



**ASIAN MICRO
HOLDINGS LIMITED**



2020 ANNUAL
REPORT

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The Group continually explores innovative methods of introducing industrial consumers to the use of natural gas and energy saving methods.

This annual report has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company’s Sponsor has not independently verified the contents of this annual report including the correctness of any of the figures used, statements or opinions made.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Nathaniel C. V.
Telephone number: +65 6381 6966

Corporate Information



BOARD OF DIRECTORS

EXECUTIVE

Lim Kee Liew @ Victor Lim
Executive Chairman, Chief Executive Officer and Group Managing Director

Ng Chee Wee
Executive Director and Chief Financial Officer

NON-EXECUTIVE

Chue Wai Tat
Lead Independent Director

Cheah Wee Teong
Independent Director

Lee Teck Meng Stanley
Independent Director

AUDIT COMMITTEE

Chue Wai Tat
Chairman

Cheah Wee Teong
Lee Teck Meng Stanley

NOMINATING COMMITTEE

Cheah Wee Teong
Chairman

Chue Wai Tat
Lee Teck Meng Stanley

REMUNERATION COMMITTEE

Cheah Wee Teong
Chairman

Chue Wai Tat
Lee Teck Meng Stanley

COMPANY SECRETARIES

Abdul Jabbar Bin Karam Din
Toh Li Ping, Angela

REGISTERED OFFICE

63 Hillview Avenue
#08-01 Lam Soon Industrial Building
Singapore 669569
Tel: 6862 7777 / Fax: 6862 6277
Website: <http://asianmicro.listedcompany.com/>

BANKERS

United Overseas Bank Limited
DBS Bank Limited
Malayan Banking Berhad
Public Bank Berhad
Hong Leong Bank Berhad

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

CONTINUING SPONSOR

RHT Capital Pte. Ltd.
9 Raffles Place
#29-01 Republic Plaza Tower 1
Singapore 048619

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower
Level 18
Singapore 048583
Partner-in-charge: Tan Po Hsiong Jonathan
(Since financial year ended 30 June 2016)



Corporate Profile

Asian Micro Holdings Limited

(listed in the SGX-SESDAQ, now known as SGX-ST Catalist Board; since September 1999), is primarily engaged in the provision of Compressed Natural Gas (“CNG”) supply and related products & services.



Corporate Profile

The Group supplies CNG skids which are used for storing and transporting CNG to local industries for gas cutting, heat treatment and power generation. It can also be used for powering of natural gas engines and off-the-road vehicles.

The Group continually explores innovative methods of introducing industrial consumers to the use of natural gas and energy saving methods. Our customers are from the oil and gas, marine and offshore, aviation, shipyard and manufacturing industries.

The Group's secondary core business includes providing clean room grade plastic packaging bags and materials for packaging cleaned finished products in the hard disk drive and semiconductor industries.

The Group has diversified its existing core business to include the investment in, trading of, and development of residential, commercial, retail and industrial properties within Singapore and overseas as and when the opportunities arise.





Chairman's Message



“

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PRESENTING THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF ASIAN MICRO HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (“FY2020”).

”

Chairman's Message

OVERVIEW

The Group faced a challenging business environment in FY2020 and the COVID-19 pandemic has caused a disruption to the global economic condition as well as volatile currency movements.

The Group's consolidated revenue decreased by \$0.50 million from \$4.46 million for the financial year ended 30 June 2019 ("FY2019") to \$3.96 million in FY2020. The decrease in revenue was mainly due to lower revenue generated from both trading and NGV related businesses.

A net profit of \$0.35 million was recorded by the Group in FY2020 compared to a net loss of \$0.25 million in FY2019. The profit was mainly due to decrease in administrative expenses and increase in other operating income.

As at 30 June 2020, the Group's net tangible assets was \$1.73 million, compared to \$1.89 million as at 30 June 2019.

LOOKING AHEAD

The Group's businesses are expected to remain challenging for the financial year ending 30 June 2021 ("FY2021") mainly due to the global economic uncertainties as a result of the impact of the COVID-19 outbreak. However, the Group continues to focus on its operational efficiency, cost control, cash conservation and ensuring sustainability of its existing businesses. While the market condition is expected to remain challenging in FY2021 and is likely to impact the Group's existing business performance, Management will continue to focus on its existing businesses, without incurring major capital expenditure.

As announced on 24 August 2020, the Company entered into a conditional novation and debt

capitalisation agreement ("**Debt Capitalisation Agreement**") with certain subsidiaries of the Company and the participating creditors for the (i) novation; and (ii) proposed capitalisation and conversion of the participating debts. The Company agreed to, subject to the shareholders' approval, to allot and issue an aggregate of 493,062,000 new shares by way of conversion shares pursuant to the terms of the Debt Capitalisation Agreement.

CORPORATE GOVERNANCE

The Group remains committed to maintain its regime of high standards of corporate governance. It pledges to provide timely and accurate information through announcements and investor relations activities for the benefits of all stakeholders. Please refer to the Report on Corporate Governance set out on pages 13 to 35 for detailed disclosure on the Company's corporate governance practices.

APPRECIATION

On behalf of the Board, I would like to thank all shareholders for their continued loyalty and support to the Company.

We also acknowledge the strong support of our customers, bankers and business associates of our Company in 2020 and we are looking forward to your strong support to help us to achieve a better 2021 and beyond.

Last, but not least, I would like to thank all staff and Management for their dedicated services and support and we will strive to improve further.

MR. LIM KEE LIEW @ VICTOR LIM
*Executive Chairman, CEO and
Group Managing Director*
28 September 2020


Board Of Directors



1. Mr. Lim Kee Liew @ Victor Lim

Mr. Lim Kee Liew @ Victor Lim was appointed as a Director of the Company on 18 February 1997. He is the Executive Chairman since 24 October 2012, Chief Executive Officer (“CEO”) since 15 August 2003 and Group Managing Director since 16 December 1999. He is the key founder of the Group and provides overall strategic direction and policy decisions of the Group. Prior to setting up the Group, Victor Lim was the Engineering Support Manager in several Hard Disk Drive companies, namely Tandon (S) Pte Ltd, Computer Memories Inc., and Micropolis Singapore Ltd from 1983 to 1989.

