees' wellbeing and ensure adequate preparations are made to avoid any disruptions or delays in meeting our operational commitments.

In JMAT, physical examinations for occupation related health risks among employees is conducted regularly. Those who are detected to be of high risk would be reassigned to a lower risk role as a measure to reduce further strain on their physical health and to avoid any work-related injuries. We go beyond in ensuring our Frencken family is safe. Health screenings are subjected to employees as part of their job exit procedure to ensure that no potential health hazards are left undiagnosed.

Promotion of workforce health and wellbeing

In our commitment to enrich employees' quality of life, we have continually invested in and supported voluntary health programs.

In this respect, the benefits offered to employees comprise of the following:

a) Complimentary pre-employment medical check-up for new employees;
b) Outpatient medical and dental consultation/ treatment within the scope of coverage; and
c) Insurance coverage under the Group (for Employees), Social Security Contributions and Foreign Workers Hospitalisation and Surgical Insurance Scheme.

Furthermore, general health-related information and advice to protect against common critical illnesses (as updated by our Insurance underwriters) are constantly updated on our notice boards within operation premises. This is a platform to promote awareness and keep our employees updated on their health and wellbeing. Ultimately our OSH practices are intended to instil a health-conscious mindset among our employees.

In 2021, keeping our employees safe and working in a hygienic environment was our primary focus due to the health pandemic. Supervisors maintained close communication with employees to safeguard their wellbeing at workplace.

SUSTAINABILITY REPORT (CONT'D)

SOCIAL PERFORMANCE (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

How we approach it (cont'd)

Safety measures in light of COVID-19

Amidst the ongoing COVID-19 pandemic, we acknowledge that our pivotal role in managing the effects of the pandemic is not limited to our employees but also to our society. Our OSH teams in each business location have been working far more diligently since 2020 to ensure all our employees may continue to contribute by enabling a safe, healthy, hygienic and secure workplace.

We have remained resilient by adhering to prevention measures and by complying strictly with local government and health authority guidelines, which include regulated practices such as mandated vaccinations, regulated SOP in wearing a mask within the work premises, adhering to social distancing in public areas, updating app check-ins to facilitate movement and contact tracing, self-quarantine for COVID-19 close contacts and cross-border travel restrictions. We have enforced guidelines for managing any COVID-19 related cases which is in accordance to the local Health Ministry guidelines. We took those extra steps where possible to effectively minimise any further health risks on our people and communities.

In 2021, we strived to increase vaccination rates for our workforce. Few of our employees have taken proactive measures by voluntarily registering for these vaccines through the local healthcare service providers and digital applications. In FMMSB, a vaccination drive for employees was organized in collaboration with local private medical service providers. Although the national vaccination rates may differ from one country to another, Frencken is determined to go beyond in protecting our employees. Vaccination rates correspond with a positive business outlook and garners trust from our global business customers that we can cater to their on-time delivery demand without any disruptions to our operations. This demonstrates our resilience driven by our sustainability best practices.

It is notable that our employees found assistance extended to all employees and their families to cope during this pandemic was appreciated. Our employees also mentioned in the Employee Pulse Survey that they had all the necessary resources such as test kits, face masks to safeguard their health in the workplace.

Our fundamental measures to provide a safe working environment for all include refurbishing office spaces to enable adequate social distancing, via installation of table partitions at the cafeteria, and placing air purifiers in strategic sections of the office premises, regularly carrying out deep cleaning of facilities and disinfecting common areas just to name a few.

We kept our employees updated on the latest pandemic related news via internal communications. We enforce face masks and regular temperature monitoring as well as PCR tests for all employees prior to entering the work premises. Currently, 100% of our employees have been fully vaccinated (2 doses) and full vaccination is a prerequisite for new employees.

In FMMSB, there are additional precautionary measures as part of our standard operating procedure:

- i) Swab tests are compulsory for all new employees, while for existing employees, swab tests are mandated twice a week. Employees on sick leave are monitored and are subjected to a compulsory swab test before resuming work.
- ii) Foreign labour accommodation and transportation have been regrouped by plant, shift, and department basis to minimise infection and aid traceability.
- iii) 4 units of accommodation had been allocated for quarantine purpose - to house COVID-19-positive employees along with any close contacts.

In JTJ, we have similar practices:

- i) Swab tests is compulsory for the entire workforce-forthnightly to aid detection of infections.
- ii) Employees submit their travel history/itinerary to the Safety Officer daily to gauge the risk of any potential exposure.

In JMAT:

- i) Daily entrance check-ins are monitored for all employees to avoid any spread of COVID-19 in the work premise.

[403-1] [403-2] [403-3] [403-4] [403-5] [403-6] [403-7]

SUSTAINABILITY REPORT (CONT'D)

SOCIAL PERFORMANCE (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

Our performance

Throughout FY2021, we are pleased to report that we have made improvement to our performance from last year whereby zero work-related fatalities, injuries and occupational disease cases have been reported by the four entities covered in this report.

Table A

Occupational Health and Safety Performance – FY2021

Injury rate per 100 employed persons[3]	Occupational disease rate per 100 employed persons[4]	Work-related fatalities over one-year period[5]	Lost day rate per 100 working hours[6]
0	0	0	0

3 Injury Rate is the frequency of injuries, relative to the total time worked by all workers during the reporting period

4 Occupational Disease Rate is the frequency of occupational diseases relative to the total time worked by all workers during the reporting period

5 Work-related Fatalities is the death of a worker occurring in the current reporting period, arising from an occupational disease or injury sustained or contracted while performing work that is controlled by the organisation or that is being performed in workplaces that the organisation controls

6 Lost Day Rate is the impact of occupational diseases and accidents as reflected in time off work by the affected workers

As COVID-19 was designated as an occupational disease during the current year, we have maintained an oversight on such matters throughout the entities in scope and the results are reported in the table below. All employees which were part of the cases as reported in the table made full recovery and no fatality due to COVID-19 was reported. It is notable that to ensure we operate throughout the pandemic and endemic scenarios Frencken's operating business units have ensured that they complied with frequent screening practices upon entry of employees for early detection and prevention in any spread of the COVID-19 virus. These screening exercises go beyond the frequency prescribed by the local Health Ministry's procedures for manufacturing plants. This enables early detection and avoids all disruption to operations.

Table B

Number of COVID-19 Cases – FY2021			
JTJ	**FMMSB**	**JTH**	**JMAT**
19	191	0	0

In order to provide a separate and standalone view on the matters as well as our acknowledgement of the issues, we have decided to present our identified COVID-19 cases in a separate table (Table B). Besides, this is also to ensure consistency over the annual disclosure of our general health and safety performance as noted in Table A.
[403-9] [403-10]

SUSTAINABILITY REPORT (CONT'D)

TRAINING AND EDUCATION

Why it matters

At Frencken, it is our belief that human capital is our most foundational asset that plays a crucial part in long-term business performance and success. We also remain mindful that employees ultimately steer the direction of their own careers. Hence, the time with us should always be valued by our people as a rewarding growth opportunity regardless of their tenure. In complementing these core values, we provide our employees with a comprehensive portfolio of learning resources and development opportunities to ensure that they can flourish with progressive skillsets and fulfilling on-the-job experiences. By championing our people and their professional development, we aim to instil a sense of purpose and work towards building a sustainable talent pipeline.

We acknowledge that during the pandemic, our planned learning and development activities were limited to localized work-related interventions. We adhered to social distancing requirements, and travel ban restrictions, hence we had fewer training engagements with our teams. Nevertheless, we did not compromise on customers, product and production related trainings which were all conducted online, while all other mandatory safety and environment trainings went as planned with adherence to strict SOPs in the workplace.
[103-1]

How we approach it

Our structured learning opportunities are underpinned by training plans developed on an annual basis by Head of Departments and Line Managers, comprising of customised programmes catered to the unique demands of each business segment. The review of training needs takes into account employee feedback gathered from post-training evaluation forms, performance appraisal exercises, group meetings and supervisory interactions.

Overall, four underlying principles – Training, Development, Education, and Learning, established under the Group's Training Policy and Procedures guide our Talent Development programmes. These principles support Frencken's efforts in delivering well founded, programmes that empower employees with relevant job competencies, allowing us to remain competitive in an evolving industry. It was mentioned in the Employee Pulse Survey that our employees were satisfied to receive trainings relating to Work Skills and Tools.

Frencken's Guiding Principles for Human Resource Development Programmes	
Training	Facilitating learning to acquire knowledge, develop skills and modify attitudes
Development	Providing learning experiences to employees so that they are adaptable to any new organisational changes
Education	Preparing employees to perform specific tasks for future opportunities
Learning	Continued acquisition of knowledge and skills, and positive change of attitude towards work that improves work efficiency and quality

Although there are training programmes such as First Aid and CPR and Quality Management Systems that requires physical attendance by nature of effectiveness, were kept on hold due to the COVID-19 pandemic in FY2021, the Group managed to ensure we continued our Training and Development efforts to keep our employees' knowledge and skills up to date with few new (*) programmes that were pertinent to the sustainable development of Frencken's business, as itemised:

1) Licenced Manufacturing Warehouse (LMW): Licencing, Facilitation & Control (*)
2) Effective Performance Appraisal System (*)
3) Purchasing Practices & Negotiation Skills (*)
4) Employment Act, 1955 (*)
5) COVID-19 Management Guidelines (*)
6) Computer software such as Microsoft Office Project, MasterCAM and IPC/WHMA
7) Machinery Safety and Competency
8) Chemical Use and Handling
9) Safety and Hazard Awareness
10) Quality Management System

SUSTAINABILITY REPORT (CONT'D)

TRAINING AND EDUCATION (CONT'D)

How we approach it (cont'd)

In FY2021 we managed to conduct an additional 43% of training programmes from the previous year of having only 7 as per our AR2020. 50% of the training topics conducted this year was new topics integrated for strengthening our business. These were facilitated online.

We had reviewed the Training Evaluation and Effectiveness Forms from previous year to improve on the programmes offered this FY2021. Our Employees are comfortable to provide feedback as they know these will be reviewed by the Human Resource Department alongside respective Head of Departments to improve learning and competency outcomes. Our training and development initiatives criteria is evaluated not only based on criteria such as course content, trainers' performance, and overall learning experience, it further incorporates the value and impact that these training topics will bring to our overall business performance. This enables the Group to assess the quality of training and better align expectations with outcomes for our employees as well as taking into consideration the sustainable development of Frencken when designing training modules in times to come.

Additionally, a comprehensive orientation and induction programme, including necessary pre-job training is organised to induct new hires into their new roles and familiarise them with Group's operations, organisation structure and corporate policies integrating our strategies for sustainable development of Frencken.

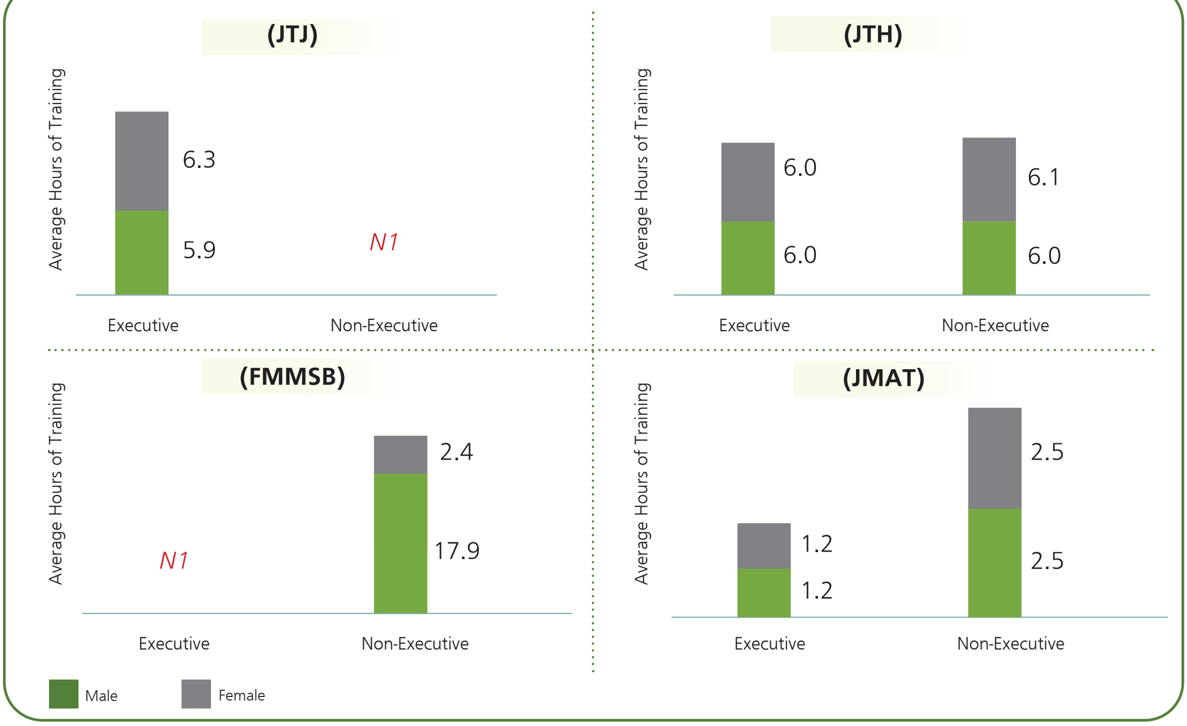
[103-2] [103-3]

Our performance

In addition, we have focused our efforts in expanding the scope of our training to emphasise on value-adding skillsets and ensuring contemporary subject matters pertinent to current affairs have been encapsulated in our training modules. We have consciously adopted thoughtful and merit-based training initiatives based on specific work-based circumstances, underscored by our commitment to being a well-balanced workplace of equal opportunity for all. A similar vein, we will constantly strive to provide expansive training opportunities dedicated to the enrichment of our employees.

In FY2021, we have concluded 11,499 training hours in total, for employees from the business entities within the scope of this report. It is notable that this is an increase of 139% in training hours as compared to FY2020 (4,800 training hours). This further reaffirms our Ethical commitment to our invaluable asset (our employees) who contribute towards the sustainable profitable growth of Frencken.

Average Training Hours per Employee Category



[404-1]

__N1__ - During the year, JTJ and FMMSB recorded a lower-than-average training hour per Executive and Non-Executive employee respectively due to COVID-19 pandemic and the restrictions it imposed. Regardless, Frencken persevered in their training efforts under such circumstances with the expansion of training scope to elevate employees' learning experience and recalibration of content in the interest of efficiency. The Group also remained mindful in upholding its ethos for a balanced system of meritocracy through its training and development endeavours.

SUSTAINABILITY REPORT (CONT'D)

SOCIOECONOMIC COMPLIANCE

Why it matters

Frencken's unwavering dedication to the highest standard of ethical conduct and compliance is woven into the company's core values, culture and the way we conduct our business. Being a geographically diverse organisation, the Group is well-positioned to manage value creation for our customers and meet all the regulatory requirements within the jurisdiction in which we operate. Our commitment to uphold corporate responsibility build trust, help forge stronger ties with our stakeholders and contribute to the Group's current and future success. Therefore, our endeavours will always be directed towards the alignment of our actions and the needs of the society for long-term business sustainability.
[103-1]

How we approach it

In efforts to set the tone from the top, the Group's Code of Business Ethics and Conduct serves as the main source of reference and is applicable to all employees. Besides that, other supplementary policies established are such as Anti-Corruption and Business Ethics, Whistleblowing Policy, Related Party Transaction Policy and Conflict of Interest Policy. The specific set of guidelines within each policy governs different aspects of appropriate business conduct and help reinforce ethical behaviours that are in line with our core values.

To raise awareness and highlight the importance of the aforementioned policies, we remain proactive in conducting awareness briefings and ensuring regular communications to employees via email reminders. In this light, all new hires are required to acknowledge the Declaration of Conduct, Related Party Transaction Disclosure and Family Relationship Disclosure forms subsequent to onboarding and after attending related trainings on company policies.

Adherence to these guidelines and overall compliance to corporate policies fall under the purview of business operation or subsidiary-level General Manager or Senior Management Team. Each subsidiary's key management team operates with a considerable degree of autonomy and function as a reference point for employees to escalate their grievances or seek advice for matters surrounding ethical business conduct.

Beyond these measures in place, comprehensive whistleblowing procedures have been established and is implemented. The Whistleblowing Policy has been made publicly available on the Group's website and published in other language variations on company premises' notice boards and shared portal. These procedures provide a safe and anonymous mechanism for any stakeholder of the Group to report on unethical conduct, suspected/ actual fraud, or illegal activity.

All reports are received directly by the Chairman of Audit Committee who has independent ownership of the channel to then decide on the next best course of action. This may include assigning the case to appropriate independent management teams for further investigation, reporting to the authorities, addressing concerns directly via remedial actions and other appropriate measures. Overall, such practices help pave the way for a more transparent, ethically conscious governance structure with a reinforced system of checks and balances.
[102-16] [103-2] [103-3]

Our performance

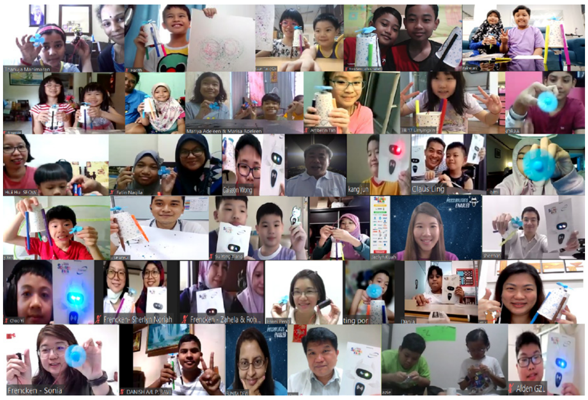
In FY2021, the four entities in scope have not received any fines or non-monetary sanctions for non-compliance with socioeconomic legislations. The Group has also not been involved in any cases of dispute throughout the year.In our pursuit of economic business growth, we pledge to always do things the right way without compromising our ethical code of conduct. As demonstrated from our results in the preceding and current year, we have remained persistent in upholding our track record of zero non-conformity on any rules and regulations.
[419-1]

SUSTAINABILITY REPORT (CONT'D)

Our Sustainable Development Goals

CORPORATE SOCIAL VALUE INITIATIVE – Science, Technology, Engineering and Mathematics (STEM) Awareness

The Frencken Advantage is that we believe Diversity Brings Resilience and Stability. As a Global Integrated Technology Solutions Company, we Create Value for Customers and Partners. Through our global reach, coupled with our local expertise, we appreciate and embrace diversity and equality across our business locations. We make growth inclusive for all. Our growth aligns with our customers and supply chain partners. Our passion for performance propels us to touch lives and make it more meaningful.



We support our colleagues to achieve a higher purpose beyond just doing a job and earning an income. Our Corporate Social Engagements are an opportunity to align our business, surrounding communities and our enthusiastic employees. Penang International Science Fair (Emphasizes on Science, Technology, Engineering and Mathematics (STEM) Awareness) is an annual event by the state government, contributing towards the United Nation's Sustainable Development Goals (UN SDGs).

The UN SDGs a result from the Paris Agreement in 2015 is an ambitious plan of action for people, planet and prosperity. They are universal, applying to all nations, companies and communities.

This is called contributions for "shared value" which represents the coming together of market potential, societal demands and policy action to create a more sustainable, inclusive and ethical economic growth, prosperity, and well-being.

Adapting the SDGs are an opportunity for companies to create value for both their business and society by:
a) developing products, services and technologies which helps communities
b) investing in supply chains which is ethical, inclusive, resource-efficient and resilient
c) Improving the skills, opportunities, well-being and hence productivity of employees, contractors and suppliers;

In FY2021 Frencken continued to demonstrate support for the UN SDGs through sustainable production by:
a) Integrating innovative technologies, such as 3D printing, into manufacturing processes to reduce waste from long-run production and prototyping.
b) develop and implement improved processes to reduce, reuse and recycle, materials, other inputs and waste.
c) increase the proportion of energy from renewable sources such as solar and reduce dependency on fossil fuel.
d) grow the productive capacity of small and medium-sized businesses to participate in global supply chains.
e) build resilience of suppliers to strengthen them in aspects of environment and social.
f) promote and invest in vocational STEM education (i.e. Science, Technology, Engineering and Mathematics) to secure access to employees with skillsets which meet future business needs in countries of operation.
g) provide training to suppliers to increase the productivity and sustainability of their operations, ensuring access to high quality, environmentally sensitive inputs.

As part of Frencken's Corporate Social Value Creation, we collaborate annually with various stakeholders in our global footprint. Our direct impact through most of those collaborations are indicated below.

SUSTAINABILITY REPORT (CONT'D)

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

As part of the progress of our sustainability journey for this year, we have further aligned our sustainability approach with the vision and core values of the relevant United Nations Sustainable Development Goals (UN SDGs). To demonstrate our commitment to the 2030 Agenda for Sustainable Development, we have earmarked several initiatives in line with its specific SDGs as detailed below. By adopting such goals, the Group aim to motivate and empower our people in adopting good sustainability practices while achieving key performances in each of the material issue we acknowledged.

<table>
<tr><th>UN SDG</th><th>Aligned Sustainability Topic</th><th>Why It Matters to Us</th><th>How We Contribute</th></tr>
<tr><td>7 AFFORDABLE AND CLEAN ENERGY

AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all

13 CLIMATE ACTION

CLIMATE ACTION
Take urgent action to combat climate change and its impacts</td><td>Environmental Compliance</td><td>As climate change beginning to show global impacts, it is our priority to ensure strict compliance to regulatory requirements and explore innovative solutions to reduce our carbon emissions.</td><td>A solar power generation project was completed by JTH during the year which involves the installation of 940 solar panels (with the capacity of 432.4 kilowatts peak (kWp)) at its head office. The pioneering initiative was developed as part of the Group's efforts in adopting renewable energy sources for its operations.

For FY2021, the project manages to achieve the following key results, as we begun monitoring full performance since its completion in Feb'21:

<table><tr><td>Total solar energy production for FY2021</td><td>503,796.10 kWh</td></tr><tr><td>Total CO2 emission saved from using solar powered electricity</td><td>197,488.07 kg</td></tr><tr><td>Percentage of electricity consumption supplied by solar energy</td><td>21.67%</td></tr></table>
The project was effectively supported by a dedicated team which had supervised and managed from the initial phases of planning, implementation, and eventual operation of the project. As it continues to perform to its full capacity, the Group is now geared towards replicating the success of this renewable energy project adoption for other entities within our organisation.</td></tr>
<tr><td>3 GOOD HEALTH AND WELL-BEING

GOOD HEALTH AND WELL-BEING
Ensure healthy lives and promote well-being for all at all ages</td><td>Occupational Health and Safety</td><td>Keeping a safe working environment is key to maintaining the productivity of our business and supporting the morale of our people in our efforts to drive the success of our organisation.</td><td>Given the important role that health and safety plays within our sustainability framework, the Group continually aim to ensure the adoption of best practices, to maintain full adherence to all regulations and to persistently enhance our efforts wherever possible.

With that goal in mind, the summary of our actions in Occupational Health and Safety:

• Establishing effective governance structure through policies, procedures and Safety and Health Committee to govern health and safety practices;
• Performing HIRARC exercises to identify key risks areas and support the development of safe operating manuals and key control procedures;
• Implementing adequate and proper safety measures such as provision of PPE, conduct of health and safety related trainings; and
• Providing appropriate facilities and measures in combating COVID-19.

With consideration of our efforts in place, our performance at maintaining a stellar record of health and safety has led to a year with zero fatalities, injuries or occupational diseases (other than COVID-19 cases) for the entities in scope.</td></tr>
</table>

SUSTAINABILITY REPORT (CONT'D)

GRI CONTENT INDEX

[102-55]

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GRI 102-4	Location of operations	Annual Report page 2, 6-7
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SUSTAINABILITY REPORT (CONT'D)

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JOY IN THE JOB

Employees who are happy and engaged at work are said to be 12 percent more productive, according to the findings from economists at the University of Warwick. It's important to cultivate happiness and have the insight to focus on what gives you joy in the job. Colleagues around the world share which part of their roles brings a smile to their faces, a spring to their steps, and why.