Victor Lim holds a Diploma in Production Engineering from Singapore Polytechnic, Master of Business Administration (MBA) from Singapore Management University (SMU) and Master of Science (Real Estate) from National University of Singapore (NUS). He has obtained several patents in the field of electronic energy saving ballasts and fluorescent lamps and has more than 30 years’ experience in the electronic and hard disk drive industries and in real estate investment.



2. Mr. Ng Chee Wee

Mr. Ng Chee Wee joined the Group in August 2010 as Group Financial Controller and was appointed as an Executive Director of the Company on 6 May 2011 and re-designated as Chief Financial Officer (“CFO”) on 8 February 2017. He oversees the Group’s finance, accounting, treasury, legal, tax, corporate secretarial, regulatory compliance and human resources functions.

Mr. Ng has more than 20 years’ experience in the accounting and finance fields for various industries. He holds a Diploma with Merit in Accountancy from Ngee Ann Polytechnic in Singapore and completed the Association of Chartered Certified Accountants (ACCA) course in 2000. He is a Fellow member of the ACCA and a member of the Institute of Singapore Chartered Accountants (ISCA) and Singapore Institute of Directors (SID).



3. Mr. Chue Wai Tat

Mr. Chue Wai Tat was appointed as an Independent Director of the Company on 6 July 2011 and subsequently appointed as the Lead Independent Director of the Company on 24 October 2012. He is currently the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He started his career with the Inland Revenue Department (now known as Inland Revenue Authority of Singapore) for 10 years before joining the private sector. He has accumulated more than 20 years of experience, mainly in senior finance position in MNC and GLC such as Group/Regional/Controller of MNC (Universal Furniture, Seagate Technology, Asia Pacific Resources International Ltd) and VP Group Finance of Media Corporation of Singapore Pte Ltd, before retiring on 31 December 2009. Since March 2011, he has taken up retirement positions and is currently a Finance Manager with Venus Beauty Pte Ltd.

Mr. Chue holds a Bachelor of Social Science (Economics & Political Science) (Hons) from the University of Singapore and is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA).



Board Of Directors



4. Mr. Cheah Wee Teong

Mr. Cheah Wee Teong was appointed as an Independent Director of the Company on 1 December 2015. He is currently the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. Mr. Cheah has more than 20 years of professional and commercial experience with globally recognised international public accounting and consulting firms, as well as multinational corporations based in the United States, Hong Kong and Singapore.

Mr. Cheah holds both Bachelor of Business Administration and Master of Professional Accounting degrees from the University of Texas at Austin, USA. He is a member of the American Institute of Certified Public Accountants (AICPA) and a member of Singapore Institute of Directors (SID).



5. Mr. Lee Teck Meng Stanley

Mr. Lee Teck Meng Stanley was appointed as a Non-Executive and Non-Independent Director of the Company on 24 August 2016 and re-designated as an Independent Director on 21 August 2018. He is a member of the Audit, Nominating and Remuneration Committees. Mr. Lee is currently the Managing Director of Herbie International Pte Ltd. Previously, he held the position of the Deputy Director in the Development Office of Nanyang Technological University (NTU). Prior to joining NTU, he was a Director of RHT Strategic Advisory Pte Ltd and led the firm in the areas of M&A, deal and funding advisory. He was formerly the co-founder and Executive Director for a leading air-cargo supply chain services company and a trading representative with Maybank Kim Eng Securities and possesses more than 10 years of business management experience, in the areas of finance, operations, business development and strategic planning.

He holds a 1st Class Honours degree in Business Administration from the Plymouth University, UK and is aptly certified in the areas of securities dealing and analysis, corporate finance and financial advisory.



Key Management



 **Mdm. Leong Lai Heng**

Mdm. Leong Lai Heng is currently an advisor of the Company and is a Director of the subsidiaries of the Company. She is the spouse of Lim Kee Liew @ Victor Lim (Executive Chairman, CEO and Group Managing Director).



 **Mr. Phan Guo Yee**

Mr. Phan Guo Yee is the Finance Manager of the Company and is responsible for overseeing the Group's accounting, financial and taxation functions. Mr. Phan has more than 10 years of experience in the auditing and accounting profession. Mr. Phan completed the Association of Chartered Certified Accountants (ACCA) course in 2009 and is a Fellow member of the ACCA and a member the Institute of Singapore Chartered Accountants (ISCA).



 **Mr. Koh Lye Seng Eric**

Mr. Koh Lye Seng Eric is the Operation Director of the Company and is responsible for the operation, development and expansion of CNG-related projects. In addition, he was responsible for the operation of the clean room plastic packaging bags and materials for the hard disk drive industries. He has more than 5 years of experience in operations management. He holds a Diploma in Visual Communication from Nanyang Academy of Fine Arts.