Manunya Khaosopha | *Sales Manager, Frencken Thailand*

"I love this job as it enables me to learn new things and meet diverse people every day, such as customers, suppliers, or colleagues. These experiences challenge me and inspire me to do better. I want to extend my thank you to all my IMS supervisors for giving me an opportunity to be part of Frencken."

Maurice Thijssen | *Supply Chain Planner, Frencken Europe*

"I work in a multidisciplinary team, and I really enjoy collaborating in such a diverse and creative team, achieving goals together and satisfying our customers in the best way possible."

Kwanjit Pringproa | *Quality Management and Environmental Management Representative, and Occupational Health and Safety Management Representative, Frencken Thailand*

"What gives me most joy or satisfaction in my role is that I am given the empowerment and freedom to work, and make decisions. I also like how everyone helps each other and is friendly, making a pleasant environment at work."

Dave Narayan | *Senior Project Manager, Frencken Singapore*

"Networking with a diversity of people and expertise keeps my job committed, fun, and fresh. I like connecting with new people, new ideas, and analytical thinking, where I am practicing along the project timeline. Besides this, I understand my crucial job role and contributions to Frencken's business growth, and I appreciate the trust and acknowledgment from the Management."

Zhang Jian | *Production Manager, Frencken China*

"Frencken is an organization that prioritizes growth and continuous improvement, and that resonated with my enthusiasm for continuous learning. This role has also pushed me towards staying competitive in the workplace. It can be a challenging role but also one that gives me deep satisfaction. I enjoy working closely with team members to increase production capacity, reduce costs, and essentially contribute to the company's profit growth. It's a joy to reach a new height or achievement with the team."

JOY IN THE JOB (CONT'D)

Carrie Chen | *Senior Engineer, Frencken China*

"At work, I make a lot of friends with the same interest. We get along so well that we also spend time together out of the workplace. We share the same goal during projects, so we have great teamwork, and I like the spirit of camaraderie. There are challenging programs to resolve, but those challenges bring much job satisfaction and enable me to realize where I can contribute and add value to the team and Frencken."

Evon Lim Lay Kuan | *Assistant Manager, Health Safety Environment, Frencken Malaysia*

"My greatest job satisfaction is ensuring our employees return home safely to their loved ones. Moreover, the recognition and full support given by the Management and colleagues towards Health Safety Environment (HSE) initiatives is one of the greatest motivating factors for me to keep growing my career with Frencken!"

Chen Man Cang | *Supervisor, Engineering, Frencken China*

"As an advocator of new projects, I am most happy when communicating and engaging with people at work. It also feeds into my personality as an extrovert and the company's culture is excellent, thus eliminating a key stress point in the workplace."

Patrizia Ruhee | *Head of Administration, Frencken Switzerland*

"It's definitely the people I work with that give me the most joy, and I am part of a great team where people support each other. Secondly, the variety in my work keeps me interested and motivated."

Violetta Rosentreter | *Operator, Frencken Netherlands*

"What gives me the most joy at work is great colleagues working as a team. I go into work wearing a smile every day and remember – a day without a smile is a wasted day."

Aadil Haroon Khan | *Quality Assurance Deputy Manager, Frencken India*

"It's most joyful and satisfactory for me to take challenges related to the job portfolio and work toward achieving the goal, which directly converts into customer satisfaction and contribution toward the organization's growth."

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") and Management of Frencken Group Limited (the "Company" and together with its subsidiaries, the "Group") are committed to maintain high standards of corporate governance in order to protect and enhance the interest of shareholders value. It strongly supports the principles of transparency, accountability and integrity as set out in the Code of Corporate Governance 2018 (the "Code").

The Board and Management have taken steps to align the governance framework with the recommendations of the Code, where applicable, and where there are deviations from the Code, appropriate explanations are provided.

This report discusses the Company's corporate governance framework and practices in place for the financial year ended 31 December 2021.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

Principal Duties of the Board

The directors are fiduciaries who act objectively in the best interests of the Group and are responsible for overall management of the Group. The Board establishes the corporate strategies of the Group, including putting in place a code of conduct and ethics, setting the appropriate tone-from-the-top and desired organisational culture, and ensuring proper accountability within the Group. The Board is responsible for the overall corporate governance of the Group.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, inter alia, are as follows:

(a) overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, corporate strategy and objectives as well as business plans, taking into consideration sustainability issues;
(b) overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
(c) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
(d) reviewing management and financial performance of the Group;
(e) identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(f) setting the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
(g) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulations;
(h) to approve the release of the Group's financial results, annual reports and announcement to the shareholders; and
(i) to assume the responsibilities for corporate governance.

Each director is required to promptly disclose any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his/her knowledge. Directors who face conflicts of interest must recuse themselves from discussions and decisions involving the issues of conflict.

Director Development and Training

The directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Company provides directors with opportunities to develop and upgrade their skills and knowledge. The Company also provides opportunities for directors to attend seminars and training to enable them to keep pace with regulatory changes, where changes to regulations and accounting standards have a material bearing on the Company and to enable them to discharge their duties with due care and diligence.

All newly appointed directors are given appropriate training and briefings by management on the history, business, corporate governance practices, relevant statutory and regulatory compliance issues of the Group, as well as visits to major plants to familiarise with the Group's operations. Any newly appointed director who has had no prior experience as a director of a listed company must also undergo training in the role and responsibilities of a listed company director.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

THE BOARD'S CONDUCT OF AFFAIRS (CONT'D)
Principle 1 (cont'd)

Matters Requiring Board Approval

Although the day-to-day management of the Company is delegated to the Executive Director(s), the approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's results and announcement to shareholders, declaration of dividends and interested person transactions.

Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). All these three (3) committees are chaired by an Independent Director and consist mainly of Non-Executive Directors, the majority of whom are independent of management. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board. Please refer to Principles 4, 6 and 10 in this Corporate Governance Report for further information on the activities of NC, RC and AC respectively.

The full Board meets on a quarterly basis and more often when required to address any specific significant matters that may arise. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing.

The Company's Constitution provides for Directors to participate in meetings by means of conference telephone, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of the other Directors.

The number of Board and Board Committee meetings held during the financial year ended 31 December 2021 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings	4	5	1	1
Dato' Gooi Soon Chai	4	N/A	1	1
Mohamad Anwar Au (also known as Dennis Au)	4	N/A	N/A	N/A
Chia Chor Leong	4	5	1	1
Ling Yong Wah [1]	4	5	1	N/A
Yeo Jeu Nam [2]	4	5	N/A	1
Melvin Chan Wai Leong [3]	4	5	N/A	N/A
Foo Seang Choong [4]	N/A	N/A	N/A	N/A

1 Mr Ling Yong Wah had resigned from the Board and ceased to be the Lead Independent Director, Chairman of AC and member of NC on 31 December 2021.
2 Mr Yeo Jeu Nam had resigned from the Board and ceased to be the Chairman of RC and member of AC on 31 December 2021.
3 Mr Melvin Chan Wai Leong was appointed as Lead Independent Director, Chairman of AC and member of NC on 31 December 2021.
4 Mr Foo Seang Choong was appointed to the Board, Chairman of RC and member of AC on 31 December 2021.

Complete, Adequate and Timely Information

The Board and Management are given opportunities to engage in open and constructive debate on the quarterly performance and direction of the Group, as well as on an on-going basis to enable them to make informed decisions. All Board members are supplied with relevant, complete, adequate and timely information prior to Board meetings. The Management also consults with Board members regularly whenever necessary and appropriate.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

THE BOARD'S CONDUCT OF AFFAIRS (CONT'D)
Principle 1 (cont'd)

Complete, Adequate and Timely Information (cont'd)

The Directors may challenge the validity of management's assumptions and also extend guidance to management wherever necessary, in the best interests of the Company. Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from management.

Separate and Independent Access

The Directors have separate and independent access to senior management and the Company Secretary at all times. Requests for information from the Board are dealt with in a timely manner by the Management. The Board is informed of all material events and transactions as and when they occurred.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice at the Company's expense.

Company Secretary

The Company Secretary or representative from the Company Secretary's office administers, attends and prepares minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company, are complied with.

The appointment and removal of the Company Secretary are subject to the Board's approval.

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

The Board have diversity in category of directorship which comprises five (5) Directors of whom one (1) is Executive Director, one (1) is Non-Executive Non-Independent Director and three (3) are Independent Directors. The Directors of the Company as at the date of this statement are:

Dato' Gooi Soon Chai	(Non-Executive Non-Independent Chairman)
Dennis Au	(Executive Director)
Melvin Chan Wai Leong	(Lead Independent Director)
Chia Chor Leong	(Independent Director)
Foo Seang Choong	(Independent Director)

The Directors receive regular updates on relevant changes in laws and regulations including Code of Corporate Governance and financial reporting standards from the Company's relevant advisors.

All Board committees are constituted with clear Terms of Reference to assist the Board in discharging its functions and responsibilities. The Terms of Reference are provided to each newly-appointed director.

The profile of the Directors are found on pages 22 to 24 of this Annual Report.

The Independent Directors form at least one third of the Board composition. The independence of each director is reviewed by the Nominating Committee. The Nominating Committee adopts the 2018 Code definition of what constitutes an Independent Director in its review. As the Chairman is not an Independent Director, the Nominating Committee is reviewing the composition of Independent Directors on the Board and ensuring that the Independent Directors constitute a majority of the Board to comply with the requirements of the Code. In fact, the Independent Directors presently constitute a majority of the composition is such that non-executive directors also constitute a majority of the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)
Principle 2 (cont'd)

Policy on the independence of Independent Board and its Directors

The Company is committed to have a strong independent element on the Board and has adopted a policy and established a process to obtain and maintain the requisite degree of independent representation for good and sound governance. As prescribed by the policy, the process:

- Establishes the methodology the Board shall use to assess the independence of each Independent Director bearing in mind the definition of independence in the Code;

- Identifies the information that shall be collected from each Independent Director to make the assessment of independence; and

- Fixes the elements of disclosure to shareholders with regard to the assessment to be made, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of an Independent Director.

The process requires the Nominating Committee to make a formal assessment and report to the Board their findings as to whether the Independent Directors are independent of management and independent in character and judgement and whether there are any business or other relationships that could materially affect or interfere with the exercise of objective, unfettered or independent judgement by the Independent Director or the Independent Director's ability to fulfill their mandate and duties. The Board's rigorous review of the process is an important element in this process. The key features of the process are briefly set out below.

On an annual basis, the Nominating Committee shall require each Independent Director to complete, confirm and sign a Confirmation of Independence, the content and form of which has been approved. Each declaration shall be reviewed by the other members of the Nominating Committee based on the standards of independence in the Code. This forms the basis of the assessment. All relevant facts and circumstances shall be considered in making the assessment. Generally (but without limiting the scope of the factors which may be taken into account), in accordance with the Code, independence is, prima facie, established if the criteria set out below is met.

Independent Directors are obliged to update the Board with any new information in relation to interests or relationships relevant to independence. The Board shall re-assess independence as and when any new interests or relationships are disclosed or come to light as well as annually.

Following this process, the Nominating Committee shall report to the Board, drawing to its attention in particular any failure to meet any of the above criteria and to any other relevant circumstances and the Nominating Committee shall make recommendations. However, it is the Board's duty and prerogative to determine the sufficiency or otherwise of independence and to determine its composition. In accordance with the Code, the Board shall provide a justification if the director fails to meet any of the criteria above but the Board still considers the director an Independent Director.

Taking into account the scope and nature of the Group's businesses and operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board considers the current size of the Board is appropriate for the facilitation of decision-making. The Board believes that its current board size and composition effectively serves the Group and is not so large as to be unwieldy. It provides sufficient diversity without interfering with efficient discussion and decision-making. The Company has a majority of independent directors on its Board which allows diversity of viewpoints that are independent of the management's to prevail. However, the Board will continue to review the size of the Board on an ongoing basis.

The Directors are of diversified background and collectively bring with them a wide range of experience such as accounting and finance, legal, industry knowledge, customer-based knowledge, strategic planning, business and management experience with age groups spanning a range of approximately 10 years. In particular, the Executive Director possesses good industry knowledge while the Non-Executive Directors, who are professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations. The Non-Executive Directors are involved in reviewing the corporate strategies, business operations and practices of the Group, and are also involved in reviewing and monitoring the performance of management in achieving agreed goals and objectives. The Nominating Committee reviews the Board's composition annually to ensure that the Board has sufficient diversity in terms of composition, age, balance of knowledge, skills, experience, and independence. The Board concurs with the Nominating Committee's view that the Board has the appropriate diversity of expertise to lead and govern the Group effectively, avoid herd thinking and foster constructive debate.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMPOSITION AND GUIDANCE (CONT'D)
Principle 2 (cont'd)

Policy on the independence of Independent Board and its Directors (cont'd)

The Company recognises and embrace the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("Board Diversity") and views Board Diversity as an essential element to support the attainment of its strategic objectives and sustainable development. With the introduction of Rule 710(A) of the Listing Rules effective from 1 January 2022, the Board will endeavour to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and describe such policy in its Annual Report for the financial year ending 31 December 2022.

Where necessary the Non-Executive Directors may meet without the presence of the management of the Company.

Except for Mr Chia Chor Leong, none of the directors have served on the Board for a period exceeding nine years from the date of their appointments. Mr Chia Chor Leong has served as Independent Director of the Company for more than nine years since his initial appointment on 22 September 2004. The Board has subjected his independence to rigorous review by all the other fellow directors (with Mr Chia Chor Leong abstaining from the review), before deciding if he should continue with the appointment.

After due consideration and with the concurrence of the NC, the Board is of the view that Mr Chia Chor Leong has demonstrated strong independence character and judgement over the years in discharging his duties and responsibilities as independent director of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. He has expressed individual viewpoints, debated issues and objectively scrutinised and challenged Management. He has sought clarification and amplification as deemed necessary, including through direct access to the Management.

Taking into account the above, the Board has affirmed his independence status and resolved that Mr Chia Chor Leong continue to be considered independent director, notwithstanding he has served on the Board beyond nine years from the date of his first appointment.

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions when approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

Mr Chia Chor Leong had sought approval at the Annual General Meeting ("AGM") of the Company held on 29 April 2021 for his continued appointment as Independent Director. The resolutions for the Two-Tier Voting were approved at the AGM and that Mr Chia Chor Leong will continue his appointment as Independent Director until the conclusion of the third AGM of the Company from the aforesaid approval or upon his retirement or resignation, whichever the earlier.

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

The Chairman and President (equivalent to the position of Chief Executive Officer) are separate persons and not related. There is a clear division of responsibilities between the Chairman and President, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Board subscribes to the principles set in the Code on the separation of roles of the Chairman and the President.

The Chairman bears responsibility for the conduct of the Board and is also a member of the Remuneration and Nominating Committees. The President bears executive responsibility for the Company's business.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONT'D)
Principle 3 (cont'd)

The Chairman is responsible to, among others:

(a) lead the Board to ensure its effectiveness on all aspects of its role;
(b) promote a culture of openness and debate at the Board;
(c) ensure effective communication with shareholders;
(d) encourage constructive relations within the Board and between the Board and management;
(e) facilitate the effective contribution of non-executive directors in particular; and
(f) promote high standards of corporate governance.

The Chairman also ensures that the board meetings are held when necessary and sets the board meeting agenda in consultation with the President. The Chairman reviews the board papers together with the President, prior to presenting them to the Board. The Chairman and the President ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

Lead Independent Director, Mr Melvin Chan Wai Leong, is available to shareholders should they have concerns for which contact through the Chairman is inappropriate.

Where necessary the independent directors shall meet without presence of the other directors and the Lead Independent Director shall provide feedback to the Chairman after such meetings.

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

All Nominating Committee members are Non-Executive, majority of whom are independent of management. The Nominating Committee comprises the following members:

Chia Chor Leong	(Chairman & Independent Director)
Melvin Chan Wai Leong	(Lead Independent Director)
Dato' Gooi Soon Chai	(Non-Executive Non-Independent Chairman)

The Chairman of the Nominating Committee is not, and is not directly associated with, a substantial shareholder.

The Nominating Committee is responsible for the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard, to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;

(b) to determine annually, and as and when circumstances required, whether or not a Director is independent, having regard to the circumstances set forth in Provision 2.1 of the Code, and makes the appropriate disclosures;

(c) to decide whether or not a Director who has multiple board representations on various companies, is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) to decide how and by whom the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;

(e) the review of board succession plans for directors, in particular, the Chairman and for the President and key management to ensure the progressive and orderly renewal of the Board and key management; and

(f) to review and recommend the training and professional development programmes for the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

None of the Directors are appointed for any fixed term. In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire at every Annual General Meeting of the Company and all Directors are required to retire from office at least once every three (3) years, and such Directors will be eligible for re-election at the meeting at which he retires. The Nominating Committee has recommended the nomination of Dato' Gooi Soon Chai, Mr Dennis Au and Mr Foo Seang Choong retiring at this forthcoming Annual General Meeting for re-election, which has been accepted by the Board.

Dato' Gooi Soon Chai, Mr Dennis Au and Mr Foo Seang Choong are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 22 April 2022 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Mr Foo Seang Choong
Date of appointment	10 February 2015	28 April 2016	31 December 2021
Date of last re-appointment	29 June 2020	29 June 2020	Nil
Age	60	57	56
Country of principal residence	Malaysia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Dato' Gooi Soon Chai for re-appointment as Non-Executive Non-Independent Director of the Company. The Board have reviewed and concluded that Dato' Gooi Soon Chai possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr Dennis Au for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Dennis Au possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee ("NC") and assessed Mr Foo Seang Choong's qualification and experience, is of the view that he has requisite experience and capability to assume the responsibility as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Mr Dennis Au will be responsible for charting the Group's strategic direction, setting the goals for the organisation and overseeing the operations and performance of the Group.	Non-Executive

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Mr Foo Seang Choong
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Non-Executive Non-Independent Director, Member of Nominating Committee and Member of Remuneration Committee	President, Executive Director	Independent Director, Chairman of Remuneration Committee and Member of Audit Committee
Professional qualifications	Bachelor of Science degree with first class honors in electrical and electronics engineering from University of London and a Master of Science degree in computing science from Imperial College of Science and Technology, London.	Bachelor of Engineering (Electronic, Electrical and Systems) from the National University of Malaysia.	Institute of Public Accountants, Aust. FIPA FFA
Working experience and occupation(s) during the past 10 years	Dato' Gooi is presently Senior Vice President, Keysight, and President of Order Fulfillment & Digital Operations. In this role, Dato' Gooi is responsible for Keysight's Software Test Automation business, Order Fulfillment, Global Procurement & Materials, and Information Technology functions. This includes advancing digital transformation through Keysight's intelligent software test solutions, digital platforms, and application services as well as managing the end-to-end supply chain that encompasses manufacturing operations, technology centers, global supply chain operations, engineering, global trade logistics, and compliance. Most recently, Dato' Gooi was the president of the Electronic Industrial Solutions Group ("EISG") where he established Keysight Technologies as a key player in the automotive, internet of things (IoT) and semiconductor measurement segments. Under his leadership, the EISG team made significant contributions to accelerate growth and profitability.	Vice President and General Manager for Keysight Korea & South Asia Pacific ("KSAP") region operations. • Responsible for sales, marketing and support operations for Korea, India, SEA and Australasia. • Also lead Keysight's Asia Manufacturing Test Operations for focusing on Manufacturing Test Solutions for the ICT hardware, Disk Drive, Automotive and Industrial Electronics. • Accountable for overall strategy for the KSAP region and the implementation/ execution to meet the region's financial and growth targets.	Vice President Finance & Corporate Controller, Kulicke & Soffa Industries (2019 – Present) Senior Director – Finance, Oracle Asia Pacific (2014 – 2019) Executive Director – Finance, Dell Asia Pacific & Japan (2007 – 2014)

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Mr Foo Seang Choong
	Prior to this, Dato' Gooi served as the President of Agilent Order Fulfillment for the company's Life Sciences, Chemical Analysis, and Electronic Measurement business groups. He was responsible for leading efforts to leverage the company's strength in supply chain and engineering operations across the three business groups. In 2006, Dato' Gooi was named the Vice President and General Manager of the Electronic Instruments Business Unit ("EIBU") at Agilent Technologies. In this role, he managed a diverse portfolio of businesses serving the general purpose, semiconductor, board-test, and nanotechnology markets.		
Shareholding interest in the listed issuer and its subsidiaries	7,015,023 ordinary shares (Direct interest) 93,229,068 ordinary shares (Deemed interest)	Yes, Direct Interest – 3,660,000 ordinary shares in Frencken Group Limited	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	1. Precico Holding Sdn. Bhd. ("PHSB") • Dato' Gooi is a director of PHSB • Dato' Gooi is the brother of Mr Gooi Soon Lee, a director of PHSB • Dato' Gooi is the nephew-in-law of Mr Tan Beng Teik, a director of PHSB	Nil	Nil

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Mr Foo Seang Choong
	2. Prime Logic (M) Sdn. Bhd. ("PLSB") • Dato' Gooi is a director of PLSB • Dato' Gooi is the brother of Mr Gooi Soon Lee, a director of PLSB • Dato' Gooi is the nephew-in-law of Mr Tan Beng Teik, a director of PLSB 3. Micro Compact Sdn. Bhd. ("MCSB") • Dato' Gooi is a director of MCSB • Dato' Gooi is the brother of Mr Gooi Soon Lee, a director of MCSB • Dato' Gooi is the nephew-in-law of Mr Tan Beng Teik, a director of MCSB 4. Sinn Hin Company Sdn. Bhd.("SHCSB") • Dato' Gooi is a director of SHCSB • Dato' Gooi is the brother of Mr Gooi Soon Lee and Mr Gooi Soon Kheng who are directors of SHCSB		
Conflict of Interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (Cont'd)

Name of Director	Dato' Gooi Soon Chai	Mr Dennis Au	Mr Foo Seang Choong
Other Principal Commitments * (including Directorships#) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Dato' Gooi is presently Senior Vice President, Keysight, and President of Order Fulfillment & Digital Operations. In this role, Dato' Gooi is responsible for Keysight's Software Test Automation business, Order Fulfillment, Global Procurement & Materials, and Information Technology functions. This includes advancing digital transformation through Keysight's intelligent software test solutions, digital platforms, and application services as well as managing the end-to-end supply chain that encompasses manufacturing operations, technology centers, global supply chain operations, engineering, global trade logistics, and compliance.	Nil	Nil
Past Directorship (for the last 5 years)	Malaysia Investment Development Board Sim Hin Realty Sdn. Bhd.	Nil	Nil
Present Directorship	Frencken Group Limited Metro Land Sdn. Bhd. Sinn Hin Company Sdn. Bhd. Cayman Resources Sdn. Bhd. Pensyn Sdn. Bhd. Precico Holdings Sdn. Bhd. Prime Logic (M) Sdn. Bhd.	Frencken Group Limited Frencken International Sdn. Bhd. Precico Sdn Berhad Juken Technology Limited Juken Swiss Technology AG Frencken (Chuzhou) Co., Ltd. NTZ Netherland B.V. Frencken Europe B.V. Juken Uniproducts Pvt. Limited ETLA Limited	Frencken Group Limited BFX Pte. Ltd.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (Cont'd)

	Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Mr Foo Seang Choong**
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgement against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (Cont'd)

	Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Mr Foo Seang Choong**
f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (Cont'd)

	Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Mr Foo Seang Choong**
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD MEMBERSHIP (CONT'D)
Principle 4 (Cont'd)

	Disclosure applicable to the appointment of Director only		
Name of Director	**Dato' Gooi Soon Chai**	**Mr Dennis Au**	**Mr Foo Seang Choong**
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A	N/A

Each member of the Nominating Committee shall abstain from voting on any resolutions and making any recommendation and or participating in respect of matters in which he has interest.

The date of initial appointment and last re-election as directors are set-out below:

Directors	**Date of initial appointment**	**Date of last re-election**
Dato' Gooi Soon Chai	10 February 2015	29 June 2020
Dennis Au	28 April 2016	29 June 2020
Chia Chor Leong	22 September 2004	29 April 2021
Melvin Chan Wai Leong	27 April 2017	29 April 2021
Foo Seang Choong	31 December 2021	N/A

Please refer to Profile of Board of Directors section of this Annual Report for a profile of each director's academic and professional qualifications.

The Nominating Committee reviews annually the time commitments of directors. Notwithstanding that some of the directors have multiple board representations, the Nominating Committee is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company.

Thus there are no compelling reasons to impose a cap on the number of board representations each director may hold since these directors are able to and have adequately carried out their duties as directors of the Company.

Currently, the Company does not have any alternate directors.

The Nominating Committee held one (1) meeting during the year under review.

In the search for potential new Directors, the Nominating Committee will seek to identify the competence required for the Board to fulfil its responsibilities. The Nominating Committee may engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board.

Recommendations for new Board members are put to the Board for its consideration and approval.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD PERFORMANCE

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

The Nominating Committee examines the Board's size to satisfy that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operation. The Directors bring to the Board their related experiences and knowledge and also provide guidance in the various Board Committee as well as to the Management of the Group.

The Nominating Committee will review and evaluate the performance of the Board as a whole and its board committees in view of the complementary and collective nature of directors' contributions. The Nominating Committee has established objective performance criteria such as board structure, conducts of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, compensation, financial reporting and communication with shareholders to evaluate the Board's performance as a whole.

The Board reviews the assessment conducted by the Nominating Committee and where necessary makes changes to further improve the effectiveness of the Board. Following the review, the Board is of the view that the Board and its Board Committees operate effectively.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

All Remuneration Committee members are Non-Executive, majority of whom are independent of management. The Remuneration Committee comprises the following members:

Foo Seang Choong	(Chairman & Independent Director)
Chia Chor Leong	(Independent Director)
Dato' Gooi Soon Chai	(Non-Executive Non-Independent Chairman)

The Remuneration Committee is responsible for the following:

(a) to review and recommend to the Board a framework of remuneration and guidelines for the Directors and Key Management Personnel;

(b) to review and make recommendations to the Board on specific remuneration packages for each Director as well as for the key management personnel and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options issued under the Employee Share Option Scheme 2008 and Employee Share Option Scheme 2020 and benefits-in-kind;

(c) in the case of service contracts, to consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(d) to manage the Employee Share Option Scheme 2008, Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 and administered by the Employee Share Option and Award Scheme Committee comprising of the following members:

Dennis Au	(President and Executive Director)
Brian Tan Chuen Yeang	(Chief Financial Officer, appointed on 1 January 2022)
David Chin Yean Choon	(Chief Financial Officer, retired on 31 December 2021)

The duration of the Employee Share Option Scheme 2008 was 10 years commencing on 18 April 2008 and accordingly, it had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REMUNERATION MATTERS (CONT'D)

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)
Principle 6 (cont'd)

Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 for executive directors and employees of the Group were approved by members of the Company at an Extraordinary General Meeting on 29 June 2020.

During the financial year, there was no grant of options under the Employee Share Option Scheme 2020 and no grant of awards under the Employee Share Award Scheme 2020.

If necessary, the Remuneration Committee shall seek expert advice on remuneration of all directors and key management personnel. The Remuneration Committee shall ensure that any relationship between the appointed consultant and any of its director or Company will not affect the independence and objectivity of the remuneration consultant.

In financial year 2020, Blue Talent Consulting Pte. Ltd. and Agensi Pekerjaan BTC Sdn. Bhd. were engaged as remuneration consultants to provide professional advice on structuring Group's jobs into appropriate job levels with corresponding market remuneration and this project was completed in financial year 2021.

In financial year 2021, Mercer (Malaysia) Sdn Bhd was engaged to review Group's existing pay-for-results and bonus program. Their role was to provide independent comparative insight into Group practices versus similar programs in the market and this project was completed in February 2022.

These principal consultants providing such services are independent as they only provide remuneration consulting services, having no other relationship with the Company.

The Remuneration Committee reviews all aspects of remuneration including the service contracts of the executive directors to ensure that the contracts, including any termination clauses, are fair and reasonable.

No directors participate in decisions on their own remunerations.

The Remuneration Committee held one (1) meeting during the year under review.

LEVEL AND MIX OF REMUNERATION
Principle 7 ***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.***

Executive directors' remuneration package and key management personnel's remuneration framework is structured in a way that links rewards to corporate and individual performance and takes into account industry benchmarks. The review of remuneration packages also takes into consideration the pay and employment conditions within the industry, comparable companies and the broad guidelines recommended by the Singapore Institute of Directors and the long-term interests of the Group. The review covers all aspects of remuneration including salaries, fees, allowances, bonuses, share options and benefits-in-kind. The Remuneration Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors, taking into account factors such as effort, time spent, and responsibilities. The Company believes that the current remuneration of Non-Executive Directors is appropriate to the level of contribution and at a level that will not compromise the independence of the Directors.

The Company will submit the quantum of Directors' fees of each year to the shareholders for approval at each Annual General Meeting.

The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from executive directors and key management personnel in exceptional cases of wrongdoings.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DISCLOSURE ON REMUNERATION

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

A breakdown showing the level and mix of each individual Director's remuneration payable for financial year 2021 is as follows:

	2021	2020
$1,500,001 to $1,750,000	1	-
$1,250,001 to $1,500,000	-	1
$1,000,001 to $1,250,000	-	-
$750,001 to $1,000,000	-	-
$500,001 to $750,000	-	-
$250,000 to $500,000	-	-
Below $250,000	5	5
Total	**6**	**6**

Name of Director	**Salary** %	**Bonus** %	**Fringe Benefits** %	**Directors' Fees** %	**Total** %
$1,500,001 to $1,750,000					
Dennis Au	33	62	5	-	100
Below $250,000					
Dato' Gooi Soon Chai	-	-	11	89	100
Chia Chor Leong	-	-	12	88	100
Ling Yong Wah [1]	-	-	12	88	100
Yeo Jeu Nam [1]	-	-	13	87	100
Melvin Chan Wai Leong	-	-	15	85	100
Foo Seang Choong [2]	-	-	-	-	-

1 Mr Ling Yong Wah and Mr Yeo Jeu Nam had resigned from the Board on 31 December 2021
2 Mr Foo Seang Choong was appointed to the Board on 31 December 2021

Remuneration of the top six (6) key management personnel are as follows:

Name of Key Management Personnel	**Salary** %	**Bonus** %	**Fringe Benefits** %	**Directors' Fees** %	**Total** %
$750,001 to $1,000,000					
Fokko Leutscher	53	24	23	-	100
$500,001 to $750,000					
Sim Mong Huat [1]	32	64	4	-	100
Wang Liang Horng	51	43	6	-	100
Willem Bos	56	22	22	-	100
$250,000 to $500,000					
David Chin Yean Choon [2]	36	25	7	32	100
Dominic Lee Sie Yong	57	37	6	-	100

1 Remuneration for the period from 1 January 2021 to 9 June 2021
2 Mr David Chin Yean Choon had retired as Chief Financial Officer of the Group on 31 December 2021

CORPORATE GOVERNANCE STATEMENT (CONT'D)

DISCLOSURE ON REMUNERATION (CONT'D)
Principle 8 (cont'd)

The aggregate of total remuneration paid or accrued to the top six (6) key management personnel of the Company (who are not directors or the Chief Executive Officer) for financial year 2021 is $3,412,643.

The Company decided to disclose the remuneration in bands as the Board is of the view that full disclosure of the remuneration of each individual director and key management personnel in dollar terms is not in the best interests of the Company. This is due to the sensitive and confidential nature of the matter as well as potential competitive pressures resulting from such disclosure.

The Company is of the view that the disclosure of the indicative range of the Directors' and key management personnel remunerations as well as the composition of the nature of the remunerations essentially into its fixed (salary, fee and fringe benefits) and variable (bonus) components provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors and key management personnel. The fees to the Chairman and Independent Directors do not have variable components and are put forward annually to shareholders for approval at the Company's Annual General Meeting.

For financial year 2021, the Company and its subsidiary companies do not have any other employees who are substantial shareholders, or are immediate family members of a director or the Chief Executive Officer or a substantial shareholder of the Company and whose remuneration exceeds $100,000.

Information on the Company's Employee Share Option Scheme 2008, Employee Share Option Scheme 2020 and Employee Share Award Scheme 2020 such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of option are set out on pages 86 to 89 of the Annual Report.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 9 ***The Board is responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.***

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and Board.

The Board oversees management in the area of risk management and internal control system. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks as well as take appropriate measures to control and mitigate these risks.

The Board has received assurance from:

(a) the President and Chief Financial Officer as well as the internal auditors that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2021 give true and fair view of the Group's operations and finances; and

(b) the President and the key management personnel regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Audit Committee and Board are in the opinion that the Group's internal controls, maintained by the Company's management that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ACCOUNTABILITY AND AUDIT (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)
Principle 9 (cont'd)

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error losses, fraud or other irregularities.

Based on reports submitted by the external and internal auditors, and the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems maintained by the management that was in place throughout the financial year and up to date of the Annual Report for the financial year ended 31 December 2021, the Board, with the concurrence of the Audit Committee and the assurance of the management (including the President and Chief Financial Officer as well as the internal auditors) are of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

In line with Rule 1207(19) of the Listing Manual on Dealing in Securities, the Company has adopted an internal code on dealings in securities which is applicable to all Directors and employees of the Group and its subsidiaries with regards to dealing in the Company's securities. All directors and employees of the Group should not deal in Company's securities on short-term considerations or when they are in possession of unpublished price sensitive information. They are also not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly business update and one month before the announcement of the Company's half year and full year financial results, ending on the date of the announcement of such business update and financial results. The Directors and employees are also required to adhere to the provisions of the Companies Act, and any other relevant regulations with regard to their securities transactions. The Company has complied with Rule 1207(19) of the Listing Manual.

AUDIT COMMITTEE
Principle 10 The Board has an Audit Committee ("AC") which discharges its duties objectively.

The role of the Audit Committee is to assist the Board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Company.

All Audit Committee members are independent Non-Executive Directors. The Audit Committee comprises the following members:

Melvin Chan Wai Leong	(Chairman and Lead Independent Director)
Chia Chor Leong	(Independent Director)
Foo Seang Choong	(Independent Director)

The Audit Committee members have many years of experience and expertise in their respective fields of accounting, audit, financial management, law and business. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Audit Committee meets at least quarterly to discuss and review the following where applicable:

(a) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;

(b) review with the external auditors the audit plan, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and our management's response;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)
Principle 10 (cont'd)

(c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;

(d) review the half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) review the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;

(g) review the adequacy and effectiveness of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;

(h) review the assurance from the President and the CFO on the financial records and financial statements;

(i) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(j) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(k) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(m) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have a personal material interests.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, through advice sought, updates and briefing from the external auditors when they attend the Audit Committee meetings quarterly.

The Audit Committee has full access to documents and information and the co-operation from management. It has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions. The Audit Committee is satisfied that the internal auditors have adequate resources to perform its functions.

The Board believes that the existing system of internal controls is adequate and recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the management.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)
Principle 10 (cont'd)

The Group's internal functions are carried out in-house by qualified and experienced internal audit staff. The internal auditor's primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee confirms that the internal audit function is independent as it reports directly to the Chairman of the Audit Committee who is an independent director as well as other members of the Audit Committee who are also independent directors. The Audit Committee also decides on the appointment, termination and remuneration of the head of the internal audit function.

The Group co-operates fully with the internal auditor in terms of allowing access to documents, records, properties and personnel. The Audit Committee reviews annually the adequacy and effectiveness of the internal audit function and its standing within the Company to ensure it is able to perform its function effectively and objectively. The Audit Committee has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The Company with the concurrence of the Audit Committee is satisfied that the Group's framework of internal controls and procedures is adequate and effective.

During the year, the internal auditor carried out two (2) cycles of internal audit for the Mechatronics Division in Asia and four (4) cycles of internal audit for the IMS Division in Asia. The findings were presented to the Audit Committee.

With the assistance of the internal and external auditors, our management has identified the main business processes and the associated financial and operational risks, and have adopted recommendations made to address these risks. Based on the review by the Audit Committee, the Board is satisfied that the internal controls and risks management process of the Group are adequate to safeguard shareholders' interest and the Company's assets.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules of the SGX-ST.

For details of fees in respect of audit and non-audit services, please refer to Note 7(a) to the financial statements.

The Audit Committee has reviewed the range and value of non-audit services performed by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. At the forthcoming Annual General Meeting of the Company, the Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group.

During the year under review, the Audit Committee met with the internal auditor and external auditors a total of five (5) times of which once is without the presence of management.

Whistleblowing Policy

The Group is committed to high standards of corporate governance that encompass the ethical, moral and legal conduct of its business. An important aspect towards ensuring the adherence of this conduct is to provide an accountability and transparency mechanism that will enable individuals to voice concerns of perceived wrongdoings in a responsible and effective manner.

As part of its corporate governance framework, the Group has adopted a whistleblowing policy that ensures there is an avenue for employees to raise concerns in confidence and provide assurance that the party involved in the whistleblowing will be protected from reprisals, victimisation, harassment or disciplinary proceedings.

The Group's whistleblowing policy reinforces the value that it places on staff to be honest and upright in their dealings and conduct. It should be emphasised that this policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the Group nor should it be used to air grievances or as a platform to maliciously attack a superior for personal gain.

The Group's whistleblowing policy applies to all employees of the Group as well as suppliers, customers, outsourced partners, agents and consultants that have dealings with the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

AUDIT COMMITTEE (CONT'D)
Principle 10 (cont'd)

Whistleblowing Policy (cont'd)

The Group has an independent function to investigate whistleblowing reports made in good faith. An e-mail address is available (audit.chair@frenckengroup.com), and this is communicated in our workplace and available on the Company's website. The channel of communicating the whistleblowing event is separated from the management of the Group to ensure there are independent and internal checks. All whistleblowing communications will be directed confidentially to the Chairman of the Audit Committee, who shall be an independent director of the board and not involved in the management of the Group. The Group assures that any individual making a whistleblowing report will retain his/her anonymity unless he/she agrees otherwise and there should not be any retaliation against the whistleblower.

All concerns raised will be independently assessed by the Chairman of the Audit Committee. The Group internal audit will be assigned to investigate the concerns raised by the whistleblower. The Audit Committee will closely oversees and monitors the progress of the investigation, including reviewing the findings in the investigation report from the internal auditors and ensure appropriate follow-up actions are taken to resolve the concerns raised by the whistleblower.

During the financial year 2021 and until the date of this Annual Report, there were 3 reports received through the whistleblowing mechanism.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS
Principle 11 ***The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

Shareholders are given the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the relevant rules and procedures that govern general meetings.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company strives to encourage wider shareholder participation by holding its Annual General Meetings at central locations in Singapore that can be conveniently reached using public transportation.

At the Company's Annual General Meetings, shareholders are given the opportunity to express their views and direct questions to Directors and management regarding the Company. All directors will normally be present at Annual General Meetings and other general meetings of shareholders to assist the Board in addressing shareholders' questions. The External Auditors are also invited to attend the Annual General Meeting to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditor's report.

The number of general meetings held during the financial year ended 31 December 2021 and the attendance of each Director, where relevant, are as follows:

	General Meeting
Number of meetings	2
Dato' Gooi Soon Chai	2
Dennis Au	2
Chia Chor Leong	2
Ling Yong Wah [1]	2
Yeo Jeu Nam [1]	2
Melvin Chan Wai Leong	2
Foo Seang Choong [2]	N/A

[1] Mr Ling Yong Wah and Mr Yeo Jeu Nam had resigned from the Board on 31 December 2021
[2] Mr Foo Seang Choong was appointed to the Board on 31 December 2021

CORPORATE GOVERNANCE STATEMENT (CONT'D)

SHAREHOLDERS RIGHTS AND ENGAGEMENT (CONT'D)

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS (CONT'D)
Principle 11 (cont'd)

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for relevant intermediary which includes holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

All resolutions are put to vote by polls which are conducted in the presence of independent scrutineers. The detailed results of the poll voting showing the number of votes casted for and against each resolution and the respective percentages are published instantaneously at the general meeting.

The Company is not implementing absentia voting methods such as voting by mail, facsimile or e-mail until authentication of shareholders identity information and other related security issues are satisfactorily resolved.

The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

To minimise physical interactions and COVID-19 transmission risks, the forthcoming AGM to be held in respect of FY 2021 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the AGM to be held on 22 April 2022.

Dividend Policy

While the Company has not formally instituted a dividend policy, it has established a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, inter alia, the Group's financial position, retained earnings, results of operation and cash flow, the Group's expected working capital requirements and capital expenditure, the future expansion, investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board strives to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

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

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- Company's corporate website
- SGXNET announcements including half yearly and full year results announcements, quarterly business update and news releases
- Annual Reports or circulars that are prepared and issued to all shareholders

CORPORATE GOVERNANCE STATEMENT (CONT'D)

ENGAGEMENT WITH SHAREHOLDERS (CONT'D)
Principle 12 (cont'd)

The Company has a dedicated investor relations team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns. The Company also enhances its communications with analysts and investors by organising regular briefings, one-on-one meetings and conference calls to keep the market apprised of the Group's corporate developments and financial performance.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS
Principle 13 The Board adopts an inclusive and balanced approach towards the needs and interests of key stakeholders by also taking into account the interests of the Company.

Engaging with stakeholders involves establishing good lines of communication reinforced by sound management relationships between the Company and its various stakeholders. Through this relationship, stakeholders can have an avenue for proactive communication and a platform to work towards alignment of interests.

The Company has a corporate website, www.frenckengroup.com, to communicate and engage with stakeholders. This website is the key resource of information for stakeholders as it contains an abundance of information about the Group, including financial statements, corporate announcements and annual reports. In addition to these, the following information can be accessed from the Company's website: -

(a) Board of Directors and their profiles;
(b) Key management and their profiles;
(c) Business Overview;
(d) Vision, Mission & Strategy;
(e) Group Operating Structure;
(f) Whistleblowing Policy;
(g) Stock Information; and
(h) Investor Relations Contact

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the President, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2021.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There were no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2021.

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
NIL	NIL	NIL	NIL

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Frencken Group Limited (the "Company") and its subsidiaries (the "Group") and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 95 to 185 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 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Dato' Gooi Soon Chai	
Mohamad Anwar Au	(also known as Dennis Au)
Chia Chor Leong	
Ling Yong Wah	(resigned on 31 December 2021)
Yeo Jeu Nam	(resigned on 31 December 2021)
Melvin Chan Wai Leong	
Foo Seang Choong	(appointed on 31 December 2021)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the share options and share awards mentioned in paragraph 4 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
Name of directors and Company in which interests are held	**At beginning of year**	**At end of year**	**At 21.1.2022**	**At beginning of year**	**At end of year**	**At 21.1.2022**
Frencken Group Limited (Ordinary shares)						
Dato' Gooi Soon Chai	6,365,023	6,915,023	6,915,023	93,237,668	93,229,068	93,229,068
Dennis Au	3,487,000	3,660,000	3,660,000	-	-	-
Melvin Chan Wai Leong	-	-	-	439,500	439,500	439,500

DIRECTORS' STATEMENT (CONT'D)

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

According to the register of directors' shareholdings, certain director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Frencken Group Limited ("Frencken") Employee Share Option Scheme 2008 as set out below and paragraph 4 of the Directors' Statement.

	Number of unissued ordinary shares under option		
	At beginning of year	**At end of year**	**At 21.1.2022**
Dennis Au			
- 2016 Options	500,000	-	-
- 2017 Options	700,000	677,000	677,000

Other than as disclosed above, no other director who held office at the end of the financial year had an interest in shares or debentures of the Company and all the subsidiaries, directly or indirectly held by the Company.

4 SHARE OPTIONS AND SHARE AWARDS

(i) Frencken Employee Share Option Scheme 2008 ("ESOS 2008") and Frencken Employee Share Option Scheme 2020 ("ESOS 2020") for executive directors and employees of the Group ("Group Employees") were approved by members of the Company at an Extraordinary General Meeting on 18 April 2008 and 29 June 2020 respectively.

(ii) Frencken Employee Share Award Scheme 2020 ("ESAS 2020") for executive directors and Group Employees was approved by members of the Company at an Extraordinary General Meeting on 29 June 2020.

(ESOS 2008, ESOS 2020 and ESAS 2020 are hereinafter collectively referred to as the "Schemes")

The Schemes are managed by the Remuneration Committee and administered by the Employee Share Option and Award Scheme Committee (the "Committee") comprising of the following members:

Dennis Au	(President and Executive Director)
Brian Tan Chuen Yeang	(Chief Financial Officer, appointed on 1 January 2022)
David Chin Yean Choon	(Chief Financial Officer, retired on 31 December 2021)

The Schemes are to provide opportunities for deserving Group Employees to participate in the equity of the Company so as to motivate them to greater dedication and higher standards of performance, and to give recognition to past contribution and services. It is important to acknowledge and secure future contribution by the Group Employees, which is essential to the well-being and prosperity of the Group. The Company, by adopting the Schemes, will give participants a real and meaningful stake in the Company through the exercise of the options or the grant of the awards.

While the Schemes aim to incentivise and retain employees, ESOS 2008 and ESOS 2020 do not achieve this in the same way the ESAS 2020 does. The Company further believes that the ESAS 2020 will be more effective and rewarding than pure cash bonuses as a motivational incentive in the Group Employees' bid to achieve pre-determined goals of the Company. Unlike options granted under the ESOS 2008 and ESOS 2020, the ESAS 2020 contemplates the award of fully-paid shares free of charge to participants after the conditions of the ESAS 2020 have been met. Accordingly, the ESAS 2020 allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these superior targets, which ultimately, will create and enhance economic value for shareholders.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESOS 2008 and ESOS 2020 ("ESOS Schemes")

The ESOS 2008 became operative upon the Company granting options to subscribe for 8,960,000 ordinary shares of the Company on 1 December 2008 ("2008 Options"). The Company also granted options to subscribe for 8,880,000, 9,050,000, 6,000,000, 3,000,000 and 3,000,000 ordinary shares of the Company on 1 December 2009 ("2009 Options"), 1 December 2010 ("2010 Options"), 7 October 2013 ("2013 Options"), 1 April 2016 ("2016 Options") and 6 December 2017 ("2017 Options") respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2013 Options, 2016 Options and 2017 Options were set out in the Directors' Report for the financial year ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2013, 31 December 2016 and 31 December 2017 respectively.

During the financial year, there was no grant of options under the ESOS 2020.

Options granted under the ESOS Schemes

Details of the ESOS 2008 granted to executive directors of the Company are as follows:

	Number of unissued ordinary shares of the Company under option			
Name of director	**Granted in financial year ended 31.12.2021**	**Aggregate granted since commencement of scheme to 31.12.2021**	**Aggregate exercised since commencement of scheme to 31.12.2021**	**Aggregate outstanding as at 31.12.2021**
Dennis Au	-	3,700,000	3,023,000	677,000

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the ESOS Schemes at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the ESOS Schemes.

Size

The aggregate number of new shares in respect of which options may be granted on any date under the ESOS Schemes, when added to all shares, options or awards granted under any other share option scheme, share award scheme or other share-based incentive schemes of the Company, including but not limited to the ESAS 2020, shall not exceed fifteen per cent. (15%) of the number of issued shares of the Company on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time). Any shares which are held as treasury shares will be disregarded for the purpose of computing the fifteen per cent. (15%) limit. Notwithstanding the Company being able to deliver treasury shares to holders of options in lieu of new shares, the aggregate number of treasury shares shall not at any time exceed ten per cent. (10%) of the total number of issued shares.

Duration

The ESOS 2020 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the ESOS 2020 is adopted.

The ESOS 2008 had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESOS 2008 and ESOS 2020 ("ESOS Schemes") (cont'd)

Exercise price and option period

The Committee may grant options with or without a discounted exercise price. In the event that options are granted at a discount, the discount shall not exceed twenty per cent. (20%) of the market price.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), by a participant after the first anniversary of the date of grant of that option provided always that such options granted with the exercise price set at market price shall be exercised before the 10^{th} anniversary of the relevant date of grant, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an option may be exercised in part only in respect of 1,000 shares or any multiple thereof), by a participant after the second anniversary from the date of grant of that option provided always that the options shall be exercised before the 10^{th} anniversary of the relevant date of grant, or such earlier date as may be determined by the Committee, failing which all unexercised options shall immediately lapse and become null and void and a participant shall have no claim against the Company.