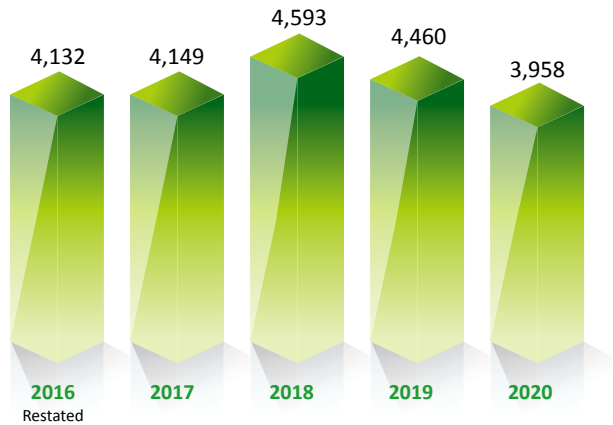


Financial Highlights

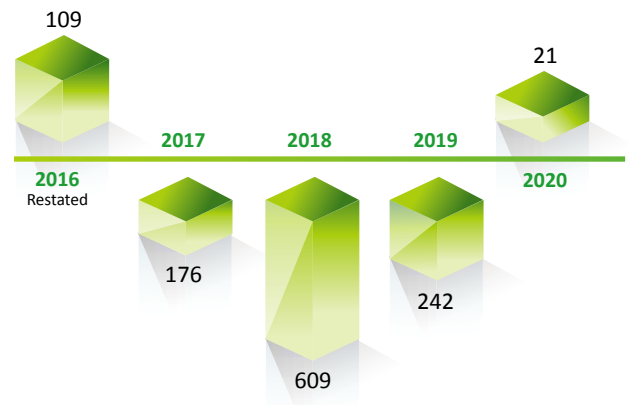
| | 2016 Restated | 2017 | 2018 | 2019 | 2020 |
|--|------------------|---------|---------|---------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| RESULTS OF OPERATION | | | | | |
| Revenue | 4,132 | 4,149 | 4,593 | 4,460 | 3,958 |
| Profit/(Loss) from continuing operations before taxation and non-controlling interests ("NCI") | 83 | 193 | (641) | (246) | 355 |
| Taxation | – | (2) | (4) | (6) | (4) |
| Net Profit/(Loss) from continuing operations after taxation but before NCI | 83 | 191 | (645) | (252) | 351 |
| Attributable to : | | | | | |
| Owners of the Company | 109 | (176) | (609) | (242) | 21 |
| Non-controlling interests | (26) | 367 | (36) | (10) | 330 |
| FINANCIAL POSITION | | | | | |
| Non-current assets | 558 | 1,800 | 734 | 647 | 763 |
| Current assets | 3,092 | 2,208 | 3,186 | 2,981 | 3,035 |
| Current liabilities | (1,458) | (1,965) | (2,169) | (1,739) | (1,978) |
| Net current assets | 1,634 | 243 | 1,017 | 1,242 | 1,057 |
| Non-current liabilities | (127) | (81) | (38) | (1) | (87) |
| REPRESENTING | | | | | |
| Equity attributable to owners of the Company | 3,133 | 1,803 | 1,595 | 1,799 | 1,588 |
| Non-controlling interests | (1,068) | 159 | 119 | 89 | 145 |
| EPS/LPS after Taxation & NCI (Singapore Cents) | (0.01) | (0.09) | (0.10) | (0.03) | 0.002 |
| NTA per Share (Singapore Cents) | 0.33 | 0.31 | 0.25 | 0.18 | 0.16 |

Financial Highlights

REVENUE (\$'000)



NET PROFIT/(LOSS) FROM CONTINUING OPERATION ATTRIBUTABLE TO OWNERS OF THE COMPANY (\$'000)

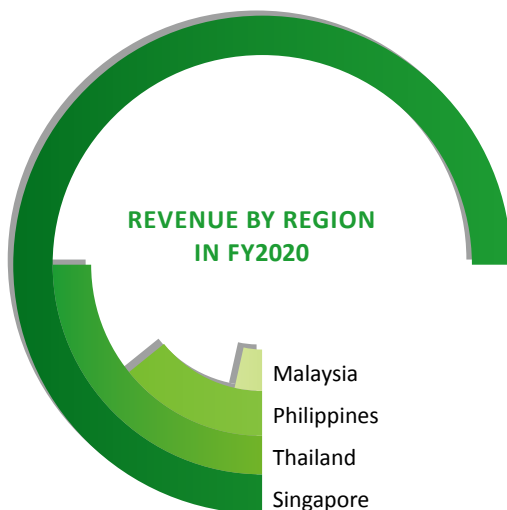


REVENUE BY REGION IN FY2020 (\$'000)

| | |
|--------------|--------------|
| Singapore | 2,901 |
| Thailand | 711 |
| Philippines | 324 |
| Malaysia | 22 |
| Total | 3,958 |

REVENUE BY BUSINESS ACTIVITIES IN FY2020 (\$'000)

| | |
|--------------|--------------|
| NGV related | 2,762 |
| Trading | 1,174 |
| Property | 22 |
| Total | 3,958 |



A photograph of a misty forest path. Sunlight filters through the dense canopy of tall trees, creating a soft, ethereal glow. The path leads into the distance, where a small structure and a bench are faintly visible through the haze. The overall mood is peaceful and hopeful.

**ACHIEVE
A BETTER
BEYOND**

Report on Corporate Governance

Asian Micro Holdings Limited (the “**Company**”) recognises the importance of corporate governance and is committed to upholding high standards of corporate governance, and putting in place effective self-regulatory corporate practices to preserve and enhance long term shareholders’ value.

This report outlines the Company’s corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the “**Code**”), guideline 2.4 of the Code of Corporate Governance 2012 which is applicable prior to 1 January 2022, and where applicable, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”), the Companies Act (Chapter 50) of Singapore (“**Companies Act**”) and the Audit Committee Guidance Committee Guidebook, focusing on areas such as internal controls, risk management, financial reporting, internal and external audits. The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, rather than read separately under each principle of the Code.

BOARD MATTERS

Principle 1 Board’s Conduct of its Affairs

The principal functions of the Board of Directors (the “**Board**”), apart from its statutory responsibilities include:

- (a) approving the Group’s corporate policies, financial objectives and direction of the Group and monitoring performance of management;
- (b) approving annual budgets, key operational issues, major funding and investment proposals;
- (c) setting overall strategies and supervision of the Group’s businesses and affairs and consider sustainability issues as part of its strategic formulation;
- (d) setting the Company’s ethical values and standards in which it conducts businesses, and ensure that these are adhered to and the obligations to shareholders and other stakeholders are understood and met;
- (e) reviewing the financial performance of the Group;
- (f) approving nominations of Directors and appointment to the various Board committees and key management personnel; and
- (g) assuming responsibility for corporate governance.

Provision 1.1 – Director’s conflict of interest

All Directors of the Board exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he might have a conflict of interest, in relation to any matter, he is required to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting and/or Directors’ Resolutions in writing.



Report on Corporate Governance

Provision 1.2 – Induction and training of Directors

A formal letter of appointment is provided to all newly appointed Directors. The letter indicates the amount of time commitment required and the scope of duties. The Company welcomes the Directors to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or businesses from Management. Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Company and its major business processes. The Company will also make the necessary arrangements for any Director to attend additional appropriate training courses so as to familiarise themselves with the roles and responsibilities as a Director of a listed company in Singapore, if required, including the training programmes conducted by the Singapore Institute of Directors as prescribed by the SGX-ST for Directors with no prior experience as a Director of a listed company in Singapore.

Management monitors changes to regulations and accounting standards closely. To keep pace with accounting, legal, industry specific knowledge and regulatory changes, where these changes have an important bearing on the Company or Directors' disclosure obligations, Directors are briefed either during Board meetings or at specially convened sessions. All existing and new Directors are also encouraged to attend relevant courses, conferences and seminars at the Company's expense.

Provision 1.3 – Matters requiring Board's approval

The types of material transactions that require board approval are:

- (a) Approval of financial statements' announcements;
- (b) Approval of interested parties' transactions;
- (c) Convening of shareholders' meetings;
- (d) Declaration of interim dividends and proposal of final dividends;
- (e) Approval of corporate strategy;
- (f) Authorisation of merger and acquisition transactions; and
- (g) Authorisation of major transactions.