Except for Dennis Au, the Executive Director of the Company and Sebastiaan Johannes van Sprang, a former director of the Company, no participant under the ESOS 2008 has received 5% or more of the total number of shares under option available under the ESOS 2008.

Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the ESOS 2008 outstanding at the end of the financial year was as follows:

	Number of unissued ordinary shares under option at 31.12.2021	**Exercise price**	**Exercise period**
2017 Options	1,112,000	$0.432	06.12.2019 to 05.12.2027

ESAS 2020

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the ESAS 2020 at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the ESAS 2020.

Size

The aggregate number of shares available under the ESAS 2020, when added to all shares, options or awards granted under any other share option scheme, share award scheme or other share-based incentive schemes of the Company, including but not limited to the ESOS 2020, shall not exceed fifteen per cent. (15%) of the number of issued shares of the Company on the day immediately preceding the relevant date of grant (or such other limit as the SGX-ST may determine from time to time). Any shares which are held as treasury shares will be disregarded for the purpose of computing the fifteen per cent. (15%) limit. Notwithstanding the Company being able to deliver treasury shares to holders of awards in lieu of new shares, the aggregate number of treasury shares shall not at any time exceed ten per cent. (10%) of the total number of issued shares.

DIRECTORS' STATEMENT (CONT'D)

4 SHARE OPTIONS AND SHARE AWARDS (CONT'D)

ESAS 2020 (cont'd)

Duration

The ESAS 2020 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the ESAS 2020 is adopted.

During the financial year, there was no grant of awards under the ESAS 2020.

5 AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Company.

All Audit Committee members are independent Non-Executive Directors. The Audit Committee comprises the following members:

Melvin Chan Wai Leong	(Chairman and Lead Independent Director)
Chia Chor Leong	(Independent Director)
Foo Seang Choong	(Independent Director)

The Audit Committee members have many years of experience and expertise in their respective fields of accounting, audit, financial management, law and business. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

None of the AC members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Audit Committee meets at least quarterly to discuss and review the following where applicable:

(a) review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;

(b) review with the external auditors the audit plan, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and our management's response;

(c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;

(d) review the half yearly and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the Group and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) review the internal controls and procedures and ensure co-ordination between the external auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

(g) review the adequacy and effectiveness of the Group's internal financial controls, operational and compliance controls and risk management policies and systems;

(h) review the assurance from the President and the CFO on the financial records and financial statements;

(i) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(j) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(k) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;

(l) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(m) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have a personal material interests.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements, through advice sought, updates and briefing from the external auditors when they attend the Audit Committee meetings quarterly.

The Audit Committee has full access to documents and information and the co-operation from management and has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions. The Audit Committee is satisfied that the internal auditors have adequate resources to perform its functions.

The Board believes that the existing system of internal controls is adequate and recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the management.

The Group's internal functions are carried out in-house by qualified and experienced internal audit staff. The internal auditor's primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee confirms that the internal audit function is independent as it reports directly to the Chairman of the Audit Committee who is an independent director as well as other members of the Audit Committee who are also independent directors. The Audit Committee also decides on the appointment, termination and remuneration of the head of the internal audit function.

The Group co-operates fully with the internal auditor in terms of allowing access to documents, records, properties and personnel. The Audit Committee reviews annually the adequacy and effectiveness of the internal audit function and its standing within the Company to ensure it is able to perform its function effectively and objectively. The Audit Committee has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The Company with the concurrence of the Audit Committee is satisfied that the Group's framework of internal controls and procedures is adequate and effective.

During the year, the internal auditor carried out two (2) cycles of internal audit for the Mechatronics Division in Asia and four (4) cycles of internal audit for the IMS Division in Asia. The findings were presented to the Audit Committee.

With the assistance of the internal and external auditors, our management has identified the main business processes and the associated financial and operational risks, and have adopted recommendations made to address these risks. Based on the review by the Audit Committee, the Board is satisfied that the internal controls and risks management process of the Group are adequate to safeguard shareholders' interest and the Company's assets.

The Company confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules of the SGX-ST.

For details of fees in respect of audit and non-audit services, please refer to Note 7(a) to the financial statements.

The Audit Committee has reviewed the range and value of non-audit services performed by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. At the forthcoming Annual General Meeting of the Company, the Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group.

DIRECTORS' STATEMENT (CONT'D)

5 AUDIT COMMITTEE (CONT'D)

During the year under review, the Audit Committee met with the internal auditor and external auditors a total of five (5) times of which once is without the presence of management.

Whistleblowing Policy

The Group is committed to high standards of corporate governance that encompass the ethical, moral and legal conduct of its business. An important aspect towards ensuring the adherence of this conduct is to provide an accountability and transparency mechanism that will enable individuals to voice concerns of perceived wrongdoings in a responsible and effective manner.

As part of its corporate governance framework, the Group has adopted a whistleblowing policy that ensures there is an avenue for employees to raise concerns in confidence and provide assurance that the party involved in the whistleblowing will be protected from reprisals, victimisation, harassment or disciplinary proceedings.

The Group's whistleblowing policy reinforces the value that it places on staff to be honest and upright in their dealings and conduct. It should be emphasised that this policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the Group nor should it be used to air grievances or as a platform to maliciously attack a superior for personal gain.

The Group's whistleblowing policy applies to all employees of the Group as well as suppliers, customers, outsourced partners, agents and consultants that have dealings with the Group.

The Group has an independent function to investigate whistleblowing reports made in good faith. An e-mail address is available (audit.chair@frenckengroup.com), and this is communicated in our workplace and available on the Company's website. The channel of communicating the whistleblowing event is separated from the management of the Group to ensure there are independent and internal checks. All whistleblowing communications will be directed confidentially to the Chairman of the Audit Committee, who shall be an independent director of the board and not involved in the management of the Group. The Group assures that any individual making a whistleblowing report will retain his/her anonymity unless he/she agrees otherwise and there should not be any retaliation against the whistleblower.

All concerns raised will be independently assessed by the Chairman of the Audit Committee. The Group internal audit will be assigned to investigate the concerns raised by the whistleblower. The Audit Committee will closely oversees and monitors the progress of the investigation, including reviewing the findings in the investigation report from the internal auditors and ensure appropriate follow-up actions are taken to resolve the concerns raised by the whistleblower.

During the financial year 2021 and until the date of this Statement, there were 3 reports received through the whistleblowing mechanism.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Dato' Gooi Soon Chai

....
Dennis Au

9 March 2022

INDEPENDENT AUDITOR'S REPORT

To The Members Of Frencken Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Frencken Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 185.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	How the matter was addressed in the audit
Carrying value of goodwill **Goodwill** The Group has $9,624,000 (2020 : $9,939,000) of goodwill arising from its previous acquisition of subsidiaries. In September 2021, The Group acquired Avimac Pte. Ltd. with a purchase consideration of $14,000,000, leading to the recognition of a goodwill of $8,392,000. The carrying amount of the cash-generating units ("CGU") to which the goodwill are allocated to represent 12.56% (2020 : 16.07%) of the Group net asset. The impairment review of goodwill is based on cash flow forecast of the attributed CGU which requires significant management's judgement about future market conditions, including growth rates and discount rates.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review using the cash flow forecast. These procedures include: a) assessing the growth rate and cash flow forecast used, with comparison to recent performance; b) assessing the discount rate by assessing the weighted average cost of capital for the company and comparable organisation; c) evaluating management's sensitivity analysis around the key assumptions above to ascertain the impact of reasonably possible changes would have on the value in use calculation and determine whether the Group's assessment is reasonable; and d) by reference to prior years' forecasts, where relevant, assessing whether the Group has achieved the forecasted results to evaluate historical accuracy of the forecast.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Frencken Group Limited (Cont'd)

Key Audit Matters (cont'd)

Key Audit Matters	How the matter was addressed in the audit
As disclosed in Note 19, the total carrying value of the Group's goodwill amounted to $18,016,000 (2020 : $9,939,000) as at December 31, 2021 which represented 2.62% (2020 : 1.76%) of the total assets. During the year, the Group recorded no impairment loss on goodwill. The accounting policies and key assumptions to the impairment are disclosed in Notes 2, 3 and 19 to the financial statements.	Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

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

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

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information which are expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

To The Members Of Frencken Group Limited (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Rankin Brandt Yeo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

9 March 2022

CONSOLIDATED INCOME STATEMENT
For The Financial Year Ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	5	767,069	620,616
Cost of sales		(638,161)	(515,177)
Gross profit		128,908	105,439
Other income	6	7,616	10,593
Selling and distribution expenses		(11,518)	(9,551)
Administrative and general expenses		(49,288)	(43,160)
Other operating expenses		(3,794)	(4,392)
Interest income		966	1,573
Finance costs	8	(2,369)	(2,411)
Exceptional item	9	-	(6,221)
Profit before income tax		70,521	51,870
Income tax expense	10	(11,410)	(8,824)
Profit for the year	7(a)	59,111	43,046
Profit attributable to:			
Equity holders of the Company		58,727	42,571
Non-controlling interests		384	475
		59,111	43,046
Earnings per share			
Attributable to the equity holders of the Company (cents per share)	11		
Basic		13.75	10.01
Diluted		13.73	9.98

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2021

	Note	2021 $'000	2020 $'000
Profit for the year		59,111	43,046
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to income statement:			
Remeasurement of defined benefit obligation	29	1,488	(31)
Net fair value loss on financial asset designated at fair value through other comprehensive income		(1,240)	-
Item that may be reclassified subsequently to income statement:			
Currency translation differences arising from consolidation		(3,918)	8,532
Other comprehensive (loss) income for the year		(3,670)	8,501
Total comprehensive income for the year		55,441	51,547
Total comprehensive income attributable to:			
Equity holders of the Company		54,902	51,100
Non-controlling interests		539	447
		55,441	51,547

See accompanying notes to financial statements.

BALANCE SHEETS

As at 31 December 2021

		The Group		The Company	
	Note	2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	110,768	99,810	-	-
Right-of-use assets	14	17,180	16,753	-	-
Investment properties	15	1,485	1,572	-	-
Subsidiaries	16	-	-	128,025	128,025
Investments in associated companies	17	-	-	-	-
Financial asset at fair value through other comprehensive income	18	1,995	3,235	1,995	3,235
Intangible assets	19	19,464	11,712	-	-
Deferred income tax assets	30	1,487	1,437	-	-
Total non-current assets		152,379	134,519	130,020	131,260
Current assets					
Inventories	20	203,084	143,200	-	-
Trade receivables	21	123,311	98,662	-	-
Receivables from subsidiaries	22	-	-	68	7
Dividend receivable from subsidiaries		-	-	20,202	8,114
Other receivables, deposits and prepayments	23	16,771	12,691	16	25
Tax recoverable		-	267	-	-
Cash and cash equivalents	24	192,600	174,454	22,397	12,772
Total current assets		535,766	429,274	42,683	20,918
Total assets		688,145	563,793	172,703	152,178

BALANCE SHEETS

As at 31 December 2021 (Cont'd)

	Note	The Group 2021 $'000	The Group 2020 $'000	The Company 2021 $'000	The Company 2020 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	25	121,889	80,096	-	-
Payable to a subsidiary		-	-	550	555
Other payables, accruals and provisions	26	58,054	49,513	1,647	935
Borrowings	27	95,643	67,344	-	-
Lease liabilities	28	8,238	4,913	-	-
Income tax payable		4,545	9,811	-	-
Total current liabilities		288,369	211,677	2,197	1,490
Non-current liabilities					
Borrowings	27	1,582	-	-	-
Lease liabilities	28	13,978	9,724	-	-
Retirement benefit obligations	29	1,216	2,657	-	-
Deferred income tax liabilities	30	3,971	3,452	-	-
Total non-current liabilities		20,747	15,833	-	-
Total liabilities		309,116	227,510	2,197	1,490
NET ASSETS		379,029	336,283	170,506	150,688
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	31	104,444	104,329	104,444	104,329
Foreign currency translation reserve		2,650	6,793	-	-
Merger reserve		2,345	2,345	-	-
Capital reserve		1,981	1,914	2,562	2,495
Statutory reserve fund	32	5,417	4,428	-	-
Share option reserve		290	357	290	357
Fair value reserve		(4,405)	(3,165)	(4,405)	(3,165)
Other reserve		(270)	(1,828)	-	-
Retained profits		263,710	218,782	67,615	46,672
		376,162	333,955	170,506	150,688
Non-controlling interests		2,867	2,328	-	-
Total equity		379,029	336,283	170,506	150,688

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2021

	Note	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Statutory reserve fund	Share option reserve	Fair value reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
The Group													
Balance at 1 January 2021		104,329	6,793	2,345	1,914	4,428	357	(3,165)	(1,828)	218,782	333,955	2,328	336,283
Profit for the year		-	-	-	-	-	-	-	-	58,727	58,727	384	59,111
Other comprehensive income (loss):													
Remeasurement of defined benefit obligation	29	-	-	-	-	-	-	-	1,488	-	1,488	-	1,488
Net fair value loss on financial asset designated at fair value through other comprehensive income		-	-	-	-	-	-	(1,240)	-	-	(1,240)	-	(1,240)
Currency translation differences arising from consolidation		-	(4,143)	-	-	-	-	-	70	-	(4,073)	155	(3,918)
Total comprehensive income (loss) for the financial year		-	(4,143)	-	-	-	-	(1,240)	1,558	58,727	54,902	539	55,441
Transactions with owners, recognised directly in equity:													
Transfer to statutory reserve fund	32	-	-	-	-	989	-	-	-	(989)	-	-	-
Employees share option scheme:													
- Issue of share capital	31	115	-	-	67	-	(67)	-	-	-	115	-	115
Dividend relating to 2020 paid	12	-	-	-	-	-	-	-	-	(12,810)	(12,810)	-	(12,810)
Total		115	-	-	67	989	(67)	-	-	(13,799)	(12,695)	-	(12,695)
Balance at 31 December 2021		104,444	2,650	2,345	1,981	5,417	290	(4,405)	(270)	263,710	376,162	2,867	379,029

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2021 (Cont'd)

	Note	Share capital	Foreign currency translation reserve	Merger reserve	Capital reserve	Statutory reserve fund	Share option reserve	Fair value reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group													
Balance at 1 January 2020		103,486	(1,934)	2,345	1,990	3,834	882	(3,165)	(1,630)	189,565	295,373	2,778	298,151
Profit for the year		-	-	-	-	-	-	-	-	42,571	42,571	475	43,046
Other comprehensive income (loss):													
Remeasurement of defined benefit obligation	29	-	-	-	-	-	-	-	(31)	-	(31)	-	(31)
Currency translation differences arising from consolidation		-	8,727	-	-	-	-	-	(167)	-	8,560	(28)	8,532
Total comprehensive income (loss) for the financial year		-	8,727	-	-	-	-	-	(198)	42,571	51,100	447	51,547
Transactions with owners, recognised directly in equity:													
Transfer to statutory reserve fund	32	-	-	-	-	594	-	-	-	(594)	-	-	-
Employees share option scheme:													
- Issue of share capital	31	843	-	-	505	-	(505)	-	-	-	843	-	843
- Gain arising from forfeited share options	31	-	-	-	-	-	(20)	-	-	-	(20)	-	(20)
Acquisition of non-controlling interest without a change in control	16	-	-	-	(581)	-	-	-	-	-	(581)	(897)	(1,478)
Dividend relating to 2019 paid	12	-	-	-	-	-	-	-	-	(12,760)	(12,760)	-	(12,760)
Total		843	-	-	(76)	594	(525)	-	-	(13,354)	(12,518)	(897)	(13,415)
Balance at 31 December 2020		104,329	6,793	2,345	1,914	4,428	357	(3,165)	(1,828)	218,782	333,955	2,328	336,283

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2021

	Note	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Fair value reserve $'000	Retained profits $'000	Total $'000
The Company							
Balance at 1 January 2021		104,329	2,495	357	(3,165)	46,672	150,688
Profit for the year		-	-	-	-	33,753	33,753
Other comprehensive loss:							
Net fair value loss on financial asset designated at fair value through other comprehensive income		-	-	-	(1,240)	-	(1,240)
Total comprehensive income (loss) for the financial year		-	-	-	(1,240)	33,753	32,513
Transactions with owners, recognised directly in equity							
Employees share option scheme:							
- Issue of share capital	31	115	67	(67)	-	-	115
Dividend relating to 2020 paid	12	-	-	-	-	(12,810)	(12,810)
Total		115	67	(67)	-	(12,810)	(12,695)
Balance at 31 December 2021		104,444	2,562	290	(4,405)	67,615	170,506

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2021 (Cont'd)

	Note	Share capital	Capital reserve	Share option reserve	Fair value reserve	Retained profits	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Company							
Balance at 1 January 2020		103,486	1,990	882	(3,165)	45,191	148,384
Profit for the year, representing total comprehensive income for the financial year		-	-	-	-	14,241	14,241
Transactions with owners, recognised directly in equity							
Employees share option scheme:							
- Issue of share capital	31	843	505	(505)	-	-	843
- Gain arising from forfeited share options	31	-	-	(20)	-	-	(20)
Dividend relating to 2019 paid	12	-	-	-	-	(12,760)	(12,760)
Total		843	505	(525)	-	(12,760)	(11,937)
Balance at 31 December 2020		104,329	2,495	357	(3,165)	46,672	150,688

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2021

	2021	2020
	$'000	$'000
Cash Flows From Operating Activities		
Profit after tax	59,111	43,046
Adjustments for:		
Income tax expense	11,410	8,824
Exchange differences	568	(613)
Gain arising from forfeited share options	-	(20)
Depreciation of property, plant and equipment (Note 13)	16,940	15,563
Depreciation of right-of-use assets (Note 14)	5,974	5,518
Depreciation of investment properties (Note 15)	64	65
Loss on disposal of club membership	-	2
Gain on disposal of property, plant and equipment, net	(136)	(179)
Property, plant and equipment written off (Note 13)	68	182
Interest income	(966)	(1,573)
Interest expense (Note 8)	2,369	2,411
Amortisation of intangible assets (Note 19)	321	529
Impairment loss of deferred development costs (Note 9)	-	6,221
Operating cash flow before working capital changes	95,723	79,976
Changes in operating assets and liabilities:		
Inventories	(61,082)	3,792
Receivables	(25,869)	3,636
Payables	50,086	647
Cash flows generated from operations	58,858	88,051
Tax paid	(16,115)	(6,005)
Interest paid	(2,369)	(2,411)
Net cash generated from operating activities	40,374	79,635

CONSOLIDATED CASH FLOW STATEMENT

For The Financial Year Ended 31 December 2021 (Cont'd)

	2021 $'000	2020 $'000
Cash Flows From Investing Activities		
Interest received	966	1,573
Additions of intangible assets (Note 19)	(28)	(118)
Purchase of property, plant and equipment (Note 24)	(17,476)	(23,664)
Proceeds from disposal of club membership	-	7
Proceeds from disposal of property, plant and equipment	256	562
Repayment of loan from a third party	480	360
Acquisition of a subsidiary, net of cash acquired (Note 37)	(13,043)	-
Acquisition of non-controlling interests without a change in control (Note 16)	-	(1,478)
Net cash used in investing activities	(28,845)	(22,758)
Cash Flows From Financing Activities		
Proceeds from issuance of share capital (Note 31)	115	843
Repayment of lease liabilities	(6,212)	(6,334)
Repayment of short-term bank borrowings	(165,815)	(124,604)
Repayment of term loans	(591)	(611)
Proceeds from short-term bank borrowings	175,417	128,573
Proceeds from term loan	684	-
Dividend paid to shareholders	(12,810)	(12,760)
Placement of fixed deposits pledged as securities	-	(71)
Net cash used in financing activities	(9,212)	(14,964)
Net increase in cash and cash equivalents	2,317	41,913
Cash and cash equivalents at the beginning of the financial year	151,132	109,599
Effect of exchange rate changes on cash and cash equivalents	(839)	(380)
Cash and cash equivalents at the end of the financial year (Note 24)	152,610	151,132

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021

1 GENERAL

Frencken Group Limited (the "Company") is incorporated in Singapore with its principal place of business at Suite 2.1, Level 2, Wisma Great Eastern, No. 25 Lebuh Light, 10200, Penang, Malaysia and registered office at 80 Robinson Road, #02-00, Singapore 068898. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 16.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 9 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

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

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

All financial information presented in Singapore dollar ("$") has been rounded to the nearest thousand ($'000), unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised standards

On 1 January 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

Impact of the initial application of *COVID-19-Related Rent Concessions* amendment to SFRS(I) 16

In the prior year, the group early adopted COVID-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, ASC issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

In the current financial year, the group has applied the amendment to SFRS(I) 16 in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-Related Rent Concession applying SFRS(I) 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and

(c) There is no substantive change to other terms and conditions of the lease.

Impact of accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the March 2021 amendment. The Group has not restated prior period figures, and the difference arising on initial application of the March 2021 amendment has been recognised in the opening balance of retained earnings at January 1, 2021. There is no material impact on the financial statements in the period of initial application.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Group accounting

Subsidiaries

(i) Consolidation

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

Please refer to Note 2(d) for the Company's accounting policy on investments in subsidiaries.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Group accounting (cont'd)

Subsidiaries (cont'd)

(ii) Changes in the Group's ownership interests in existing subsidiaries

Pursuant to the reorganisation of companies under common control, under a Scheme of Arrangement on 28 March 2001, a subsidiary was consolidated in accordance with the principles of merger method of consolidation. Consequently, the consolidated financial statements were presented as if the Scheme of Arrangement had been effected on 27 August 1999 (the date of incorporation of the Company) and its results are presented as if the merger had been effected throughout the current and previous financial years.

The cost of investment in a merger is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other considerations. Expenditure incurred in connection with the merger is recognised as an expense in the income statement. On consolidation, the cost of investment in the merger is cancelled with the nominal values of the shares received. The net differences between the cost of investment and share premium and any other reserves which are attributable to the subsidiary was taken to "merger reserve".

Other than the above, the acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the Note 2(e)(i) for the accounting policy on goodwill.

(iii) Disposals of subsidiaries or businesses

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

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in income statement.

Please refer to the Note 2(d) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Group accounting (cont'd)

Transactions with non-controlling interests

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

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company. Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in income statement. Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in income statement.

Please refer to Note 2(d) for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(d) Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses (Note 2(f)(ii)) in the Company's balance sheet. On disposal of such investments, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets

(i) Goodwill on consolidation

Goodwill on acquisitions of subsidiaries represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

When the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired exceeds the cost of the business combination (“negative goodwill”), and if, after reassessment, the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired remains higher than the cost of the business combination, the excess is recognised immediately in income statement.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments in associated companies.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the equity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the income statement on disposal.

(ii) Other intangible assets

Other intangible assets acquired separately are measured initially at cost. The cost of other intangible assets such as deferred development costs, patents, club membership and intellectual properties acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, other intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any. Internally generated other intangible assets, excluding capitalised deferred development costs, are not capitalised and expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of other intangible assets are assessed as either finite or indefinite.

Other intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite useful lives is recognised in income statement in the expense category consistent with the function of the other intangible assets.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at cash generating unit level. Such other intangible assets are not amortised. The useful life of an other intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

Gains or losses arising from de-recognition of other intangible asset are measured as the difference between the net disposal proceed and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

(a) Deferred development costs

Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible assets 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 and the ability to measure reliably the expenditures during the development.

Following the initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the deferred development costs begin when development is complete and the asset is available to use. Deferred development costs have a finite useful life and are amortised over the period of expected units of production or based on the estimated useful lives of the related projects.

(f) Impairment of non-financial assets

(i) Goodwill on consolidation

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

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

An impairment loss is recognised when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU’s fair value less cost to sell and value-in-use.