In addition, the matters set out in item 9 of Appendix 7A of the Catalist Rules (as may be amended from time to time) shall also be reserved for the Board's decision.

Provision 1.4 – Delegation by the Board

The Board discharges its responsibilities either directly or indirectly through the various Board committees established by the Board, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The Board delegates the formulation of business policies and day-to-day management to the Chief Executive Officer ("CEO").

Each Board Committee reports to the Board and has its own written terms of reference and whose actions are reported to and monitored by the Board. The written terms of reference of each Board Committee set out the relevant authority delegated by the Board for such committee to make decisions. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committees' membership. Each Board Committee will review its term of reference from time to time to ensure relevance. Board approval is required for any changes to the terms of reference for any Board Committee. The responsibilities of the Board Committees set out in their respective terms of reference were revised and approved by the Board on 19 August 2020 to align with the Code.

Report on Corporate Governance

The Board acknowledges that while each Board Committee is authorised to decide or provide its recommendations on particular issues, the ultimate responsibility on all matters lies with the Board.

| Name of Director | Position | Board Committee Membership | | |
|---------------------------|--|----------------------------|----------|----------|
| | | AC | NC | RC |
| Lim Kee Liew @ Victor Lim | Executive Chairman, CEO and Group Managing Director | – | – | – |
| Ng Chee Wee | Executive Director and Chief Financial Officer (“CFO”) | – | – | – |
| Chue Wai Tat | Lead Independent Director | Chairman | Member | Member |
| Cheah Wee Teong | Independent Director | Member | Chairman | Chairman |
| Lee Teck Meng Stanley | Independent Director | Member | Member | Member |

No alternate Director was appointed to the Board in the financial year ended 30 June 2020 (“FY2020”).

Provision 1.5 – Board processes, including Directors’ attendance at meetings

The Board meets regularly, both formally and informally, and as frequent as warranted by particular circumstances. Ad-hoc meetings are convened as and when required. The Company’s Constitution and/or written terms of reference allows Board and Board Committee meetings to be conducted by way of telephone or video conference and other similar means of communication whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors’ physical presence at the meeting. The Board and Board Committees may also make decisions through circulating resolutions.

The number of Board and Board Committee meetings and general meetings, i.e. annual general meeting (“AGM”) and extraordinary general meeting (“EGM”), held from 1 July 2019 to 30 June 2020, as well as the attendance of every Board member at these meetings are disclosed in the following table:

| | General meetings | | Board Meeting | AC | NC | RC |
|------------------------------|------------------|-----|---------------|----|----|----|
| | AGM | EGM | | | | |
| No. of meetings held: | 1 | – | 2 | 2 | 1 | 1 |
| Name of Directors: | | | | | | |
| Lim Kee Liew @ Victor Lim | 1 | – | 2 | – | – | – |
| Ng Chee Wee | 1 | – | 2 | – | – | – |
| Chue Wai Tat | 1 | – | 2 | 2 | 1 | 1 |
| Cheah Wee Teong | 1 | – | 1 | 1 | 1 | 1 |
| Lee Teck Meng Stanley | 0 | – | 2 | 2 | 1 | 1 |

None of the Directors of the Company has any other listed company board representation and/or principal commitments for FY2020.

Provision 1.6 – Complete, adequate and timely information

Board members are provided with adequate and timely information prior to Board meetings, and on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to discharge its responsibilities effectively, detailed Board Committee/Board papers are prepared for each Board Committee/Board meeting and are distributed to the relevant Directors at least three working days prior to the meeting, save in the case of any ad hoc or urgent meeting. The Board papers include sufficient information on financial, business and corporate issues from Management to enable Directors to be properly informed on



Report on Corporate Governance

issues to be considered at Board Meetings. Any additional material or information requested by the Directors is promptly furnished. The Board has separate and independent access to the Company's senior management and the Joint Company Secretaries to address any enquires at all times.

Provision 1.7 – Company Secretaries and independent professional advice

Directors have separate and independent access to the Joint Company Secretaries. The Joint Company Secretaries or their representative(s) attend and prepare minutes for all Board meetings and are responsible for ensuring that Board procedures are followed. The Joint Company Secretaries ensures that the Company complies with the requirements of the Companies Act. Together with the management staff of the Company, the Joint Company Secretaries are responsible for compliance with all other SGX-ST rules and regulations, which are applicable to the Company.

Under the Constitution of the Company, the appointment or the removal of the Company Secretary are subject to the Board's approval.

In addition, the Board may seek independent professional advice as and when necessary in furtherance to discharge its duties and responsibilities effectively. The costs of such professional advice will be borne by the Company.

Principle 2 Board Composition and Guidance

The current composition of the Directors in the Board is set out as follows:

Executive Directors

Mr. Lim Kee Liew @ Victor Lim (Executive Chairman, CEO and Group Managing Director)
Mr. Ng Chee Wee (Executive Director and CFO)

Independent Directors

Mr. Chue Wai Tat (Lead Independent Director)
Mr. Cheah Wee Teong
Mr. Lee Teck Meng Stanley

Key information on the Directors is set out below and on pages 6 to 8 of this Annual Report.

Provisions 2.1 and 4.4 – Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

For FY2020, the Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to provision 2.1 of the Code and Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules ("**Revised Definition on Director's Independence**").

Based on the confirmation of independence submitted by the Independent Directors and the results of the NC's review, the NC was of the view that each Independent Director is independent in accordance with both Catalist Rules and the Code. Further details on the review of Directors' independence by the NC are set out in Provision 4.4 below.

Provisions 2.2 and 2.3 – Composition of (i) Independent Director and (ii) Non-Executive Directors on the Board

The Board comprises two Executive Directors and three Non-Executive Directors, all of whom are independent.

No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board (60%) is made up of Independent Directors. Accordingly, there is a strong and independent element on the Board and the Company complies with provisions 2.2 and 2.3 of the Code.

Report on Corporate Governance

Provision 2.4 - Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances decision-making process through the perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

Each year, the NC reviews the size and composition of the Board and Board Committees and the skills and core competencies of its members to ensure an appropriate balance and mix of skills, knowledge, experience and gender, with a strong element of independence.