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

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(ii) Property, plant and equipment, investment properties, investments in subsidiaries and associates and intangible assets (excluding goodwill)

Property, plant and equipment, investment properties, investments in subsidiaries and associates, and intangible assets (excluding goodwill) are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non-financial assets (cont'd)

(ii) Property, plant and equipment, investment properties, investments in subsidiaries and associates and intangible assets (excluding goodwill) (cont'd)

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

(g) Currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of gain or loss on disposal of the foreign operation.

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

(iii) Translation of Group entities' financial statements

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rate (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within other comprehensive income. This is a non-distributable reserve. Movements in this reserve account are set out in consolidated statement of changes in equity.

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Revenue recognition

The Group recognises revenue from the following major sources:

- Sale of goods and moulds
- Installation services
- Rental income
- Interest income
- Dividend income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

(i) Sale of goods and moulds

1) Revenue from the sale of goods is recognised when control of the goods are transferred to the customer and all criteria for acceptance have been satisfied. A receivable is recognised by the Group when the control of the goods are transferred to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2) Revenue from the sale of moulds, which comprise the rendering of services of the design and fabrication of moulds, is recognised over time based on the percentage of completion method. Percentage of completion is measured by reference to the completion of certain pre-determined milestone as certified by engineers.

(ii) Installation services

Revenue from installation services is recognised when the services are completed and satisfactory received by customer. The customer will perform a series of test on the installed equipment to assess whether the installation is properly carried out. This usually includes equipment functional test and production yield test.

(iii) Rental income

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.

(iv) Interest income

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

(v) Dividend income

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

(i) Property, plant and equipment

(i) Measurement

All property, plant and equipment other than freehold land are stated at historical cost less accumulated depreciation and accumulated impairment losses. Freehold land is stated at historical cost less accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2(y) on borrowing costs).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation

Freehold land and capital work-in-progress are not depreciated. Buildings are depreciated on a straight-line basis. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts based on the following annual rates:

Buildings	1% to 5%
Plant, machinery, equipment, piping and electrical installation	10% to 33%
Moulds and toolings	10% to 33%
Office equipment, furniture and fittings and renovation	8% to 100%
Motor vehicles	17% to 30%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised as expenses during the financial year in which they are incurred.

(v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

(j) Investment properties

Investment properties are property held for long-term rental yields and/or capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of investment properties includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the estimated useful lives of 75 years for leasehold buildings and 5 years for building improvements and furniture and fittings.

The residual values and useful lives of investment properties are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in income statement when the changes arise.

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal should be calculated as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid funds which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and bank balances and deposits with licensed banks are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts and deposits pledged as securities.

(m) Leases

The Group as lessee

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

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (cont'd)

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

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

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

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

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

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

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

The right-of-use assets are presented as a separate line in the balance sheets.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, plant and equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “cost of sales, selling and distribution expenses and administrative and general expenses” in the consolidated income statement, where applicable.

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

(n) Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries’ borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to bank.

Intra-group transactions are eliminated on consolidation.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Interest expense calculated using the effective interest method is recognised over the term of the borrowings.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(p) Taxes

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit nor loss at the time of the transaction.

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

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and

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

Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

(i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee compensation

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

(i) Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to income statement. Past service cost is recognised in income statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in income statement in the line item administration and general expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Employees' leave entitlement

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

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. The movements in the share option reserve account are set out in the consolidated statement of changes in equity.

Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in consolidated income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the balance sheets and transferred to consolidated income statement on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in consolidated income statement in the period in which they become receivable.

(t) Dividend to Company's shareholders

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

(u) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

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

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(v) Financial assets

(i) Classification

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Financial assets (cont'd)

(i) Classification (cont'd)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

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

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

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

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in consolidated income statement under "interest income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Financial assets (cont'd)

(i) Classification (cont'd)

Financial assets at FVTPL (cont'd)

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in income statement to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in income statement includes any dividend or interest earned on the financial asset and is included in the "other income" or "other operating expenses" line item. Fair value is determined in the manner described in Note 36(e).

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in income statement in the "other income" or "other operating expenses" line items.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

Significant increase in credit risk

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

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

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group’s trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in income statement for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, (ii) held for trading, or (iii) it is designated at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated at FVTPL.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Financial liabilities and equity instruments (cont'd)

Financial liabilities at FVTPL (cont'd)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in income statement to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in income statement incorporates any interest paid on the financial liabilities and is included in the "other income" or "other operating expenses" line item.

However, for financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in income statement. The remaining amount of change in the fair value of liability is recognised in income statement. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to income statement; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in income statement.

Fair value is determined in the manner described in Note 36(e).

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

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

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Financial liabilities and equity instruments (cont'd)

Foreign exchange gains and losses (cont'd)

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in income statement for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in income statement.

(x) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group and the Company use a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(y) Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to the construction or the production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policy, management is of the view that there are no critical judgements involved that have a significant effect on the accounts recognised in the financial statements, apart from those involving estimations (see below).

(b) Critical accounting estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimation of impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f)(i). The recoverable amounts of CGUs to which goodwill are allocated to have been determined based on value-in-use calculations which requires significant management's assumption about future market conditions, including growth rates and discount rates (Note 19(a)).

As disclosed in Note 19, the carrying amount of goodwill as at 31 December 2021 was $18,016,000 (2020 : $9,939,000).

(ii) Estimation of impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment whenever there is an indication that it may be impaired. Estimation of recoverable amount using the present value of the future cash flows expected from the assets, the growth rates and discount rates are required for the impairment assessment. Based on the review, no impairment is necessary on property, plant and equipment.

As disclosed in Note 13, the carrying amount of the Group's property, plant and equipment as at 31 December 2021 was $110,768,000 (2020 : $99,810,000).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

4 RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if the person: (i) has control or joint control over the Company; (ii) has significant influence over the Company; or (iii) is a member of the key management personnel of the Group or Company or of the parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply: (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) one entity is an associate of the other entity (or an associate of a member of the Group of which the other entity is a member); (iii) the entity provides post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; (iv) the entity is controlled or jointly controlled by a person identified in (a); (v) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

Other than those disclosed elsewhere in the financial statements, the following related party transactions took place during the financial year:

(a) Transactions with subsidiaries

	The Company	
	2021	**2020**
	$'000	**$'000**
Management fee charged to subsidiaries	696	958
Management fee charged by a subsidiary	(519)	(535)
Interest charged to a subsidiary	-	90
Loan to a subsidiary	-	480
Expenses paid on behalf by a subsidiary	(42)	(45)

(b) Key management personnel compensation

The key management personnel compensation includes fees, salary, bonuses and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group, and where the Group did not incur any costs, the value of the benefits.

The key management personnel compensation is as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Salaries, wages and other short-term employee benefits	5,253	4,691
Post-employment benefits - defined contribution plan	261	257

Total compensation to directors of the Company included in above amounted to $2,102,000 (2020 : $1,728,000).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

5 REVENUE

The Group derives its revenue from transfer of goods and services at a point in time and over time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (Note 33).

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

	The Group	
	2021	**2020**
	$'000	**$'000**
At a point in time:		
Sale of goods	753,664	610,625
Installation services	8,203	5,480
Rental income	280	283
	762,147	616,388
Over time:		
Sale of moulds	4,922	4,228
	767,069	620,616

6 OTHER INCOME

	The Group	
	2021	**2020**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	151	306
Government grants:		
COVID-19 grants - Job Support Scheme	567	2,536
COVID-19 grants - others	66	1,147
Others	2,010	1,611
Foreign exchange gain	2,674	3,175
Others	2,148	1,818
	7,616	10,593

The Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in the income statement on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 14 months commencing from April 2020. In 2021, government grant income of $567,000 (2020 : $2,536,000) was recognised during the year.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

7 PROFIT FOR THE YEAR

(a) Profit for the year has been arrived at after charging:

	The Group	
	2021	2020
	$'000	$'000
Amortisation of intangible assets (Note 19)	(321)	(529)
Depreciation of property, plant and equipment (Note 13)	(16,940)	(15,563)
Depreciation of right-of-use assets (Note 14)	(5,974)	(5,518)
Depreciation of investment properties (Note 15)	(64)	(65)
Employee compensations (Note 7(b))	(154,698)	(129,373)
Purchase of raw materials, finished goods, toolings and consumables	(532,048)	(369,387)
Changes in inventories of raw materials, work-in-progress and finished goods	62,383	(3,922)
Transportation	(5,974)	(5,631)
Repairs and maintenance	(7,570)	(6,214)
Utilities	(8,052)	(7,440)
Insurance	(1,086)	(1,137)
Rental expense	(2,280)	(2,029)
Auditors remuneration paid and payable to:		
- auditors of the Company	(219)	(222)
- other auditors*	(588)	(561)
Non-audit fees paid and payable to:		
- auditors of the Company	-	(20)
- other auditors*	(120)	(18)
Other expenses	(29,210)	(24,651)
Total cost of sales, selling and distribution expenses, administrative and general expenses and other operating expenses	(702,761)	(572,280)

* Includes other auditors and member firms of Deloitte outside Singapore.

(b) Employee compensations

	The Group	
	2021	2020
	$'000	$'000
Salaries, wages and other short-term employee benefits	(143,120)	(120,820)
Employer's contribution to defined contributions plans	(11,578)	(8,553)
	(154,698)	(129,373)

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

8 FINANCE COSTS

	The Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on:		
- lease	(728)	(718)
- bank borrowings	(1,641)	(1,693)
	(2,369)	(2,411)

9 EXCEPTIONAL ITEM

	The Group	
	2021	**2020**
	$'000	**$'000**
Exceptional item comprise:		
Impairment loss of deferred development costs	-	(6,221)

This was in respect of impairment loss of deferred development costs in Frencken Europe B.V., an operating unit within Mechatronics division (Note 19).

10 INCOME TAX EXPENSE

	The Group	
	2021	**2020**
	$'000	**$'000**
Income tax expense attributable to profit is made up of:		
Current income tax:		
- Singapore	(3,020)	(3,315)
- Foreign	(10,025)	(7,168)
Deferred income tax (Note 30)	(758)	956
	(13,803)	(9,527)
Over recognition in respect of previous financial years:		
- Current income tax	2,080	831
- Deferred income tax (Note 30)	505	73
	2,585	904
Withholding tax	(192)	(201)
	(11,410)	(8,824)

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2021 (Cont'd)

10 INCOME TAX EXPENSE (CONT'D)

The income tax expense on profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2021	2020
	$'000	$'000
Profit before income tax	70,521	51,870
Tax calculated at Singapore income tax rate of 17% (2020 : 17%)	(11,989)	(8,818)
Effects of:		
- Different income tax rates in other countries	(3,357)	(2,196)
- Expenses not deductible for tax purposes	(1,002)	(135)
- Income not subject to taxation	1,136	402
- Utilisation of previously unrecognised other temporary differences	302	723
- Deferred tax assets not recognised	201	6
- Tax incentives in other countries	2,348	1,029
- Withholding tax	(192)	(201)
- Others	(1,442)	(538)
Over recognition in respect of previous financial years:		
- Current income tax	2,080	831
- Deferred income tax	505	73
	(11,410)	(8,824)

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2021	2020
	$'000	$'000
Profit attributable to equity holders of the Company	58,727	42,571
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding for basic earnings per share	426,992,949	425,394,253
	Cents	Cents
Basic earnings per share	13.75	10.01

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

11 EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of potential dilutive ordinary shares which are share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit attributable to equity holders of the Company.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Profit attributable to equity holders of the Company	58,727	42,571
	Number of shares	**Number of shares**
Weighted average number of ordinary shares outstanding for basic earnings per share	426,992,949	425,394,253
Adjustment for share options	849,380	1,000,104
	427,842,329	426,394,357
	Cents	**Cents**
Diluted earnings per share	13.73	9.98

12 DIVIDEND

	The Company	
	2021	**2020**
	$'000	**$'000**
Ordinary dividends paid		
First and final tax exempt (one-tier) dividend paid in respect of the previous financial year of 3.00 cents (2019 : 3.00 cents per share)	12,810	12,760

At the forthcoming Annual General Meeting to be held on 22 April 2022, a first and final tax exempt (one-tier) dividend of 4.13 cents per share in respect of the financial year ended 31 December 2021 amounting to $17,636,000 will be proposed for the shareholders' approval.

The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

13 PROPERTY, PLANT AND EQUIPMENT

2021	Freehold land and buildings	Leasehold buildings	Plant, machinery, equipment, piping and electrical installation	Moulds and tooling	Office equipment, furniture and fittings and renovation	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Cost:								
At beginning of the financial year	26,000	14,553	190,270	22,197	40,530	2,008	1,998	297,556
Currency translation differences	(1,495)	367	(2,730)	(232)	(33)	(26)	214	(3,935)
Acquisition of a subsidiary (Note 37)	-	-	9,998	-	460	148	-	10,606
Additions	3,301	-	5,689	493	8,433	-	53	17,969
Disposals	-	-	(1,150)	(48)	(210)	(99)	-	(1,507)
Written off	-	-	(524)	-	(236)	-	-	(760)
Reclassification	-	-	847	20	-	-	(867)	-
At end of the financial year	27,806	14,920	202,400	22,430	48,944	2,031	1,398	319,929
Accumulated depreciation:								
At beginning of the financial year	13,358	1,500	128,514	17,713	32,004	1,447	-	194,536
Currency translation differences	(854)	29	(2,410)	(241)	(51)	(21)	-	(3,548)
Charge for the financial year	1,023	530	11,308	1,110	2,794	175	-	16,940
Disposals	-	-	(1,087)	(43)	(146)	(94)	-	(1,370)
Written off	-	-	(514)	-	(178)	-	-	(692)
Reclassification	-	-	(19)	(6)	25	-	-	-
At end of the financial year	13,527	2,059	135,792	18,533	34,448	1,507	-	205,866
Accumulated impairment loss:								
At beginning of the financial year	-	-	3,210	-	-	-	-	3,210
Currency translation differences	-	-	102	-	-	-	-	102
Disposal	-	-	(17)	-	-	-	-	(17)
At end of the financial year	-	-	3,295	-	-	-	-	3,295
Carrying amount:								
At 31 December 2021	14,279	12,861	63,313	3,897	14,496	524	1,398	110,768

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

2020	Freehold land and buildings	Leasehold buildings	Plant, machinery, equipment, piping and electrical installation	Moulds and tooling	Office equipment, furniture and fittings and renovation	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Cost:								
At beginning of the financial year	24,786	5,416	172,852	21,187	40,357	1,992	3,390	269,980
Currency translation differences	1,214	127	5,954	408	943	7	251	8,904
Additions	-	6,366	12,042	1,030	2,860	100	194	22,592
Disposals	-	-	(1,845)	(381)	(727)	(91)	(1)	(3,045)
Written off	-	-	(334)	(64)	(477)	-	-	(875)
Reclassification	-	2,644	1,601	17	(2,426)	-	(1,836)	-
At end of the financial year	26,000	14,553	190,270	22,197	40,530	2,008	1,998	297,556
Accumulated depreciation:								
At beginning of the financial year	11,884	869	116,601	16,330	29,507	1,361	-	176,552
Currency translation differences	745	8	3,724	360	918	8	-	5,763
Charge for the financial year	729	502	10,184	1,258	2,724	166	-	15,563
Disposals	-	-	(1,676)	(234)	(651)	(88)	-	(2,649)
Written off	-	-	(295)	(1)	(397)	-	-	(693)
Reclassification	-	121	(24)	-	(97)	-	-	-
At end of the financial year	13,358	1,500	128,514	17,713	32,004	1,447	-	194,536
Accumulated impairment loss:								
At beginning of the financial year	-	-	3,071	-	-	-	-	3,071
Currency translation differences	-	-	152	-	-	-	-	152
Disposal	-	-	(13)	-	-	-	-	(13)
At end of the financial year	-	-	3,210	-	-	-	-	3,210
Carrying amount:								
At 31 December 2020	12,642	13,053	58,546	4,484	8,526	561	1,998	99,810

The carrying amounts of machineries, motor vehicles and other fixed assets held under finance leases are $2,369,000 (2020 : $Nil).

Bank borrowings are secured on certain freehold land and buildings, machineries and other fixed assets of the Group with carrying amounts of $8,584,000 (2020 : $6,635,000), $16,376,000 (2020 : $20,672,000) and $2,163,000 (2020 : $692,000) respectively (Note 27).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

14 RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, buildings, motor vehicles and other equipment. The lease terms of the assets are as follows:

Leasehold land	50 years to 99 years
Other assets	3 years to 7 years

2021	Leasehold land $'000	Buildings $'000	Motor vehicles $'000	Other equipment $'000	Total $'000
The Group					
Cost:					
At beginning of the financial year	3,015	22,786	943	265	27,009
Acquisition of a subsidiary (Note 37)	-	1,859	-	28	1,887
Additions	45	3,867	368	127	4,407
Termination	-	(7)	(162)	(75)	(244)
Exchange difference	165	142	(61)	(12)	234
At end of the financial year	3,225	28,647	1,088	333	33,293
Accumulated depreciation:					
At beginning of the financial year	218	9,368	517	153	10,256
Charge for the year	51	5,536	309	78	5,974
Termination	-	-	(162)	(75)	(237)
Exchange difference	130	28	(34)	(4)	120
At end of the financial year	399	14,932	630	152	16,113
Carrying amount:					
At 31 December 2021	2,826	13,715	458	181	17,180

2020	Leasehold land $'000	Buildings $'000	Motor vehicles $'000	Other equipment $'000	Total $'000
The Group					
Cost:					
At beginning of the financial year	1,864	19,074	803	164	21,905
Additions	1,130	3,641	116	108	4,995
Termination	-	(537)	(39)	(14)	(590)
Exchange difference	21	608	63	7	699
At end of the financial year	3,015	22,786	943	265	27,009
Accumulated depreciation:					
At beginning of the financial year	169	4,606	254	55	5,084
Charge for the year	48	5,088	274	108	5,518
Termination	-	(520)	(39)	(14)	(573)
Exchange difference	1	194	28	4	227
At end of the financial year	218	9,368	517	153	10,256
Carrying amount:					
At 31 December 2020	2,797	13,418	426	112	16,753

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

15 INVESTMENT PROPERTIES

	The Group	
	2021	2020
	$'000	$'000
Cost:		
At beginning of the financial year	1,804	1,803
Currency translation differences	(27)	1
At end of the financial year	1,777	1,804
Accumulated depreciation:		
At beginning of the financial year	232	167
Charge for the financial year	64	65
Currency translation differences	(4)	-
At end of the financial year	292	232
Carrying amount at end of the financial year	1,485	1,572

The Group has adopted the cost model under SFRS(I) 1-40 *Investment Property* for its investment properties.

Details of the Group's investment properties and information about the fair value hierarchy as of 31 December 2021 and 31 December 2020 are as follows:

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At 31 December 2021				
Leasehold buildings	-	-	2,334	2,334
At 31 December 2020				
Leasehold buildings	-	-	2,289	2,289

There were no transfers between the respective levels during the financial year.

The fair value of the Group's investment properties has been arrived at based on an indicative market value by reference to market evidence of transaction prices for similar properties.

The following amounts are recognised in income statement:

	The Group	
	2021	2020
	$'000	$'000
Rental income	(280)	(283)
Direct operating expenses arising from:		
- Investment properties that generate rental income	30	29

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2021 (Cont'd)

15 INVESTMENT PROPERTIES (CONT'D)

As at 31 December 2021, the details of the investment properties are as follows:

Location	Tenure	Existing use
Block F89 (80 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri 2377/M2/1/81 to 96, 2377/M2/2/97 to 112, 2377/M2/3/113 to 128, 2377/M2/4/129 to 144, 2377/M2/5/145 to 160 erected on part of Lot No. 5788, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	99 years lease expiring 22.04.2092	Rented
Block F104 (40 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri 2374/M4/1/181 to 188, 2374/M4/2/189 to 196, 2374/M4/3/197 to 204, 2374/M4/4/205 to 212, 2374/M4/5/213 to 220 erected on part of Lot No. 5794, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	99 years lease expiring 22.04.2092	Rented

16 SUBSIDIARIES

	The Company	
	2021	2020
	$'000	$'000
Equity investment	124,647	124,647
Equity contributions to subsidiaries	3,378	3,378
	128,025	128,025

The Company's equity contributions to subsidiaries during the financial year are in respect of its share options granted to the eligible employees (including executive directors) of the Group and credited to share option reserve.

On 6 September 2021, the Group's subsidiary company, ETLA Limited acquired 100% equity interest in Avimac Pte. Ltd. ("Avimac") for a net consideration of $12,448,000.

The fair value of identifiable net assets of the Avimac at the date of acquisition amounted to $4,056,000, resulting in goodwill of $8,392,000. Details of identifiable net assets acquired are disclosed in Note 37.

On 31 March 2020, the Group acquired the remaining 20% interest in its indirect subsidiary, Frencken America Inc. ("FAM"). Accordingly, FAM is now a wholly-owned subsidiary of the Group. The carrying amount of FAM's net assets in the Group's consolidated financial statements at the date of the acquisition was $4,485,000.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

16 SUBSIDIARIES (CONT'D)

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the Company:

	2020
	$'000
Carrying amount of non-controlling interests acquired ($4,485,000 x 20%)	897
Consideration paid to non-controlling interests	1,478
Decrease in equity attributable to owners of the Company	(581)

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2021	2020	2021	2020	
		%	%	%	%	
Frencken International Sdn. Bhd. (2)	Malaysia	100	100	-	-	Investment holding, providing of management services including sales & marketing and sourcing.
Frencken Europe B.V. (7)	The Netherlands	100	100	-	-	Investment holding, management, sales and business development.
ETLA Limited (1)	Singapore	100	100	-	-	Provision of value engineering, prototyping, program management, supply chain management, precision machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.
Juken Technology Limited (1)	Singapore	100	100	-	-	Investment holding.
Avimac Pte. Ltd. (1)	Singapore	-	-	100	-	Provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

16 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2021	2020	2021	2020	
		%	%	%	%	
Frencken Mechatronics B.V. (7)	The Netherlands	-	-	100	100	Assembly, testing and engineering of mechatronic modules and equipment.
Frencken Technical Projects Assembly B.V. (7)	The Netherlands	-	-	100	100	Provision of services to Group companies.
Machinefabriek Gebrs. Frencken B.V. (7)	The Netherlands	-	-	100	100	Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping.
Optiwa B.V. (7)	The Netherlands	-	-	100	100	Manufacturing and/or assembly of precision mechanical parts, modules, sheet metal and prototyping.
Frencken Engineering B.V. (7)	The Netherlands	-	-	100	100	Research, development and engineering.
Frencken Logistics & Assembly B.V. (7)	The Netherlands	-	-	100	100	Provision of services to Group companies.
Frencken Investments B.V. (7)	The Netherlands	-	-	100	100	Property holding company.
NTZ Nederland B.V. (8)	The Netherlands	-	-	100	100	Design, engineering, manufacturing and sales of filters.
Frencken America Inc. (8)	USA	-	-	100	100	Designs, engineers and manufactures mechatronic modules, products and systems.
Frencken Mechatronics (M) Sdn. Bhd. (2)	Malaysia	-	-	100	100	Manufacturing of precision machining components and sheet metal parts and assembly of modular and equipment.
Precico Sdn. Berhad (2)	Malaysia	-	-	100	100	Investment property holding company.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

16 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2021	2020	2021	2020	
		%	%	%	%	
Juken Technology Engineering Sdn. Bhd. (2)	Malaysia	-	-	100	100	Manufacture of mould and die, plastic products and component sub-assembly.
ETLA Technology (Wuxi) Co., Ltd (3)	People's Republic of China	-	-	100	100	Manufacturing of precision machining components and sheet metal parts and assembly of modular and equipment.
Micro-Air (Tianjin) Technology Co., Ltd (12)	People's Republic of China	-	-	60	60	Vacuum coating, thermal treatment and other related services for plastic component.
Juken (Zhuhai) Co., Ltd (4)	People's Republic of China	-	-	100	100	Injection mould making and injection moulding.
Frencken (Chuzhou) Co., Ltd (5)	People's Republic of China	-	-	100	100	Manufacture of mould and die, plastic products and component sub-assembly.
Juken (H.K.) Co., Limited (9)	Hong Kong	-	-	100	100	Sales office.
Juken (Thailand) Co., Ltd (10)	Thailand	-	-	100	100	Manufacture and distribution of plastic products.
Juken Uniproducts Pvt. Limited (11)	India	-	-	55	55	Manufacture and distribution of plastic components.
PT Juken Technology Indonesia (13)	Indonesia	-	-	100	100	Dormant.
Juken Swiss Technology AG (6)	Switzerland	-	-	100	100	Design and sales of micro-mechanical product components for automotive industry.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

16 SUBSIDIARIES (CONT'D)

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Deloitte & Touche, Malaysia.

(3) Audited by Deloitte Touche Tohmatsu CPA LLP, People's Republic of China for consolidation purpose, and by Jiangsu Gongqin Certified Public Accountants Co., Ltd, People's Republic of China for statutory purpose.

(4) Audited by Deloitte Touche Tohmatsu CPA LLP, People's Republic of China for consolidation purposes and by BDO China Dahua CPAs, People's Republic of China for statutory purpose.

(5) Audited by BDO China Dahua CPAs, People's Republic of China for statutory purpose.

(6) Audited by Deloitte AG, Switzerland for statutory purpose.

(7) Audited by BDO Audit & Assurance B.V., The Netherlands.

(8) Audited by BDO Audit & Assurance B.V., The Netherlands for consolidation purposes.

(9) Audited by W.M. Sum & Co., Hong Kong for statutory purpose.

(10) Audited by Ernst & Young, Thailand for statutory purpose.

(11) Audited by Dimpal Kumar Munjal & Associates, India for statutory purpose.

(12) Audited by Tianjin Guangxin Certified Public Accountant Co., Ltd, People's Republic of China for statutory purpose.

(13) This subsidiary is insignificant and unaudited.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

16 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2021	2020
Investment holding			
Investment holding, providing of management services including sales & marketing and sourcing.	Malaysia	1	1
Mechatronics			
Investment holding, management, sales and business development.	The Netherlands	1	1
Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping.	The Netherlands	2	2
Provision of value engineering, prototyping, program machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning.	Singapore	1	1
Provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry.	Singapore	1	-
Manufacturing of precision machining components, sheet metal and assembly modular and equipment.	Malaysia	1	1
Manufacturing of precision machining components, sheet metal and assembly of modular and equipment.	People's Republic of China	1	1
Designs, engineers and manufactures mechatronic modules, products and systems.	USA	1	1
Assembly, testing and engineering of mechatronic modules and equipment.	The Netherlands	1	1
Provision of services to Group companies.	The Netherlands	2	2
Research, development and engineering.	The Netherlands	1	1
Property holding.	The Netherlands	1	1
IMS			
Investment holding.	Singapore	1	1
Design, engineering, manufacturing and sales of filters.	The Netherlands	1	1
Manufacture of mould and die, plastic products and component sub-assembly.	Malaysia	1	1

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

16 SUBSIDIARIES (CONT'D)

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries 2021	2020
IMS (cont'd)			
Injection mould making and injection moulding.	People's Republic of China	1	1
Manufacture of mould and die, plastic products and component sub-assembly.	People's Republic of China	1	1
Manufacture and distribution of plastic products.	Thailand	1	1
Design and trading of micro-mechanical product components for automotive industry.	Switzerland	1	1
Sales office.	Hong Kong	1	1
Dormant.	Indonesia	1	1
Others			
Investment property holding.	Malaysia	1	1
		24	23

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries 2021	2020
IMS			
Vacuum coating, thermal treatment and other related services for plastic component.	People's Republic of China	1	1
Manufacture and distribution of plastic components.	India	1	1
		2	2

No disclosure was made for non-wholly owned subsidiaries that have material non-controlling interests in the financial year ended 31 December 2021 and 2020 as the non-controlling interests are not material to the financial statements.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

17 INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2021	2020
	$'000	$'000
Cost:		
At beginning of the financial year	132	132
Written off	(132)	-
At end of the financial year	-	132
Accumulated impairment loss:		
At beginning of the financial year	132	132
Written off	(132)	-
At end of the financial year	-	132
Carrying amount at end of the financial year	-	-

The details of the associated companies are as follows:

Name of associate	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Held by Juken (H.K.) Co. Limited				
Hishiya Seiko International Company Limited	Hong Kong	-	40	Dissolved.

18 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FINANCIAL ASSET AT FVTOCI")

	Group and Company	
	2021	2020
	$'000	$'000
Unquoted equity security designated at FVTOCI	1,995	3,235

The investment in unquoted equity represent investment in a company that is engaged in the investment of healthcare companies. The recoverability of this investment is uncertain and dependent on the outcome of these activities, which cannot presently be determined. This investment in equity instruments are held for medium to long-term strategic purposes. Accordingly, management has elected to designate this investment in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in this investment's fair value in income statement would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising its performance potential in the long run.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

19 INTANGIBLE ASSETS

2021	Goodwill on consolidation	Deferred development costs	Patents	Intellectual properties	Total
	$'000	$'000	$'000	$'000	$'000
The Group					
Cost:					
At beginning of the financial year	12,279	18,273	2,388	5,963	38,903
Currency translation differences	(456)	(739)	(2)	(1)	(1,198)
Acquisition of a subsidiary (Note 37)	8,392	-	-	-	8,392
Additions	-	-	28	-	28
At end of the financial year	20,215	17,534	2,414	5,962	46,125
Accumulated amortisation:					
At beginning of the financial year	-	4,959	2,212	5,963	13,134
Currency translation differences	-	(134)	(7)	(1)	(142)
Amortisation charge	-	275	46	-	321
At end of the financial year	-	5,100	2,251	5,962	13,313
Accumulated impairment:					
At beginning of the financial year	2,340	11,717	-	-	14,057
Currency translation differences	(141)	(568)	-	-	(709)
At end of the financial year	2,199	11,149	-	-	13,348
Carrying value:					
At 31 December 2021	18,016	1,285	163	-	19,464

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

19 INTANGIBLE ASSETS (CONT'D)

2020	Goodwill on consolidation $'000	Deferred development costs $'000	Patents $'000	Club membership $'000	Intellectual properties $'000	Total $'000
The Group						
Cost:						
At beginning of the financial year	11,737	17,203	2,228	113	5,963	37,244
Currency translation differences	542	1,069	43	-	-	1,654
Additions	-	1	117	-	-	118
Disposal	-	-	-	(113)	-	(113)
At end of the financial year	12,279	18,273	2,388	-	5,963	38,903
Accumulated amortisation:						
At beginning of the financial year	-	4,185	2,158	-	5,963	12,306
Currency translation differences	-	263	36	-	-	299
Amortisation charge	-	511	18	-	-	529
At end of the financial year	-	4,959	2,212	-	5,963	13,134
Accumulated impairment:						
At beginning of the financial year	2,172	5,157	-	104	-	7,433
Currency translation differences	168	339	-	-	-	507
Impairment loss	-	6,221	-	-	-	6,221
Disposals	-	-	-	(104)	-	(104)
At end of the financial year	2,340	11,717	-	-	-	14,057
Carrying value:						
At 31 December 2020	9,939	1,597	176	-	-	11,712

(a) Goodwill on consolidation

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to countries of operation and business segment.

The summary of the goodwill allocation is presented below:

	The Group 2021 $'000	The Group 2020 $'000
Mechatronics:		
America	2,268	2,412
The Netherlands	7,356	7,527
Singapore	8,392	-
	18,016	9,939

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial forecasts approved by management based on the estimated growth rates below. The growth rates do not exceed the long-term average growth rate for the components business in which the CGU operates.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

19 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill on consolidation (cont'd)

Key assumptions used for value-in-use calculations:

	The Group	
	2021	2020
	%	%
Mechatronics		
Gross margin[(1)]	13.2 to 23.0	12.1 to 23.4
Growth rate[(2)]	0.0	0.0
Discount rate[(3)]	10.2 to 12.5	10.7 to 11.8

(1) Forecasted gross margin.
(2) Weighted average growth rate used to extrapolate cash flows beyond the forecast period.
(3) Discount rate applied to the pre-tax cash flow projections.

These assumptions were used for the analysis of each CGU within the business segment.

Management determined forecasted gross margin based on past performance and its expectations for market development. The weighted average growth rates used were consistent with forecast used and industry knowledge. The discount rates used reflect specific risks relating to the relevant segments.

Management believes that any reasonably possible change in the key assumptions on which the CGU's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

(b) Deferred development costs

Deferred development costs relate to the cost capitalised by its subsidiaries for developing certain products. Amortisation of the deferred development costs begins when the development is completed and are amortised on the expected units of production basis or over the estimated useful life of 5 to 10 years (2020 : 5 to 10 years).

For capitalised deferred development cost for the development of the products that is not yet available for use, they are assessed for impairment based on cash flow forecasts using a discount rate of 6.6% to 8.1% (2020 : 5.7% to 9.7%) to calculate its present value.

In 2020, there is a change in strategic direction of a customer within the Group's Mechatronics Division, and arising from this, the Group will not have visibility on expected future revenue streams related to a certain product. Management performed a review of the recoverable amount for the deferred development costs and an impairment loss of $6,221,000 has been recognised in the income statement because the recoverable amount is lower than the carrying value of which the recoverable amount is determined based on the value-in-use calculations.

(c) Patents

Patents relate to certain design and specification of stepper motors, filter devices for micro filtration of oil and automation of material handling to laser welding machine for gearbox filters in cars.

Patents are amortised over their estimated useful life of 5 years.

(d) Intellectual properties

Intellectual properties mainly pertain to the intellectual property related to the current miniature stepper motor product offerings and the intellectual property related miniature stepper motor products under in-process research and development. These intellectual properties have finite useful lives, and are amortised on a straight-line basis over their estimated useful lives of 5 years and on the expected units sold respectively.

The amortisation expense has been included in the line item "cost of sales" in consolidated income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

20 INVENTORIES

	The Group	
	2021	2020
	$'000	$'000
Raw materials	82,053	58,373
Work-in-progress	49,727	36,522
Finished goods	71,304	48,305
	203,084	143,200

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $469,665,000 (2020 : $373,309,000).

Inventories of $82,901,000 (2020 : $67,403,000) have been pledged as security for certain bank overdrafts of the Group (Note 27).

21 TRADE RECEIVABLES

	The Group	
	2021	2020
	$'000	$'000
Trade receivables	123,673	98,965
Loss allowance	(362)	(303)
	123,311	98,662

Trade receivables of $43,491,000 (2020 : $25,396,000) have been pledged as security for certain banking facilities of the Group (Note 27).

As at 31 December 2021, approximately 32% (2020 : 30%) of the trade receivables balance of the Group relates to four major customers that are involved in a different spectrum of industries and possess a variety of end markets to which they sell. Management has in place specific procedures to ensure that the related credit risks are closely monitored. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2020 : 14 to 120 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Loss allowance has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

21 TRADE RECEIVABLES (CONT'D)

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

The Group	Lifetime ECL - credit - impaired $'000
Balance as at 1 January 2020	175
Amounts recovered	(34)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	158
Currency translation difference	4
Balance as at 31 December 2020	303
Amounts recovered	(33)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	91
Currency translation difference	1
Balance as at 31 December 2021	362

The exposure of trade receivables to currency risk and credit risks is disclosed in Notes 36(a)(i) and 36(b) respectively.

22 RECEIVABLES FROM SUBSIDIARIES

The receivables from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

The carrying values of receivables from subsidiaries approximated their fair values at balance sheet date.

For purpose of impairment assessment, the receivables are considered to have low credit risk as the timing of payment is controlled by the ultimate holding company taking into account cash flow management within the ultimate holding company's group of companies and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for this receivable, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

In determining the ECL, management has taken into account the financial position of the related company, adjusted for factors that are specific to the related company and general economic conditions of the industry in which the related company operates, in estimating the probability of default of the receivables as well as the loss upon default. Management determines the receivables to related company is subject to immaterial credit loss.

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

The exposure of receivables from subsidiaries to currency risk is disclosed in Note 36(a)(i).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

23 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Other receivables	3,529	3,903	2	12
Grant receivables	-	339	-	-
Deposits	1,797	1,298	-	-
Prepayments	10,449	5,564	14	13
Staff loans and advances	996	1,587	-	-
	16,771	12,691	16	25

Other receivables included an amount of $Nil (2020 : $840,000) in respect of a loan to a company which ceased to be a subsidiary of the Group. This amount was repaid during the year and bore interest at rate of 3.8% per annum.

For the purpose of impairment assessment, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

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

The Group	12-month ECL financial assets at amortised cost	
	2021	2020
	$'000	$'000
At beginning of financial year	-	383
Allowance utilised	-	(383)
At end of financial year	-	-

The exposure of other receivables, deposits, staff loans and advances to currency risk and credit risks is disclosed in Note 36(a)(i) and 36(b) respectively.

24 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Short-term funds placed with Malaysian financial institutions	44,173	44,929	-	-
Deposits with licensed banks	4,409	12,417	4,200	12,200
Cash and bank balances	144,018	117,108	18,197	572
	192,600	174,454	22,397	12,772
Less: Bank overdrafts (Note 27)	(39,781)	(23,105)	-	-
Less: Deposits pledged as securities	(209)	(217)	-	-
Cash and cash equivalents in the statement of cash flows	152,610	151,132	22,397	12,772

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

24 CASH AND CASH EQUIVALENTS (CONT'D)

Deposits with licensed banks of the Group amounting to $209,000 (2020 : $217,000) are pledged as guarantees to certain government authorities.

The withdrawal/maturity period and effective interest rates of short-term funds placed with Malaysian financial institutions and deposits with licensed banks are as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
Short-term funds placed with Malaysian financial institutions:				
Effective interest rate (% per annum)	1.57 to 1.84	1.85 to 2.41	-	-
Withdrawal notice (days)	1	1	-	-
Deposits with licensed banks:				
Effective interest rate (% per annum)	0 to 4.55	0 to 7.65	0.33 to 0.60	0.40 to 1.68
Maturity period (months)	3 to 24	3 to 24	3 to 9	3 to 9

These deposits with licensed banks can be withdrawn before due date if required without having to incur significant costs, and therefore, the carrying amounts approximate their fair values.

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $17,969,000 (2020 : $22,592,000) (Note 13) of which $1,049,000 (2020 : $203,000) was included in other payables at balance sheet date. Cash payments of $17,476,000 (2020 : $23,664,000) includes an amount of $556,000 (2020 : $1,275,000) for payment from other payables to purchase property, plant and equipment incurred in previous financial year.

The exposure of cash and cash equivalents to currency risk is disclosed in Note 36(a)(i).

25 TRADE PAYABLES

The carrying values of trade payables approximated their fair values at balance sheet date as these amounts are payable within the next 12 months.

The exposure of trade payables to currency risk is disclosed in Note 36(a)(i).

26 OTHER PAYABLES, ACCRUALS AND PROVISIONS

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Sundry payables	11,284	8,725	877	252
Other operating accruals	46,462	40,003	462	375
Deferred grant income	-	477	-	-
Provisions	308	308	308	308
	58,054	49,513	1,647	935

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

26 OTHER PAYABLES, ACCRUALS AND PROVISIONS (CONT'D)

Movements in provisions are as follow:

	Group and Company Provision for directors' fee	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	308	308
Provision made	308	308
Provision utilised	(308)	(308)
Balance at end of financial year	308	308

The carrying values of other payables approximated their fair values at balance sheet date as these amounts are payable within the next 12 months.

27 BORROWINGS

	The Group	
	2021	2020
	$'000	$'000
Current		
Short-term bank borrowings [1]:		
- Bank overdrafts	39,781	23,105
- Invoice financing	43,808	27,244
- Revolving credits	10,978	16,338
Term loans [2]	1,076	657
	95,643	67,344
Non-current		
Term loans [2]	1,582	-
	1,582	-

[1] Short-term bank borrowings:

Bank overdrafts of the Group include:

(a) $39,121,000 (2020 : $22,019,000) is secured by mortgage over properties (Note 13), pledged on machineries, other fixed assets and inventories (Note 20) and certain trade receivables (Note 21) of certain subsidiaries of the Company in The Netherlands.

(b) $522,000 (2020 : $1,081,000) is secured by exclusive charge on the entire present and future current assets and fixed assets of a subsidiary in India.

Bank overdrafts of the Group are repayable on demand and form an integral part of the Group's cash management. They are denominated in EUR, USD, INR and MYR (2020 : EUR, USD, INR and MYR) and bear interest at rates ranging from 0.84% to 9.4% (2020 : 1.23% to 10.75%) per annum.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

27 BORROWINGS (CONT'D)

(1) Short-term bank borrowings: (cont'd)

Invoice financing of the Group include:

(a) $7,382,000 (2020 : $3,443,000) is pledged on the trade receivables of certain subsidiaries in the People's Republic of China.

(b) $1,861,000 (2020 : $Nil) is secured by personal guarantee by a former director of a newly acquired subsidiary in Singapore.

Invoice financing are denominated in USD, EUR, SGD, MYR and RMB (2020 : USD, EUR, SGD, MYR and RMB), due within 1 to 6 months (2020 : 1 to 5 months) and bear interest at rates ranging from 0.75% to 5.22% (2020 : 0.75% to 5.66%) per annum.

Revolving credits of the Group are unsecured and denominated in SGD, USD and Yen (2020 : EUR, SGD, USD and Yen), due within 3 months and bear interest at rates ranging from 2.00% to 5.15% (2020 : 2.00% to 5.15%) per annum.

(2) Term loans of:

(a) $640,000 (2020 : $190,000) of the Group are denominated in RMB (2020 : INR and RMB) and bear interest at rate of 7.5% (2020 : 6.18% to 10.50%) per annum. The term loans are repayable over a period of 3 years (2020 : 3 to 4 years) and are secured by machinery of a subsidiary in the People's Republic of China. In financial year 2020, the term loans were secured by exclusive charge on the entire present and future current assets and property, plant and equipment (Note 13) of a subsidiary in India and machinery of a subsidiary in the People's Republic of China.

(b) $1,767,000 (2020 : $Nil) of the Group are denominated in SGD (2020 : Nil) and bear interest at rate of 2.50% (2020 : Nil) per annum. The term loans are repayable over a period of 5 years (2020 : Nil) and are secured by personal guarantee by former directors of a newly acquired subsidiary in Singapore.

(c) $251,000 (2020 : $467,000) of the Group are denominated in EUR (2020 : EUR), unsecured and bear interest at rate of 1.75% (2020 : 1.40%) per annum. The term loans are repayable over 1 year (2020 : 3 years).

The carrying amounts of current portion of borrowings of the Group approximated their fair values at balance sheet date. The carrying amount of non-current portion of borrowings of the Group approximated their fair values as there are no significant differences between the historical interest rates at the points when the liabilities were undertaken and the current prevailing market interest rates.

The exposure of borrowings to currency risk is disclosed in Note 36(a)(i).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

27 BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities

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

				Non-cash changes			
	At beginning of the financial year $'000	Acquisition of a subsidiary (Note 37) $'000	Financing cash flows * $'000	Addition of lease liabilities $'000	Termination of lease liabilities $'000	Foreign exchange movement $'000	At end of the financial year $'000
The Group							
2021							
Short-term bank borrowings	43,582	1,348	9,602	-	-	254	54,786
Term loans	657	1,899	93	-	-	9	2,658
Lease liabilities	14,637	9,258	(6,212)	4,407	(7)	133	22,216
	58,876	12,505	3,483	4,407	(7)	396	79,660
2020							
Short-term bank borrowings	39,373	-	3,969	-	-	240	43,582
Term loans	1,217	-	(611)	-	-	51	657
Lease liabilities	15,531	-	(6,334)	4,995	(19)	464	14,637
	56,121	-	(2,976)	4,995	(19)	755	58,876

* The cash flows make up the net amount of proceeds from borrowings, repayments of borrowings, term loans and the repayment of lease liabilities in the Group's Consolidated Cash Flow Statement.

28 LEASE LIABILITIES

	The Group	
	2021 $'000	2020 $'000
Less than 1 year	8,924	5,373
Between 1 and 2 years	11,308	8,102
Between 2 and 5 years	3,119	2,127
After 5 years	23	-
	23,374	15,602
Less: Unearned interest	(1,158)	(965)
	22,216	14,637
Analyses as:		
- Current	8,238	4,913
- Non-current	13,978	9,724
	22,216	14,637

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

29 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group contributes at rates stipulated by each country's local legislation into separate entities and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

Retirement benefit plan

The Group operates a funded defined retirement benefit plan for qualifying employees of its subsidiary in Switzerland. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 64 to 65. No other post-retirement benefits are provided.

The plan in Switzerland typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	There is no investment risk related to the pension plan assets. The collective pension plan has been concluded with AXA Foundation LPP which is fully reinsured by the insurance AXA Vie for all the risks (invalidity, death and pension) as well as for the investment activity.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 December 2021 by AXA Pension Solutions AG, a pension fund specialist in Switzerland. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. This method is based on the amount of working years at the date of the actuarial valuation and considers the future by including:

- a discount rate;
- the salary development and leaving probability up to the beginning of the benefit payment; and
- inflation adjustments for the years after the first payment recurring benefits.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2021	2020
Discount rate	0.35%	0.20%
Expected benefit increase	0.00%	0.00%
Inflation	1.00%	0.50%
Disability decrement	LPP 2020 GT tables[2]	LPP 2015 GT tables[1]
Mortality decrement	LPP 2020 GT tables	LPP 2015 GT tables
Turnover rates	LPP 2020 GT tables	LPP 2015 GT tables
Salary increase	1.00% flat	1.00% flat
Retirement	100% at regular retirement age	100% at regular retirement age
Long-term interest on retirement accounts	0.50%	0.50%

(1) LPP 2015 GT are a set of tables based on the observation of 15 large Swiss pension schemes between 2010 and 2014. The tables include rates of mortality, turnover, disability and etc.

(2) LPP 2020 GT are a set of tables based on the observation of 15 large Swiss pension schemes between 2015 and 2019. The tables include rates of mortality, turnover, disability and etc.

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement benefit plan is as follows:

	The Group	
	2021	2020
	$'000	$'000
Present value of funded obligations	4,383	6,229
Fair value of plan assets	(3,167)	(3,572)
Net liability recognised in the balance sheet	1,216	2,657

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	The Group	
	2021	2020
	$'000	$'000
Service cost:		
- Current service cost	302	331
Interest income	(7)	(7)
Interest cost	12	12
Components of defined benefit costs recognised in income statement	307	336
Remeasurement on the net defined benefit liability:		
Actuarial gain on defined benefit obligation	(1,533)	-
Loss on plan assets excluding interest income	45	31
Components of defined benefit costs recognised in other comprehensive income	(1,488)	31
Total	(1,181)	367

The charge for the year is included in the administrative and general expenses in income statement.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

Changes in the present value of the defined benefit obligation are as follows:

	The Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	6,229	5,359
Remeasurement gains: Actuarial gains and losses:		
- Actuarial gain on defined benefit obligation	(1,533)	-
Current service cost	302	331
Interest cost	12	12
Contribution by plan participants	155	161
Exchange differences	(103)	440
Benefits paid	(679)	(74)
Balance at end of financial year	4,383	6,229

Changes in the fair value of plan assets are as follows:

	The Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	3,572	3,012
Remeasurement loss:		
- Loss on plan assets exclude interest income	(45)	(31)
Interest income	7	7
Contributions by employer	213	248
Contributions by plan participants	155	161
Exchange difference	(56)	249
Benefits paid	(679)	(74)
Balance at end of financial year	3,167	3,572

The actual loss on plan assets amounts to $38,000 (2020 : $24,000).

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial year, while holding all other assumptions constant.

- If the discount rate increases (decreases) by 0.25%, the defined benefit obligation would decrease by $180,000 (increase by $194,000).
- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by $33,000 (decrease by $37,000).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by $54,000 (decrease by $52,000).

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

29 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Retirement benefit plan (cont'd)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Group to manage its risks from prior years.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The benefits of the pension scheme are funded by employer and employee as a fixed percentage of the insured salaries. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base.

The average duration of the benefit obligation at 31 December 2021 is 17.1 years (2020 : 17.8 years).