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy on 19 August 2020. Having regard to the guidelines in the Board Diversity Policy (“**Policy**”), the NC will, take into account, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skillset, knowledge, independence and length of service, in reviewing the Board’s composition. These differentiating factors will be considered in determining the optimum composition of the Board and when possible, will be balanced appropriately.

Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include diverse candidates from diverse background and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

The NC is of the view that the current Board and its committees comprise Directors who, have the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Information on the individual Directors’ academic, professional qualifications, background and other appointment are set out in the “Board of Directors” section on pages 6 to 8 of this Annual Report.

The Board has reviewed its composition of Directors and is satisfied that such composition is appropriate for the nature and scope of the Group’s operations, the requirements of the business and facilitates effective decision-making. The Board will constantly examine its size, with the view to determine its impact upon its effectiveness and without causing undue disruptions from changes to the composition of the Board and board committees. The Board should not be so large as to be unwieldy.

The Board, with the concurrence of the NC, is of the view that its current size, consisting of five Directors is appropriate, taking into account the nature and scope of the operations and current financial positions of the Group.

Members of the Board are constantly in touch with Management to provide advice and guidance on strategic issues and on matters for which their expertise will be constructive to the Group.

The NC will review the Policy from time to time as appropriate, to ensure the effectiveness of this Policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Provision 2.5 – Role of the Non-Executive Directors

The Non-Executive Directors of the Company (including, for avoidance of doubt, the Independent Directors) constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of the Group’s business and financial performance.

All the Independent Directors, led by the Lead Independent Director, met frequently without the presence of the Executive Directors to discuss matters of significance which findings are then reported to the Chairman of the Board accordingly.

The Non-Executive Directors and/or Independent Directors are also in frequent contact with one another outside the Board and Board Committees’ meetings and hold constant informal discussions amongst themselves. Any feedback would be provided to the Board and/or Chairman of the Board as appropriate.



Report on Corporate Governance

Principle 3 Chairman and Chief Executive Officer

Provisions 3.1 and 3.2 – Chairman and CEO

The roles of Chairman and CEO are assumed by Mr. Lim Kee Liew @ Victor Lim.

As the Chairman, Mr. Lim Kee Liew @ Victor Lim bears the responsibility for the conduct of the Board. The responsibilities of the Chairman include:

- (a) leading the Board to ensure its effectiveness on all aspects of its role and promoting a culture of openness and debate at the Board;
- (b) setting agenda and scheduling meetings with adequate time that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- (c) exercising control over quality, quantity and timeliness of the flow of information between Management and the Board;
- (d) assisting to ensure compliance with the Company's guidelines on corporate governance;
- (e) encouraging effective communication with shareholders;
- (f) facilitating the effective contribution of Independent Directors; and
- (g) encouraging constructive relations within the Board and between the Board and Management.

As the CEO, Mr. Lim Kee Liew @ Victor Lim is responsible for the day-to-day operations of the Group. He plays an instrumental role in charting the direction and strategic development of the Group and formulates business strategies, merger and acquisition initiatives and promoting high standards of corporate governance with Mr. Ng Chee Wee, who is an Executive Director.

Although the roles and responsibilities of both the Executive Chairman and the CEO are vested in Mr. Lim Kee Liew @ Victor Lim, being a deviation from the provision 3.1 of the Code, the Board believes that vesting the roles of both Executive Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and thus allows for more effective planning and execution of long-term business strategies. Nonetheless, any major decisions made by Mr. Lim Kee Liew @ Victor Lim are required to be reviewed and approved by the Board. Should Mr. Lim Kee Liew @ Victor Lim face any conflict of interest in the proposed transaction, he is required to recuse himself from discussions and decisions involving the issues of conflict. He is also required to avoid situations in which his own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group.

As such, consistent with the intent of principle 3 of the Code, the Board is of the opinion that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision without any individual exercising any considerable concentration of power of influence and the following factors sufficiently ensure that power is not concentrated in the hands of one individual and that there is the required accountability and independent decision-making by the Board is maintained:

- (a) The Independent Directors of the Company make up a majority of the Board;
- (b) There is active participation by Independent Directors during Board meetings who challenge the assumptions and proposals of the Management on all relevant issues affecting the affairs and the business of the Group, review the performance of Management and monitor the reporting of performance; and
- (c) A Lead Independent Director has been appointed to address shareholder concerns which have not been resolved through the normal channels of the Chairman and CEO, Executive Directors or CFO for which such contact is inappropriate. The Lead Independent Director also acts as the principal liaison between the Independent Directors and the Chairman on sensitive issues.

Report on Corporate Governance

Accordingly, there is a balance of power and authority and, therefore, no one individual has unfettered powers and can control/dominate the decision-making process of the Company. The Board is not considering separating the roles of the Executive Chairman and the CEO at this moment. The NC will review the need to separate these roles from time to time and make its recommendations when necessary.

Provision 3.3 – Lead Independent Director

In line with the provision of the Code, Mr. Chue Wai Tat was appointed as the Lead Independent Director of the Company on 24 October 2012. The Lead Independent Director will lead and coordinate the activities of the Independent Directors and serve as a principal liaison on Board issues between the Independent Directors and the Chairman of the Board and aids the Independent Directors: (i) on constructive discussion with Management; (ii) to assist Management in developing goals and objectives; and (iii) to review and monitor Management performance.

Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of other Directors. The Lead Independent Director is available to shareholders who have concerns when contact through the normal channels of the Chairman and CEO, Executive Directors or CFO, has failed to resolve or for which such contact is inappropriate.

Principle 4 Board Membership

Provisions 4.1 and 4.2 – NC’s duties and composition

The NC comprises three Directors, all of whom, including the Chairman, are Independent Directors. The members are:

| | | |
|---------------------------|---|-------------|
| Mr. Cheah Wee Teong | – | NC Chairman |
| Mr. Chue Wai Tat | – | NC Member |
| Mr. Lee Teck Meng Stanley | – | NC Member |

The Lead Independent Director, Mr. Chue Wai Tat, is a member of the NC.

The principal functions of the NC and the activities it has undertaken for FY2020 are:

- (a) to view Board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the CEO and key management personnel;
- (b) to identify candidates, review nominations for both appointment and re-appointment/re-election of the Directors to the Board for its approval;
- (c) to review the Board structure and size including the composition of the Board generally and the balance between executive and non-executive Directors (including independent Directors) appointed to the Board, and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (d) to review the independence of each Director annually;
- (e) to assess the effectiveness of the Board Committees and the Board as a whole, and the contribution by each Director to the effectiveness of the Board;
- (f) to review training and professional development programmes for the Board;
- (g) to decide how the performance of the Board may be evaluated and to propose objective performance criteria;
- (h) to report to the Board its findings from time to time on matters arising and requiring the attention of the NC; and
- (i) to undertake such other reviews, projects, functions, duties and responsibilities as may be requested by the Board.



Report on Corporate Governance

Provision 4.3 – Process for selection and appointment of new Directors

In the event the Board decides to appoint a new Director, the process for the selection and appointment are as follows:

- (a) Management search and nominate candidates/nominees for appointment;
- (b) the NC review Management's nomination for appointment of new Director by taking into consideration of the candidates'/nominees' background, experience, other board memberships and whether he/she is independent; and
- (c) the NC makes appropriate recommendations to the Board for approval.

In its search and nomination process for new Directors, Management/NC has, at its disposal, search companies, personal contacts and recommendations, to cast it net as wide as possible for the right candidates, taking into consideration, the criteria set out in (b) above. The Board will review the recommendations and approve the appointment(s) as appropriate. Any appointment(s) to Board Committees would be reviewed and approved at the same time. Such appointment(s) would be formalised by circular resolutions and the requisite announcement and notification to the relevant authorities. Where and when required, the Company may also appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skill sets or industry specialisation.

No external search consultant was engaged during FY2020.

Provision 4.3 - Process for re-election/re-appointment of Directors

In accordance with Articles 88 and 89 of the Company's Constitution, new Directors must submit themselves for re-election at the next AGM of the Company and one-third of the Directors who are eligible for re-election must retire by rotation at every AGM. The Directors of the Company submit themselves for re-nomination and re-election at the regular intervals at least once every 3 years.

When considering the Directors to be nominated for re-election, the NC will evaluate the performance of the Director by considering amongst other things, his or her attendance record at meetings of the Board and Board Committees, level of preparedness, intensity of participation and candour at these meetings and the quality of his contributions.

The NC has recommended to the Board the nomination of Mr. Cheah Wee Teong and Mr. Ng Chee Wee for re-election pursuant to Article 89 of the Constitution at the forthcoming AGM. In recommending the re-election of incumbent Directors, the NC takes into consideration their attendance and participation at the Board and Board Committees' meetings, in particular, their contributions to the business and operations of the Company as well as Board processes.

All the retiring Directors have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election. Mr. Cheah Wee Teong and Mr. Ng Chee Wee had abstained from making recommendations on their own nominations.

The information relating to Mr. Cheah Wee Teong and Mr. Ng Chee Wee as required under Rule 720(5) of the Catalist Rules is set out on pages 33 to 35 of the Annual Report.

Provision 4.4 - Review of Directors' independence

The NC determines the independence of each Director annually. Each Independent Director is required to complete a Confirmation of Independence Form annually to confirm his independence based on the Revised Definition on Director's Independence, which is deliberated upon by the NC and the Board. The NC will then review the form completed by each Independent Director to determine whether the Director is independent.

The Board reviews and determines whether each Director is independent, taking into account the views of the NC and any existence of relationship or circumstances, including those identified in the Code and the Catalist Rules, that are relevant in its determination as to whether a Director is independent.

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The NC had considered the Confirmation of Independence forms submitted by Mr. Chue Wai Tat, Mr. Cheah Wee Teong and Mr. Lee Teck Meng Stanley and concluded that they are independent and free from any relationships outlined in the Code.

Mr. Lee Teck Meng Stanley is the nephew of Mr. Lim Kee Liew @ Victor Lim (the Executive Chairman, CEO and Group Managing Director) and his spouse, Mdm. Leong Lai Heng (a Controlling Shareholder and a Director of the subsidiaries of the Company). In the current or immediate past financial year, he has not been engaged by the Company for any provision of strategic advisory services and is free from any relationship with the Company, its related corporations, its substantial shareholders and its officers that could interfere or be reasonably perceived to interfere, with his exercise of independent business judgement with a view to the best interests of the Company. The NC undertakes a rigorous review of the independence of Mr. Lee Teck Meng Stanley, taking into account, his contributions and objective judgements without vested interest or conflict of interest at the Board and Board Committees' meetings, circumstances and the substance of his independence. For good corporate governance, Mr. Lim Kee Liew @ Victor Lim had also abstained and recused himself from participating from all discussions on the review of independence of Mr. Lee Teck Meng Stanley.

Mr. Chue Wai Tat has served on the Board for a period exceeding nine years from the date of his first appointment. The NC had conducted a rigorous review of his independence and contributions to the Board to determine if he still remain independent and carry out their duties objectively, taking into account the need for progressive refreshing of the Board. The review included but was not limited to the completion of a detailed questionnaire of his independence with a mixture of close-ended and open-ended questions in respect of whether there are any conflicts of interest or relationship that is/are likely to affect his independence. The questionnaire was completed by Mr. Chue Wai Tat.

The Board had observed the performance of Mr. Chue Wai Tat at Board meetings and other occasions and has no reasons to doubt his independence in the course of discharging his duties. Hence, the Board concurred with the NC's view that he is independent in character and judgement despite having been on the Board for more than 9 years. The Board acknowledges his combined strength of characters, objectivity and wealth of useful and relevant experience bring himself to continue effectively as an Independent Director of the Company. The Board also acknowledges and recognises the benefits of the experience and stability brought by the long-serving Independent Director and wishes to retain him for his strength of character, objectivity and wealth of extensive business experience, and his knowledge on the Group's business which would enable him to be an effective Independent Director, notwithstanding his long tenure.

Each of the Independent Director had recused themselves from the NC's and Board's deliberations on their own independence.

Provision 4.5 - Directors' time commitments and multiple Directorships

The NC determines if a Director is able to and has been adequately carrying out his duties as Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

None of the Directors of the Company has any other listed company board representation and/or principal commitments for FY2020. When concern arises that Directors have multiple board representations and other principal commitments which may compromise the sufficiency of time and attention to be given to the affairs of the Company, the Board will deliberate and decide the maximum number of listed company board representing which any Director may hold, and disclose the same in the Company's annual report.

Principle 5 Board Performance

Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and individual Directors on an annual basis. In evaluating the Board's, Board Committees' and self-assessment of each individual Director's performance, the NC considers a comprehensive set of quantitative and qualitative performance criteria that has been approved by the Board.