The Group expects to contribute approximately $242,000 (2020 : $255,000) to its defined benefit plan in the subsequent financial year.

30 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group	
	2021	2020
	$'000	$'000
Deferred income tax assets	(1,487)	(1,437)
Deferred income tax liabilities	3,971	3,452
	2,484	2,015

The movements on the deferred income tax account are as follows:

	The Group	
	2021	2020
	$'000	$'000
Balance at beginning of financial year	2,015	2,658
Acquisition of a subsidiary (Note 37)	185	-
Currency translation differences	30	(20)
(Credited) Charged to income statement (Note 10):		
- Current year	758	(956)
- Over recognition in previous financial year	(505)	(73)
	253	(1,029)
Utilisation	1	406
Balance at end of financial year	2,484	2,015

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

30 DEFERRED INCOME TAX (CONT'D)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred income tax liabilities

	2021			2020		
	Accelerated tax depreciation	**Others**	**Total**	**Accelerated tax depreciation**	**Others**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at beginning of financial year	2,118	1,334	3,452	1,785	2,329	4,114
Acquisition of a subsidiary (Note 37)	-	185	185	-	-	-
Currency translation differences	2	10	12	-	44	44
Utilisation	-	1	1	-	406	406
Charged (Credited) to income statement	52	269	321	333	(1,445)	(1,112)
Balance at end of financial year	2,172	1,799	3,971	2,118	1,334	3,452

Deferred income tax assets

	Unutilised tax losses	**Accruals**	**Reinvestment allowance**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2021				
Balance at beginning of financial year	(266)	(691)	(480)	(1,437)
Currency translation differences	-	(15)	33	18
Charged (Credited) to income statement	-	31	(99)	(68)
Balance at end of financial year	(266)	(675)	(546)	(1,487)
2020				
Balance at beginning of financial year	(266)	(835)	(355)	(1,456)
Currency translation differences	-	(33)	(31)	(64)
Charged (Credited) to income statement	-	177	(94)	83
Balance at end of financial year	(266)	(691)	(480)	(1,437)

Deferred income tax assets are recognised for unutilised tax losses, accruals and unutilised reinvestment allowances carried forward to the extent that realisation of the related income tax benefits through future taxable profits is probable.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

30 DEFERRED INCOME TAX (CONT'D)

The estimated amount of unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances, pending agreement with the relevant tax authorities in the countries in which the Group operates, for which the related income tax effects have not been accounted for are as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Unutilised tax losses	792	804
Unutilised capital allowances	2,439	2,476
Unutilised reinvestment allowances	344	349

The above unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances have no expiry dates. No deferred tax asset has been recognised in respect of the amounts above due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with unremitted earnings of subsidiaries for which deferred tax liabilities have not been recognised is $12,658,000 (2020 : $11,358,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

31 SHARE CAPITAL AND SHARE-BASED PAYMENTS

	Issued share capital	
	Number of ordinary shares	**$'000**
Group and Company		
2021		
Beginning of the financial year	426,472,409	104,329
Exercise of share options	553,000	115
End of financial year	427,025,409	104,444
2020		
Beginning of the financial year	424,272,409	103,486
Exercise of share options	2,200,000	843
End of financial year	426,472,409	104,329

The Company has one class of ordinary shares which carries no right to fixed income.

All issued shares are fully paid. There is no par value for these ordinary shares and there is no authorised share capital.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

31 SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D)

(a) Share capital

The Company issued ordinary shares pursuant to the Company's employee share option scheme at the respective exercise price as shown below. The cost of issuing new ordinary shares amounted to $115,000 (2020 : $843,000). The newly issued shares rank *pari passu* in all respects with the existing ordinary shares.

	Issued during financial year	**Exercise price**	**Exercise period**
2021			
2016 Options	500,000	$0.184	1.04.2018 to 31.03.2026
2017 Options	53,000	$0.432	6.12.2019 to 5.12.2027
	553,000		
2020			
2010 Options	515,000	$0.224	1.12.2012 to 30.11.2020
2017 Options	1,685,000	$0.432	6.12.2019 to 5.12.2027
	2,200,000		

The total consideration for the issue of new ordinary shares is as follow:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Exercise price paid by employees	115	843
Value of employee services	67	505
Total net consideration	182	1,348

Accordingly, a gain on issuance of new ordinary shares of $67,000 (2020 : $505,000) is recognised in the capital reserve.

(b) Share options

Share options were granted to executive directors and Group employees who have been in the employment of the Group for a period of at least twelve (12) months under the Frencken Employee Share Option Scheme 2008 (the "ESOS 2008"), which became operative on 1 December 2008.

The duration of the ESOS 2008 was 10 years commencing on 18 April 2008 and accordingly, the ESOS 2008 had expired on 17 April 2018. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for three (3) market days immediately preceding the date of the grant. The vesting of the options is conditional on the executive director or employee of the Group completing another two (2) years of service to the Group from the date of grant of options.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

31 SHARE CAPITAL AND SHARE-BASED PAYMENTS (CONT'D)

(b) Share options (cont'd)

Once the options have vested, they are exercisable for a contractual option term of eight (8) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other Company. The Group has no legal or constructive obligation to repurchase or settle the options in cash. If the options remained unexercised after the contractual option term from the date of grant, the options will be forfeited. Options are forfeited if the employee leaves the Group before the options vest.

The ESOS 2008 became operative upon the Company granting options to subscribe for 8,960,000 ordinary shares of the Company on 1 December 2008 (“2008 Options”). The Company also granted options to subscribe for 8,880,000, 9,050,000, 6,000,000, 3,000,000 and 3,000,000 ordinary shares of the Company on 1 December 2009 (“2009 Options”), 1 December 2010 (“2010 Options”), 7 October 2013 (“2013 Options”), 1 April 2016 (“2016 Options”) and 6 December 2017 (“2017 Options”) respectively. Particulars of the 2008 Options, 2009 Options, 2010 Options, 2013 Options, 2016 Options and 2017 Options were set out in the Directors’ Report for the financial year ended 31 December 2008, 31 December 2009, 31 December 2010, 31December 2013, 31 December 2016 and 31 December 2017 respectively.

Information in respect of share option granted under the ESOS 2008 is as follows:

	Number of ordinary shares under option						
	Beginning of financial year	**Granted during financial year**	**Forfeited during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price**	**Exercise period**
Group and Company							
2021							
2016 Options	500,000	-	-	(500,000)	-	$0.184	1.04.2018 to 31.03.2026
2017 Options	1,165,000	-	-	(53,000)	1,112,000	$0.432	6.12.2019 to 5.12.2027
	1,665,000	-	-	(553,000)	1,112,000		
2020							
2010 Options	675,000	-	(160,000)	(515,000)	-	$0.224	1.12.2012 to 30.11.2020
2016 Options	500,000	-	-	-	500,000	$0.184	1.04.2018 to 31.03.2026
2017 Options	2,850,000	-	-	(1,685,000)	1,165,000	$0.432	6.12.2019 to 5.12.2027
	4,025,000	-	(160,000)	(2,200,000)	1,665,000		

The weighted average share price at the time of exercise was $1.3801 (2020 : $0.9730) per share.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2021 (Cont'd)

32 STATUTORY RESERVE FUND

Statutory reserve fund arises from the following:

(a) Foreign Enterprise Law in the People's Republic of China ("PRC") requires the subsidiaries incorporated in PRC 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 must be allocated to the SRF until 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.

(b) A subsidiary in Switzerland is required to place 5% of the annual net profits in a legal reserve before dividends may be distributed until the reserve reaches 20% of paid-in capital. Thereafter, 10% of any distributed amount that exceeds 5% of paid-in capital also must be placed in the reserve fund. These amounts must be appropriated until the reserve equals 50% of authorised and issued capital.

33 SEGMENT INFORMATION

(a) Business segments

Information reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the operations, the information is further analysed based on the different classes of customers. Management has chosen to organise the Group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Group has two principal business segments under SFRS(I) 8, as described below, which are the Group's strategic business units. The two strategic business units are organised and managed separately because they require differing technological skill sets and marketing strategies. They are as follows:

- Mechatronics - specialising in the design and manufacture of complex electro-mechanical assemblies and automation systems for original equipment manufacturers.

- Integrated Manufacturing Services ("IMS") - specialising in a one-stop integrated solution to manufacture plastic components (including design and fabrication of mould) for assembly into modules and finished products. It also designs and manufactures high quality oil filters.

The Investment Holding & Management Services segment is not a business segment but essentially are investment holding companies and providing management services to companies within the Group.

The other segment is an investment property holding company.

Inter-segment transactions are determined on terms agreed between the parties. Segment assets consist of non-current and current assets while segment liabilities comprise non-current and current liabilities. Capital expenditure comprises additions to property, plant and equipment.

The accounting policies of the reportable segments are materially similar as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment with allocation of various costs, income and share of results of associated companies. This is the measure reported to the key management personnel of the Group for the purposes of resource allocation and assessment of segment performance.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

33 SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Mechatronics		IMS		Investment Holding & Management Services		Others		Eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	658,992	520,459	107,797	99,874	-	-	280	283	-	-	767,069	620,616
Inter-segment sales	-	-	-	1,066	11,332	9,371	-	-	(11,332)	(10,437)	-	-
	658,992	520,459	107,797	100,940	11,332	9,371	280	283	(11,332)	(10,437)	767,069	620,616
Segment results	59,723	48,120	7,397	7,756	4,674	2,924	130	129	-	-	71,924	58,929
Interest income	72	327	23	40	871	1,295	-	1	-	(90)	966	1,573
Finance costs	(1,617)	(1,494)	(746)	(958)	(6)	(49)	-	-	-	90	(2,369)	(2,411)
Impairment loss of deferred development costs	-	(6,221)	-	-	-	-	-	-	-	-	-	(6,221)
Profit before income tax											70,521	51,870
Income tax expense	(11,103)	(7,089)	(181)	(1,616)	(68)	(60)	(58)	(59)	-	-	(11,410)	(8,824)
Total profit											59,111	43,046
Segment assets	487,006	377,698	121,320	117,979	78,312	66,538	1,507	1,578	-	-	688,145	563,793
Segment liabilities	264,190	180,533	41,055	44,570	3,787	2,321	84	86	-	-	309,116	227,510
Other segment information:												
Capital expenditure	12,596	14,650	5,324	7,890	49	52	-	-	-	-	17,969	22,592
Addition of intangible assets	-	-	28	118	-	-	-	-	-	-	28	118
Depreciation and amortisation	14,577	12,355	8,516	9,120	142	135	64	65	-	-	23,299	21,675
Other non-cash expenses other than depreciation and amortisation	7	6,253	58	185	3	4	-	-	-	-	68	6,442

For the purposes of monitoring segment performance and allocating resources between segments, the key management personnel of the Group monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments. Goodwill has been allocated to reportable segments as described in Note 19.

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2021 (Cont'd)

33 SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

The Group operates in four principal geographical areas - The Netherlands, People's Republic of China, Malaysia and Singapore (country of domicile).

Revenue is attributed to geographical areas based on the location of the customers. Non-current assets (excluding deferred tax assets) are based on the location of those assets:

	Revenue from external customers		**Non-current assets**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Based on location of customer				
The Netherlands	197,330	166,798	35,493	38,066
People's Republic of China	119,010	100,056	40,552	37,435
Malaysia	79,405	36,055	32,136	35,789
Czech Republic	42,124	34,891	-	-
Singapore	82,943	50,578	30,846	10,301
Hungary	15,123	7,843	-	-
America	64,096	62,587	6,667	5,476
Germany	47,070	40,825	-	-
Switzerland	78	12	1,170	1,299
Thailand	67,645	73,848	1,543	1,985
India	6,594	5,064	2,485	2,729
Indonesia	10,472	8,202	-	-
United Kingdom	2,831	2,042	-	-
Mexico	4,937	4,246	-	-
Italy	8,215	9,757	-	-
Slovakia	2,670	2,467	-	-
Others	16,526	15,345	-	2
	797,069	620,616	150,892	133,082

(c) Information about major customers

Included in revenue arising from Mechatronics division of $658,992,000 (2020 : $520,459,000) are revenue of approximately $97,828,000 (2020 : $109,085,000) which arose from sales to the Group's largest customer.

34 CAPITAL COMMITMENTS

	The Group	
	2021	**2020**
	$'000	**$'000**
Commitments in respect of contracts placed for the purchase of property, plant and equipment but not provided for	4,412	393

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

35 SHORT-TERM LEASE ARRANGEMENTS

At 31 December 2021, the Group is committed to $277,000 (2020 : $150,000) for short-term leases.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Significant risks and events, supported by financial reports are highlighted through the monthly and quarterly management reporting structure to the executive committee and audit committee respectively, who in turn advises the board of directors. The board reviews and approves policies for managing each of these risks.

There have been no change to the Group's exposure to these financial risks or the manner in which it manages and measure the risk except as disclosed below.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes. The Group's and the Company's financial risks are summarised as follows:

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia and Europe with dominant operations in Singapore, People's Republic of China, Malaysia, and The Netherlands. Entities in the Group transact in various foreign currencies and therefore, are exposed to movements in foreign currencies rates.

Foreign currencies exchange risk arises when the entities in the Group enter into transactions that are in a currency that is other than the functional currency such as Singapore Dollar ("SGD"), United State Dollar ("USD"), Euro ("EUR"), Malaysian Ringgit ("MYR"), Japanese Yen ("Yen"), Renminbi ("RMB"), Thai Baht ("THB") and Swiss Franc ("CHF").

The Group's exposures to foreign currencies are primarily managed by natural hedges of matching financial assets and financial liabilities denominated in foreign currencies. Should the need arise, the Group will enter into forward currency contracts to hedge its uncovered position.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	EUR $'000	MYR $'000	Yen $'000	RMB $'000	THB $'000	CHF $'000	Others $'000	Total $'000
At 31 December 2021										
Financial assets										
Cash and cash equivalents	53,809	33,509	42,037	46,913	125	13,445	2,285	311	166	192,600
Trade and other receivables	4,142	55,304	38,772	7,429	41	19,878	1,419	1,382	1,266	129,633
Intercompany receivables	2,987	656	499	2,869	-	16	-	37	-	7,064
Dividend receivables	13,086	-	4,717	2,399	-	-	-	-	-	20,202
	74,024	89,469	86,025	59,610	166	33,339	3,704	1,730	1,432	349,499
Financial liabilities										
Borrowings	(11,549)	(28,180)	(37,448)	(8,803)	(578)	(10,146)	-	-	(521)	(97,225)
Lease liabilities	(12,948)	(786)	(2,197)	(1,357)	-	(4,888)	(17)	(23)	-	(22,216)
Other financial liabilities	(21,129)	(49,576)	(67,738)	(15,303)	(1,195)	(20,877)	(1,512)	(1,387)	(1,226)	(179,943)
Intercompany payables	(2,987)	(656)	(499)	(2,869)	-	(16)	-	(37)	-	(7,064)
Dividend payables	(13,086)	-	(4,717)	(2,399)	-	-	-	-	-	(20,202)
	(61,699)	(79,198)	(112,599)	(30,731)	(1,773)	(35,927)	(1,529)	(1,447)	(1,747)	(326,650)
Net financial assets/ (liabilities)	12,325	10,271	(26,574)	28,879	(1,607)	(2,588)	2,175	283	(315)	22,849
Less: Net financial assets/ (liabilities) denominated in the respective entities functional currencies	(6,759)	814	31,537	(28,880)	-	2,975	(2,175)	(283)	150	
Currency exposure	5,566	11,085	4,963	(1)	(1,607)	387	-	-	(165)	

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

	SGD $'000	USD $'000	EUR $'000	MYR $'000	Yen $'000	RMB $'000	THB $'000	CHF $'000	Others $'000	Total $'000
At 31 December 2020										
Financial assets										
Cash and cash equivalents	60,020	15,296	37,491	46,998	-	13,044	1,133	297	175	174,454
Trade and other receivables	3,636	39,941	27,706	8,548	2	21,854	1,622	1,135	1,345	105,789
Intercompany receivables	1,682	2,192	556	2,063	-	34	-	151	-	6,678
Dividend receivables	3,704	-	2,773	1,637	-	-	-	-	-	8,114
	69,042	57,429	68,526	59,246	2	34,932	2,755	1,583	1,520	295,035
Financial liabilities										
Borrowings	(4,612)	(21,307)	(25,902)	(8,155)	(633)	(5,564)	-	-	(1,171)	(67,344)
Lease liabilities	(3,641)	(952)	(3,401)	(945)	-	(5,572)	(15)	-	(111)	(14,637)
Other financial liabilities	(16,106)	(23,259)	(50,338)	(10,358)	(1,865)	(23,993)	(1,673)	(1,038)	(979)	(129,609)
Intercompany payables	(1,682)	(2,192)	(556)	(2,063)	-	(34)	-	(151)	-	(6,678)
Dividend payables	(3,704)	-	(2,773)	(1,637)	-	-	-	-	-	(8,114)
	(29,745)	(47,710)	(82,970)	(23,158)	(2,498)	(35,163)	(1,688)	(1,189)	(2,261)	(226,382)
Net financial assets/ (liabilities)	39,297	9,719	(14,444)	36,088	(2,496)	(231)	1,067	394	(741)	68,653
Less: Net financial assets/ (liabilities) denominated in the respective entities functional currencies	(35,889)	3,729	14,356	(36,106)	-	786	(1,067)	(408)	692	
Currency exposure	3,408	13,448	(88)	(18)	(2,496)	555	-	(14)	(49)	

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

With all other variables including tax rate being held constant, the effects arising from the major net currency exposure position will be as follows:

	2021 Increase/(Decrease)			2020 Increase/(Decrease)		
	Currency movement	Profit after income tax $'000	Other component of equity $'000	Currency movement	Profit after income tax $'000	Other component of equity $'000
The Group						
USD against MYR	2%			2%		
- strengthened		281	281		78	78
- weakened		(281)	(281)		(78)	(78)
EUR against MYR	3%			1%		
- strengthened		12	12		2	2
- weakened		(12)	(12)		(2)	(2)
SGD against MYR	1%			1%		
- strengthened		42	42		26	26
- weakened		(42)	(42)		(26)	(26)
EUR against SGD	2%			1%		
- strengthened		14	14		(28)	(28)
- weakened		(14)	(14)		28	28
USD against SGD	1%			2%		
- strengthened		(112)	(112)		(50)	(50)
- weakened		112	112		50	50
YEN against SGD	4%			2%		
- strengthened		(58)	(58)		(33)	(33)
- weakened		58	58		33	33
EUR against CHF	5%			1%		
- strengthened		94	94		11	11
- weakened		(94)	(94)		(11)	(11)
USD against RMB	1%			4%		
- strengthened		43	43		219	219
- weakened		(43)	(43)		(219)	(219)

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	EUR $'000	MYR $'000	Total $'000
At 31 December 2021				
Financial assets				
Cash and cash equivalents	22,386	11	-	22,397
Other receivables	41	29	-	70
Dividend receivables	13,086	4,717	2,399	20,202
	35,513	4,757	2,399	42,669
Financial liabilities				
Other financial liabilities	(2,197)	-	-	(2,197)
Net financial assets	33,316	4,757	2,399	40,472
Less: Net financial assets denominated in the Company's functional currency	(33,316)	-	-	
Currency exposure	-	4,757	2,399	

	SGD $'000	EUR $'000	MYR $'000	Total $'000
At 31 December 2020				
Financial assets				
Cash and cash equivalents	12,770	2	-	12,772
Other receivables	19	-	-	19
Dividend receivables	3,704	2,773	1,637	8,114
	16,493	2,775	1,637	20,905
Financial liabilities				
Other financial liabilities	(1,490)	-	-	(1,490)
Net financial assets	15,003	2,775	1,637	19,415
Less: Net financial assets denominated in the Company's functional currency	(15,003)	-	-	
Currency exposure	-	2,775	1,637	

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

With all other variables including tax rate being held constant, the effects arising from the major net currency exposure position will be as follows:

	2021 Increase/(Decrease)			2020 Increase/(Decrease)		
	Currency movement	Profit after income tax $'000	Other component of equity $'000	Currency movement	Profit after income tax $'000	Other component of equity $'000
The Company						
EUR against SGD	2%			1%		
- strengthened		79	79		23	23
- weakened		(79)	(79)		(23)	(23)
MYR against SGD	1%			1%		
- strengthened		20	20		14	14
- weakened		(20)	(20)		(14)	(14)

(ii) Price risk

The price risk does not impact the Group as it is not exposed to equity security price risk and commodity price risk from financial instruments.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to changes in interest rates related primarily to its placement in fixed deposits, short-term funds, and bank borrowings. At balance sheet date, approximately 2.7% (2020 : 1.0%) of the Group's borrowings are at fixed rates of interest.

The Group's and the Company's deposits at fixed rates are denominated primarily in SGD, THB and INR.

The Group's borrowings (as disclosed in Note 27) at variable rates on which effective hedges have not been entered into are denominated mainly in MYR, SGD, EUR, RMB, INR, USD and Yen. If interest rate increases/decreases by 0.5% with all other variables including tax rate being held constant, the Group's net profit will be lower/higher by $473,000 (2020 : $333,000) as a result of higher/lower interest expense on these borrowings.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk

(i) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group at the end of the reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the balance sheet.

Financial assets, which potentially subject the Group to concentration of credit risk, consist principally of trade and other receivables, deposits, financial asset at fair value through other comprehensive income, short-term funds, deposits and bank balance. The Group's short-term funds, deposits and bank balance are placed with high creditworthiness financial institutions. The management does not expect any losses arising from non-performances by these counterparties.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored through limiting its associations to business partners with high creditworthiness. Trade receivables' payment profile and credit exposure are monitored on an ongoing basis through Group's management reporting procedures.

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

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

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(i) Overview of the Group's exposure to credit risk (cont'd)

The table below details the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

The Group	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 December 2021						
Trade receivables	21	Performing	Lifetime ECL	123,311	-	123,311
Trade receivables	21	In default	Lifetime ECL	362	(362)	-
Other receivables and deposits	23	Performing	12-month ECL	6,322	-	6,322
					(362)	
At 31 December 2020						
Trade receivables	21	Performing	Lifetime ECL	98,662	-	98,662
Trade receivables	21	In default	Lifetime ECL	303	(303)	-
Other receivables and deposits	23	Performing	12-month ECL	7,127	-	7,127
					(303)	

The table below details the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

The Company	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 December 2021						
Receivables from subsidiaries	22	Performing	12-month ECL	68	-	68
Other receivables	23	Performing	12-month ECL	2	-	2
					-	
At 31 December 2020						
Receivables from subsidiaries	22	Performing	12-month ECL	7	-	7
Other receivables	23	Performing	12-month ECL	12	-	12
					-	

NOTES TO FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(i) Overview of the Group's exposure to credit risk (cont'd)

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 21, 22 and 23 respectively.

(ii) Credit risk management

The Group's trade receivables comprise of mainly 4 debtors (2020 : 4 debtors) that individually represented 6% to 12% (2020 : 6% to 10%) of trade receivables.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company	
	2021	**2020**
	$'000	**$'000**
Guarantees for banking facilities granted to subsidiaries:		
- unsecured	29,494	18,586

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
By geographical areas		
America	10,730	6,487
Malaysia	18,644	16,471
Singapore	20,786	12,145
The Netherlands	18,340	13,798
People's Republic of China	24,302	24,915
Czech Republic	8,587	6,794
Other countries	21,922	18,052
	123,311	98,662

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (cont'd)

(ii) Credit risk management (cont'd)

	The Group	
	2021	2020
	$'000	$'000
By business segments		
Mechatronics		
Semiconductors	51,876	30,259
Medical	6,196	3,443
Analytical & Life Sciences	29,283	21,455
Industrial automation	6,872	10,479
Others	1,448	1,633
	95,675	67,269
IMS		
Automotive	22,222	24,739
Consumer and Industrial Electronics	3,393	3,427
Tooling	657	1,122
Others	1,348	2,105
	27,620	31,393
Others	16	-
Total	123,311	98,662

Financial assets that are neither past due nor impaired

Bank deposits and other short-term funds that are neither past due nor impaired are mainly deposits with financial institutions with high creditworthiness. Trade receivables that are neither past due nor impaired are substantially companies with high creditworthiness.