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For FY2020, the performance evaluation on the effectiveness of the Board as a whole was carried out to assess and evaluate amongst other things, the (A) Board's composition, (B) Board Information, (C) Board Process, Internal Control & Risk Management, (D) Board Accountability, (E) CEO / Top Management, and (F) Standards of Conduct.

The NC has also conducted an assessment on the self-assessment of each individual Director where each Director is required to complete his self-evaluation based on the (1) understanding of Company's mission, vision and values; (2) Corporate governance knowledge; (3) Business development efforts; (4) Training attendance; (5) Met targets set by Board (for Executive Director only) or maintenance of independence (for Independent Director only) and/or devotion of sufficient time (for Non-Executive Director only) as well as his contributions and focus areas.

The Chairman of the respective Board Committees are also required to complete a questionnaire on the effectiveness of these Board Committees.

The assessments/questions were collated and the findings analysed and discussed, with a view to implementing certain recommendations to further enhance the effectiveness of the Board and the Board Committees.

The NC was generally satisfied with the results of the evaluation for the performance of the (i) Board, (ii) individual Directors, and (iii) respective Board Committees, for FY2020 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members and/or the respective Board Committees, who agreed to work on those areas that could be improved further. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

To improve the Board's performance, the NC encourages all Directors to attend relevant courses, the expense of which will be borne by the Company. These include courses conducted by the SGX-ST and other relevant courses in Singapore. The NC is also supportive of any Directors who wish to attend any diploma or certified courses such as those held by the Singapore Institute of Directors.

To-date, no external facilitator has been used.

REMUNERATION MATTERS

Principle 6 Procedures for Developing Remuneration Policies

Provisions 6.1 and 6.2 – RC's duties and composition

The RC comprises three Directors, all of whom, including the Chairman, are Independent Directors. The members are:

| | | |
|---------------------------|---|-------------|
| Mr. Cheah Wee Teong | – | RC Chairman |
| Mr. Chue Wai Tat | – | RC Member |
| Mr. Lee Teck Meng Stanley | – | RC Member |

The RC is of the view that its current size is appropriate, taking into account the nature and scope of the operations and current financial positions of the Group.

The principal responsibilities of the RC and the activities it has undertaken for FY2020 are:

- (a) to review and recommend to the Board an appropriate and competitive framework of remuneration for the Board and key management personnel of the Group to attract, retain and motivate employees of the required caliber to manage the Company successfully;
- (b) to determine and recommend to the Board specific remuneration packages for each Executive Director, taking into account factors including remuneration packages of Executive Directors in comparable industries as well as the performance of the Company and that of the Executive Directors;

Report on Corporate Governance

- (c) to review Management's proposal of the fees for Non-Executive Directors (including Independent Directors);
- (d) to ensure that the remuneration policies and systems of the Group supports the Group's objectives and strategies; and
- (e) to administer the Company's Asian Micro Employees' Share Option Scheme 2010 ("**ESOS 2010**").

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The recommendation of the RC for the remuneration of Directors would be submitted for endorsement by the Board and should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind. The RC's recommendations were made in consultation with the Chairman of the Board and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

The RC also reviews what compensation commitments the Executive Directors' service contracts would entail in event of early termination and aims to be fair and avoid rewarding inadequate performance. The service contract may be terminated by either the Company or Executive Directors giving to the other at least 6 months prior written notice. The RC is of view that the Directors' service contracts are not excessively long or with onerous removal clauses.

Following the expiry of the service agreements entered into with each of Mr. Lim Kee Liew @ Victor Lim, Mdm. Leong Lai Heng and Mr. Ng Chee Wee on 31 August 2020, the Company has entered into new service agreements dated 1 September 2020 respectively with them, which sets out their terms of remuneration. The tenure of service contract is for a fixed period of three years commencing from 1 September 2020 and concluding on 31 August 2023 unless terminated in accordance with the service agreement.

The Company does not have any contractual provision which allows the Company to reclaim incentive components of remuneration from Executive Directors and/or key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals.

For FY2020, there were no termination, retirement and post-employment benefits granted to Directors and the top three key management personnel (who are not Directors or the CEO).

The Company did not appoint any remuneration consultant. If required, the RC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and key management personnel.

Principle 7 Level and Mix of Remuneration

Principle 8 Disclosure on Remuneration

Provisions 7.1 to 7.3 and provision 8.3 – Level and mix of remuneration

The level and structure of remuneration of the Board and key management personnel is designed to be appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group.

Framework for remuneration of Executive Directors and other key management personnel

The Group has adopted such remuneration package for the Executive Directors in accordance with the service contract entered into between the respective Executive Director and the Company. The NC, together with the RC, decides on the specific remuneration package for an Executive Director upon recruitment. Thereafter, the RC reviews subsequent increments, bonuses and allowances where these payments are discretionary.



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The Executive Directors' remuneration packages are set such that they are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions and which takes into account the individual's and the Company's performance. The Executive Directors and key management personnel who are not on probation and have attained the age of 21 years are eligible to participate in the Company's ESOS 2010. The remuneration packages of the Executive Directors and key management personnel are also in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

To ensure that the level and structure of remuneration is proportionate to the sustained performance and value creation of the Group, the Company has put in place a framework of remuneration for its Executive Directors and key management personnel. The key areas of focus of the remuneration framework and details of the implementation within the Group are set out below:

| Key Areas of Focus Details | |
|--------------------------------|--|
| Pay for performance | <ul style="list-style-type: none"> • Instil and drive a pay-for-performance culture • Ensure that remuneration is closely linked to annual and long-term business objectives • Set, communicate and monitor key performance targets and indicators • Adjust the proportion of fixed and variable remuneration to emphasise sustainable performance that is aligned with the Group's strategic objectives, considering qualitative and quantitative factors |
| Competitive remuneration | <ul style="list-style-type: none"> • Benchmark total remuneration against other organisations of similar size and standing in the Group's industry |
| Accountability and Risk-taking | <ul style="list-style-type: none"> • Focus on achieving risk-adjusted returns that are consistent with prudent risk taking and capital management as well as emphasis on long-term sustainable outcomes |

The details of the Company's ESOS 2010 are set out on pages 37 and 38 of the Annual Report.

Remuneration of Non-Executive Directors

Independent Directors do not enter into any service contracts with the Company. Save for the receipt of Directors' fees and participation in the Company's ESOS, Independent Directors do not receive any remuneration from the Company.