Financial assets that are past due and/or impaired

(a) Trade receivables

The age analysis of trade receivables past due but not impaired is as follows:

	The Group	
	2021	2020
	$'000	$'000
Past due < 3 months	11,376	13,710
Past due 3 to 6 months	1,587	657
Past due > 7 months	1,615	217
	14,578	14,584

(b) Other receivables

As at the end of financial year 2021 and 2020, no other receivables are past due but not impaired.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows from operating activities to finance their activities and minimises liquidity risk by keeping committed credit lines available.

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Group							
At 31 December 2021							
Payables	-	(179,943)	-	-	-	-	(179,943)
Borrowings at variable interest rate	2.06%	(96,512)	-	-	-	1,945	(94,567)
Borrowings at fixed interest rate	3.64%	(2,296)	(459)	-	-	97	(2,658)
Lease liabilities at fixed interest rate	4.86%	(8,924)	(11,308)	(3,119)	(23)	1,158	(22,216)
		(287,675)	(11,767)	(3,119)	(23)	3,200	(299,384)
At 31 December 2020							
Payables	-	(129,609)	-	-	-	-	(129,609)
Borrowings at variable interest rate	2.43%	(68,306)	-	-	-	1,619	(66,687)
Borrowings at fixed interest rate	3.41%	(679)	-	-	-	22	(657)
Lease liabilities at fixed interest rate	4.39%	(5,373)	(8,102)	(2,127)	-	965	(14,637)
		(203,967)	(8,102)	(2,127)	-	2,606	(211,590)

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Non-derivative financial liabilities (cont'd)

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000
The Company						
At 31 December 2021						
Payables	-	(2,197)	-	-	-	(2,197)
		(2,197)	-	-	-	(2,197)
At 31 December 2020						
Payables	-	(1,490)	-	-	-	(1,490)
		(1,490)	-	-	-	(1,490)

Non-derivative financial assets

The table below analyses the maturity profile of the Group's financial assets based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Group							
At 31 December 2021							
Non-interest bearing	-	273,651	-	-	1,995	-	275,646
Fixed interest rate instruments	1.71%	48,966	-	-	-	(384)	48,582
		322,617	-	-	1,995	(384)	324,228
At 31 December 2020							
Non-interest bearing	-	222,897	-	-	3,235	-	226,132
Fixed interest rate instruments	1.77%	57,822	-	-	-	(476)	57,346
		280,719	-	-	3,235	(476)	283,478

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Non-derivative financial assets (cont'd)

The table below analyses the maturity profile of the Company's financial assets based on contractual undiscounted cash flows:

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Adjustment	Total
		$'000	$'000	$'000	$'000	$'000	$'000
The Company							
At 31 December 2021							
Non-interest bearing	-	38,469	-	-	1,995	-	40,464
Fixed interest rate instruments	0.47%	4,220	-	-	-	(20)	4,200
		42,689	-	-	1,995	(20)	44,664
At 31 December 2020							
Non-interest bearing	-	8,705	-	-	3,235	-	11,940
Fixed interest rate instruments	1.04%	12,327	-	-	-	(127)	12,200
		21,032	-	-	3,235	(127)	24,140

(d) Capital risk

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

If the need for financing arises, the Group will monitor and manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Certain subsidiaries of the Group are required by the relevant local regulations to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant local authorities.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Fair value measurements

The fair value measurement of the Group's financial and non-financial assets and liabilities approximate their respective fair values due to their relatively short-term maturity. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair value of non-current assets is equivalent to its carrying amount.

The following table gives information about how the fair value of this financial asset is determined.

	Group and Company		Fair value hierarchy	Valuation technique and key input
	2021	2020		
	$'000	$'000		
Financial asset at fair value through other comprehensive income				
Unquoted equity security	1,995	3,235	Level 3	Price/Book ratio of comparable industries.

There was no transfer between the different levels of the fair value hierarchy during the financial years ended 31 December 2021 and 2020.

The Group and the Company have no plans to dispose of this investment in the foreseeable future.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets and in Note 36 to the financial statements:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial asset at FVTOCI (Note 18)	1,995	3,235	1,995	3,235
Loans and receivables:				
Trade receivables (Note 21)	123,311	98,662	-	-
Receivables from subsidiaries (Note 22)	-	-	68	7
Dividend receivable from subsidiaries	-	-	20,202	8,114
Other receivables, deposits and prepayments (Note 23)	16,771	12,691	16	25
Cash and cash equivalents (Note 24)	192,600	174,454	22,397	12,772
Less: Prepayments (Note 23)	(10,449)	(5,564)	(14)	(13)
Total	322,233	280,243	42,669	20,905
Trade payables (Note 25)	121,889	80,096	-	-
Payable to a subsidiary	-	-	550	555
Other payables, accruals and provisions (Note 26)	58,054	49,513	1,647	935
Borrowings (Note 27)	97,225	67,344	-	-
Lease liabilities (Note 28)	22,216	14,637	-	-
Less: Deferred grant income (Note 26)	-	(477)	-	-
Financial liabilities at amortised cost	299,384	211,113	2,197	1,490

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

37 ACQUISITION OF A SUBSIDIARY

On 6 September 2021, the Group acquired 100% of the issued share capital of Avimac Pte. Ltd. ("Avimac"), thereby obtaining control of Avimac.

Avimac is an entity incorporated in the Republic of Singapore with its principal activities being engaged in provide precision machining and engineering services, with a primary focus on aerospace, semiconductors and oil & gas industry, and qualifies as a business as defined in SFRS(I) 3.

Details of the consideration paid, the assets acquired and liabilities assumed and the effect on the cash flows of the Group, at the acquisition date, are as follows:

(a) Identifiable assets acquired and liabilities assumed at the date of acquisition:

	2021
	$'000
Non-Current Assets	
Property, plant and equipment	10,606
Right-of-use assets	1,887
	12,493
Current Assets	
Inventories	2,701
Trade receivables	1,110
Other receivables, deposits and prepayments	1,358
Cash and cash equivalents	957
	6,126
Current Liabilities	
Trade payables	(1,373)
Other payables, accruals and provisions	(500)
Borrowings	(1,883)
Lease liabilities	(1,890)
	(5,646)
Non-Current Liabilities	
Borrowings	(1,364)
Lease liabilities	(7,368)
Deferred income tax liabilities	(185)
	(8,917)
Total identifiable assets acquired and liabilities assumed	4,056

The fair value of the financial assets includes receivables acquired with a fair value of $2,468,000.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

37 ACQUISITION OF A SUBSIDIARY (CONT'D)

(b) Consideration transferred (at acquisition date fair values)

	2021
	$'000
Cash	14,000
Settlement for amount due to Avimac [1]	(1,552)
Total consideration transferred	12,448

[1] Avimac has a business relationship with ETLA Limited. ("ETLA"), a wholly owned subsidiary of Frencken Group Limited. Avimac providing manufacturing solutions to ETLA. This pre-existing relationship between Avimac and ETLA is considered effectively settled upon the transaction.

Acquisition-related costs amounting to $117,000 have been excluded from the consideration transferred and have been recognised as an expense during the year, within the"Administrative and general expenses" line item in the income statement.

(c) Goodwill arising on acquisition

	2021
	$'000
Consideration transferred	12,448
Less: Fair value of identifiable net assets acquired	(4,056)
Goodwill arising on acquisition	8,392

Goodwill arose in the acquisition of Avimac because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Avimac. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill is expected to be deductible for tax purposes.

(d) Net cash outflow on acquisition

	2021
	$'000
Consideration paid in cash	14,000
Less: Cash and cash equivalent balances acquired	(957)
Net cash outflow on acquisition	13,043

(e) Impact of acquisitions on the results of the Group

Avimac contributed $2,733,000 revenue and $346,000 to the Group's profit after tax for the period between the date of acquisition and the reporting date.

If the acquisition of Avimac had been completed on the first day of the financial year, Group revenue for the year would have been $770,714,000 and Group profit after tax would have been $58,876,000.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

38 EVENTS AFTER THE REPORTING PERIOD

On 27 January 2022, the Company entered into a Sale and Purchase Agreement with two existing shareholders of Penchem Technologies Sdn. Bhd. (“Penchem”) to purchase 261,500 ordinary shares, representing 50.00% of the ordinary shares of Penchem.

The Company has also simultaneously entered into a Subscription Agreement with Penchem to subscribe for 10,058 ordinary shares amounting to 1.92% of the ordinary shares of Penchem.

39 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

Effective for annual periods beginning on or after January 1, 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after January 1, 2023

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

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

Amendments to SFRS(I) 1-16: *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in consolidated income statement. The entity measures the cost of those items in accordance with SFRS(I) 1-2 *Inventories*.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". SFRS(I) 1-16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the consolidated income statement, the financial statements shall disclose the amounts of proceeds and cost included in consolidated income statement that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the consolidated income statement include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

The amendments to SFRS(I) 1-1 affect only the presentation of liabilities as current or non-current in the balance sheets and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

NOTES TO FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2021 (Cont'd)

39 STANDARDS ISSUED BUT NOT EFFECTIVE (CONT'D)

Amendments to SFRS(I) 1-1: ***Classification of Liabilities as Current or Non-current (cont'd)***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

DETAILS OF PROPERTIES HELD BY THE GROUP

The properties owned by the Group are as follows:

	Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2021 $'000	Use of property	Encumbrances
1.	No. 14 to 16 Hurksestraat, Eindhoven, The Netherlands	Frencken Investments B.V.	Freehold	12,300 sq m	5,756	Production and office	Legal charge in favour of Coöperatieve Rabobank Eindhoven - Veldhoven
2.	Molenweg 3, Reuver, The Netherlands	Frencken Investments B.V.	Freehold	11,300 sq m	2,828	Production and office	Legal charge in favour of Coöperatieve Rabobank Eindhoven - Veldhoven
3.	Lot No. P.T. 24044, Mukim of Kajang, District of Hulu Langat, Selangor Darul Ehsan, Malaysia	Frencken Mechatronics (M) Sdn. Bhd.	99 years lease expiring 29.03.2091	4.45 acres or 18,019 sq m	5,962	Production and office	-
4.	16, Jalan Masyhur 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	4,303 sq m	1,156	Production and office	-
5.	Lot 10, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,165	Production and office	-
6.	Lot 11, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,199	Production and office	-

DETAILS OF PROPERTIES HELD BY THE GROUP (CONT'D)

	Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2021 $'000	Use of property	Encumbrances
7.	Lot 12, Jalan BRP 9/1C, Bukit Rahman Putra Industrial Park, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Juken Technology Engineering Sdn. Bhd.	Freehold	1,754 sq m	1,211	Production and office	-
8.	2413, M004, Bangna-Trad Road (KM 34.5), T. Bangpleenoi, Amphur Bangbor, Somatprakam 10560, Thailand	Juken (Thailand) Co., Ltd	Freehold	9,600 sq m	964	Production and office	-
9.	2368 Qingliu East Road, Chuzhou City, Anhui Province, China	Frencken (Chuzhou) Co., Ltd	50 years lease expiring 04.08.2067	28,083 sq m	9,725	Production and office	-

STATISTIC OF SHAREHOLDINGS

As at 10 March 2022

Share Capital

No. of Issued Shares	:	427,025,409
No. of Treasury Shares	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per share

DISTRIBUTION OF SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	156	3.32	5,416	0.00
100 - 1,000	468	9.95	316,186	0.07
1,001 - 10,000	2,922	62.14	14,496,630	3.40
10,001 - 1,000,000	1,128	23.99	48,665,998	11.40
1,000,001 and above	28	0.60	363,541,179	85.13
TOTAL	**4,702**	**100.00**	**427,025,409**	**100.00**

TWENTY (20) LARGEST SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

No.	Name of Shareholder	No. of Shares	%
1.	UOB Kay Hian Pte Ltd	127,160,151	29.78
2.	Citibank Nominees Singapore Pte Ltd	47,583,609	11.14
3.	Raffles Nominees (Pte) Limited	39,006,693	9.13
4.	DBS Nominees Pte Ltd	25,069,381	5.87
5.	HSBC (Singapore) Nominees Pte Ltd	18,809,983	4.40
6.	Maybank Securities Pte Ltd	17,298,756	4.05
7.	OCBC Securities Private Ltd	12,305,216	2.88
8.	Philip Securities Pte Ltd	11,464,794	2.68
9.	Gooi Soon Chai	6,965,023	1.63
10.	BPSS Nominees Singapore (Pte) Ltd	6,883,700	1.61
11.	Low Hock Peng	6,222,794	1.46
12.	CGS-CIMB Securities (Singapore) Pte Ltd	5,575,649	1.31
13.	DBSN Services Pte Ltd	5,064,615	1.19
14.	K-Tee Holdings Sdn. Bhd.	4,060,000	0.95
15.	Low Te Jinn	4,060,000	0.95
16.	Goh Gaik Ewe	3,800,000	0.89
17.	Mohamad Anwar Au	3,660,000	0.86
18.	Teo Cheng Tuan Donald	2,809,000	0.66
19.	iFAST Financial Pte Ltd	2,647,316	0.62
20.	Low Trevor Jay	2,000,000	0.47
		352,446,680	**82.53**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company as at 10 March 2022, approximately 68.97% of the Company's issued paid-up capital is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

STATISTIC OF SHAREHOLDINGS

As at 10 March 2022 (Cont'd)

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2022

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
Dato' Gooi Soon Chai [a]	7,015,023	1.64	93,229,068	21.83
Low Heang Thong [b]	-	-	27,440,300	6.43
Micro Compact (M) Sdn. Bhd. [c]	-	-	26,332,206	6.17
Precico Holdings Sdn. Bhd. [d]	-	-	52,487,076	12.29
Prime Logic (M) Sdn. Bhd. [e]	-	-	27,932,206	6.54
Sinn Hin Company Sdn. Bhd. [f]	-	-	89,144,021	20.88

Notes:

(a) Dato' Gooi Soon Chai is deemed to have an interest in the 3,933,047 shares held by his family, shares held by Micro Compact (M) Sdn. Bhd., Prime Logic (M) Sdn. Bhd., Sinn Hin Company Sdn. Bhd., Precico Holdings Sdn. Bhd., Pensyn Sdn. Bhd. and Cayman Resources Sdn. Bhd. by virtue of Section 4 of the Securities and Futures Act (Chapter 289) and Section 7 of the Companies Act 1967.

(b) Low Heang Thong is deemed to have an interest in the 1,405,000 shares held by his family, shares held by UOB Kay Hian Securities (M) Sdn. Bhd. (for the account of Meng Tak Corporation Sdn. Bhd.) and Maybank Investment Bank Berhad (for the account of Meng Tak Corporation Sdn. Bhd.) by virtue of Section 4 of the Securities and Futures Act (Chapter 289) and Section 7 of the Companies Act 1967 and shares held through UOB Kay Hian Pte Ltd and UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.

(c) Micro Compact (M) Sdn. Bhd. is deemed to have an interest in the shares held through UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.

(d) Precico Holdings Sdn. Bhd.'s deemed interest arising from its 60% direct interests in Micro Compact (M) Sdn. Bhd. and shares held through UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.

(e) Prime Logic (M) Sdn. Bhd.'s deemed interest arising from its 40% direct interests in Micro Compact (M) Sdn. Bhd. and shares held through UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.

(f) Sinn Hin Company Sdn. Bhd.'s deemed interest arising from its 35.7%, 49.9% and 35.3% direct interest in Precico Holdings Sdn. Bhd., Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. respectively. Therefore it is deemed to have an interest in which Precico Holdings Sdn. Bhd., Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. have an interest. Sinn Hin Company Sdn. Bhd. also have deemed interest in shares held through UOB Kay Hian Securities (M) Sdn. Bhd. in the capital of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be convened and held by way of electronic means on **22 April 2022 at 2.30 p.m.** to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' Statement and Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 4.13 cents per share for the financial year ended 31 December 2021. **(Resolution 2)**

3. To approve the Directors' fees of S$308,000 for the financial year ended 31 December 2021. **(Resolution 3)**

4. To re-elect Dato' Gooi Soon Chai, retiring pursuant to Regulation 92 of the Company's Constitution. [See Explanatory Note 1] **(Resolution 4)**

5. To re-elect Mr Mohamad Anwar Au, retiring pursuant to Regulation 92 of the Company's Constitution. [See Explanatory Note 2] **(Resolution 5)**

6. To re-elect Mr Foo Seang Choong, retiring pursuant to Regulation 91 of the Company's Constitution. [See Explanatory Note 3] **(Resolution 6)**

7. To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:

8. Authority to allot and issue shares **(Resolution 8)**

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

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

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

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

   (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force, provided always that:-

      (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL BUSINESS (CONT'D)

For the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

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

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited; and

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

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note 4]

OTHER BUSINESS

9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that subject to approval being obtained at the Annual General Meeting to be held on 22 April 2022.

1. A first and final tax exempt (one-tier) dividend of 4.13 cents per share for the financial year ended 31 December 2021 will be paid on 18 May 2022.

2. The Share Transfer Books and Register of Members of the Company will be closed on 9 May 2022 for preparation of dividend warrants. Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02, Singapore 068898, up to 5.00 p.m. on 6 May 2022 will be registered to determine members' entitlements to the proposed dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 6 May 2022 will be entitled to the payment of the proposed dividend.

On behalf of the Board,

Dennis Au
Executive Director

4 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes on business to be transacted:

1. There are no relationships (including immediate family relationships) between Dato' Gooi Soon Chai and the other Directors of the Company. Please refer to pages 66 to 74 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

2. There are no relationships (including immediate family relationships) between Mr Mohamad Anwar Au and the other Directors of the Company or its shareholders. Please refer to pages 66 to 74 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

3. Mr Foo Seang Choong who is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited, will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee. There are no relationships (including immediate family relationships) between Mr Foo Seang Choong and the other Directors of the Company or its shareholders. Please refer to pages 66 to 74 of the Corporate Governance Statement in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

4. The ordinary resolution in item no. 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Important Notes:

1. The Annual General Meeting ("AGM") will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM (the "Notice of AGM") will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on the Company's website at https://frenckengroup.listedcompany.com/newsroom.html. This Notice of AGM will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. **To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the AGM in person.** Instead, alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching or listening to the AGM proceedings via "live" webcast, (b) submitting questions in advance of the AGM, and (c) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below.

3. Members who wish to watch or listen to the "live" webcast of the AGM must pre-register at the following website https://conveneagm.sg/fgl_AGM2022 by **2.30 p.m. on 19 April 2022.**

   Members who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF and SRS investors) and who wish to watch or listen to the "live" webcast of the AGM and/or submit questions in advance of the AGM should approach their respective relevant intermediaries by **2.30 p.m. on 12 April 2022.**

   Following authentication of his/her/its status as members, authenticated members will receive an email notification, and would be able to access the webcast of the proceedings of the AGM using the account credentials created upon completion of registration.

   The access link, user identification and password details should only be used by the authenticated members, and should not be shared with anyone else. If it is established that the access link, user identification and password details are being used by someone other than the authenticated members, the Company reserves the right to revoke the respective user's access to the AGM.

   Members who do not receive the Confirmation Email by **5.00 p.m. on 20 April 2022**, but have registered by the **19 April 2022** deadline, should contact the Company by email to corp@frenckengroup.com.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Important Notes: (cont'd)

4. Please note that members will not be able to ask questions at the AGM "live" during the webcast, and therefore members should submit their questions in advance of the AGM via email to the Company at corp@frenckengroup.com . All questions must be submitted by **2.30 p.m. on 13 April 2022**.

   The Management and the Board of Directors of the Company will endeavour to address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the AGM by publishing the responses to those questions on the SGX website at https://www.sgx.com/securities/company-announcements and the Company's website at https://frenckengroup.listedcompany.com/newsroom.html at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, i.e. by **17 April 2022.**

5. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company's website at https://frenckengroup.listedcompany.com/newsroom.html, and on the SGX website at https://www.sgx.com/securities/company-announcements. Printed copies of the proxy form will not be sent to members.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Members who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF and SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS Approved Banks) to submit their voting instructions by **2.30 p.m. on 12 April 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **2.30 p.m. on 19 April 2022.**

   The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
   (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898; or

   (b) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com

   in either case, by **2.30 p.m. on 19 April 2022**.

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

6. The Chairman of the Meeting, as proxy, need not be a member of the Company.

7. The Annual Report 2021 has been published on 4 April 2022 on the Company's website at https://frenckengroup.listedcompany.com/newsroom.html, and on the SGX website at https://www.sgx.com/securities/company-announcements.

8. Due to the constantly evolving COVID-19 situation in Singapore, we may be required to change our arrangements for the AGM at short notice. Members should check the Company's website at https://frenckengroup.listedcompany.com/newsroom.html, and on the SGX website at https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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FRENCKEN GROUP LIMITED
(Registration No. : 199905084D)
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
Alternative Arrangements for Annual General Meeting ("AGM")

1. The AGM will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's website at https://frenckengroup.listedcompany.com/newsroom.html. The Notice of AGM is also available on the SGX website at https://www.sgx.com/securities/company-announcements.
2. **To minimize physical interactions and COVID-19 transmission risks, a member will not be able to attend the AGM in person.** Instead, alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching or listening to the AGM proceedings via "live" webcast, (b) submitting questions in advance of the AGM, and (c) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
3. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

CPF/SRS Investors

5. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators by **2.30 p.m. on 12 April 2022** to submit their votes by **2.30 p.m. on 19 April 2022.**

Personal Data

6. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

*I/We ____________________ (Name) * NRIC/Passport No. ____________________ of

____(Address)

being a member/members of Frencken Group Limited (the "Company"), hereby appoint the Chairman of the Meeting as my/our *proxy to vote for me/us* on my/our* behalf at the Annual General Meeting (the "Meeting") of the Company to be convened and held by way of electronic means on Friday, 22 April 2022 at 2.30 p.m. and at any adjournment thereof.

I/We* direct the Chairman of the Meeting to exercise all my/our votes* "For" or "Against" or to "Abstain" from voting the Ordinary Resolutions to be proposed at the Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the Chairman of the Meeting will vote or abstain from voting at his discretion.

**Alternatively, please indicate the number of votes as appropriate "For", "Against" or "Abstain" box as provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution.*

No.	Resolutions	No. of votes "For"*	No. of votes "Against"*	No. of votes "Abstain"*
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' Statement and Independent Auditor's Report thereon.			
2.	To declare a first and final tax exempt (one-tier) dividend of 4.13 cents per share for the financial year ended 31 December 2021.			
3.	To approve the Directors' fees of S$308,000 for the financial year ended 31 December 2021.			
4.	To re-elect Dato' Gooi Soon Chai, retiring pursuant to Regulation 92 of the Company's Constitution.			
5.	To re-elect Mr Mohamad Anwar Au, retiring pursuant to Regulation 92 of the Company's Constitution.			
6.	To re-elect Mr Foo Seang Choong, retiring pursuant to Regulation 91 of the Company's Constitution.			
7.	To re-appoint Messrs Deloitte & Touche LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967.			

Dated this ________day of ________________ 2022

Total Number of Shares Held	
CDP	
Register of Members	
Total	

____

Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

FRENCKEN GROUP LIMITED AND ITS SUBSIDIARIES
Incorporated in Singapore. Registration No. : 199905084D

Notes:-

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. **To minimize physical interactions and COVID-19 transmissions risks, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at https://frenckengroup.listedcompany.com/newsroom.html, and the SGX website at https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Members who hold their Shares through relevant intermediaries* as defined in Section 181 of the Companies Act 1967 (including CPF and SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions by **2.30 p.m. on 12 April 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by **2.30 p.m. on 19 April 2022.**
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898; or

   (b) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com.

   in either case, by **2.30 p.m. on 19 April 2022**.

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

(1) Fold along this line

Affix
Postage
Stamp

The Company Secretary
FRENCKEN GROUP LIMITED
c/o Tricor Barbinder Share Registration Services
80 Robinson Road #11-02
Singapore 068898

(2) Fold along this line

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or by his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.
8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

   *A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2022.

www.frenckengroup.com