Directors' fees are set in accordance with a remuneration framework comprising basic fees, attendance fees and additional fees for serving on any of the Board Committees. The RC, with the concurrence of the Board, is of the view that the current remuneration of the Independent Directors is appropriate to the level of contribution, taking into account factors such as efforts and time spent, and responsibilities of the Directors. The payments of Directors' fees are approved by the shareholders of the Company as a lump sum payment at the AGM of the Company.

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Provision 8.1(a) – Directors’ remuneration/fees and remuneration of the CEO

The following table shows the breakdown of the fees and remuneration of Directors (in percentage terms) for FY2020:

| Remuneration band and name of Directors | Fee | Salary | Bonus | Other Benefits | Total |
|---|-----|--------|-------|----------------|-------|
| | % | % | % | % | % |
| \$250,000 to S\$500,000 | | | | | |
| Lim Kee Liew @ Victor Lim | – | 97 | – | 3 | 100 |
| Ng Chee Wee | – | 88 | – | 12 | 100 |
| | | | | | |
| Below \$250,000 | | | | | |
| Chue Wai Tat | 100 | – | – | – | 100 |
| Cheah Wee Teong | 100 | – | – | – | 100 |
| Lee Teck Meng Stanley | 100 | – | – | – | 100 |

The Board is of the opinion that due to the confidentiality and commercial sensitivity attached to remuneration matters, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of the Directors. Instead, disclosures had been provided in applicable bands of S\$250,000 as per the table above, with a breakdown in percentage of the remuneration earned through fee, salary, bonus and other benefit.

Despite having varied from provision 8.1(a) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders’ understanding with respect to the Group’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation

Provision 8.1(b) - Remuneration of top five key management personnel

The annual remuneration for the top three key management personnel (in percentage terms) during the year is as follows:

| Key management personnel | Salary | Bonus | Other Benefits | Total |
|--------------------------------|--------|-------|----------------|-------|
| | % | % | % | % |
| \$250,000 to S\$500,000 | | | | |
| Leong Lai Heng | 97 | – | 3 | 100 |
| | | | | |
| Below \$250,000 | | | | |
| Phan Guo Yee | 99 | – | 1 | 100 |
| Koh Lye Seng Eric | 93 | – | 7 | 100 |

As the Group has only three key management personnel during the financial year under review, disclosure was only made in respect of the remuneration of these three key management personnel. The aggregate remuneration paid to these key management personnel was \$490,872 (2019: \$573,527).

Provision 8.2 – Remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company

Mdm. Leong Lai Heng, spouse of Mr. Lim Kee Liew @ Victor Lim, Executive Chairman, CEO and Group Managing Director is employed as Director of the subsidiaries of the Company and has received remuneration at that capacity which exceeded \$300,000 but was less than \$350,000 during FY2020. Save as disclosed, none of the employees who are immediate family members of a Director of the CEO received more than S\$100,000 in remuneration for FY2020.



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ACCOUNTABILITY AND AUDIT

Principle 9 Risk Management and Internal Controls

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board recognises its responsibility for the Group's system of risk management and internal controls and the need to review its adequacy and integrity regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group.

The Company does not have a Risk Management Committee. However, Management reviews the Group's business and operational activities regularly to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

Management has put in place reasonably adequate internal control systems to provide the Board with reasonable assurance against material misstatement or loss. The Board, with the concurrence of the AC, had approved the adoption of the Policy on Risk Management and Internal Control in August 2017.

To strengthen its internal audit function, the Company has appointed TRS Forensic Pte. Ltd. ("**TRS Forensic**" or "**Internal Auditors**") to provide internal audit services. On an annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the Company's external auditors, Ernst & Young LLP ("**External Auditors**") in the course of the statutory audit. All audit findings and recommendations made by the Internal and External Auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit function follows up on all recommendations to ensure timely remedy of audit issues and reports the status to the AC once a year.

Provision 9.2 - Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group's risk management and internal control systems

The Board has received written assurance from the CEO and the CFO that as at 30 June 2020:-

- (a) nothing has come to their attention which would render the financial statements to be false or misleading in any material aspects;
- (b) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;
- (c) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems ("**Internal Control and Risk Management Systems**") are adequate and effective in addressing the material risks in the Group's current business environment; and
- (d) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group's ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

The Board has also received written assurance from other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group that:

- (a) the Internal Control and Risk Management Systems are adequate and effective in addressing the material risks in the Group's current business environment; and

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- (b) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group's ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

Rule 1204(10) of the Catalist Rules

Based on the risk management and internal controls established and maintained by the Group, work done by the Internal Auditors and External Auditors, and the assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the system of risk management and internal controls of the Group are adequate and effective in addressing financial, operational, compliance and information technology controls risks for FY2020.

The Board notes that the Internal Control and Risk Management Systems currently in place provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

Principle 10 Audit Committee

Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

The AC comprises the following members, all of whom including the Chairman are Independent Directors and they are appropriately qualified to discharge their responsibilities:

| | | |
|---------------------------|---|-------------|
| Mr. Chue Wai Tat | – | AC Chairman |
| Mr. Cheah Wee Teong | – | AC Member |
| Mr. Lee Teck Meng Stanley | – | AC Member |

The AC members collectively have had many years of experience in accounting, business, financial management and corporate advisory. The Board considers that the AC is appropriately qualified to discharge the responsibility of the AC. None of the members nor the AC Chairman are former partners or Directors of the Group's existing auditing firm nor does any of them have any financial interests in the auditing firm or auditing corporation.

The Directors are satisfied that the AC will be able to discharge their duties and responsibilities.

The principal functions of the AC are:

- (a) to recommend to the Board of Directors the External Auditors to be nominated;
- (b) to review the scope, audit plans, results, effectiveness and independence of the External Auditors;
- (c) to review any related significant findings and recommendations of the External Auditors, together with Management's responses thereto;
- (d) to review the adequacy of the Group's system of risk management and internal controls, financial and management reporting systems;
- (e) to review with Management on significant risks or exposures that exist and assesses the steps that Management has taken to minimise such risks to the Group;
- (f) to review with Management the announcement of the interim and full-year results of the Group and its financial statements;
- (g) to review interested party transactions as may be required by the regulatory authorities or the provisions of the Companies Act;



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- (h) to review legal and regulatory matters that may have a material impact on the financial statements and reports action and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- (i) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings.

Summary of the AC's activities in FY2020

The AC has full access to and receives co-operation from Management, and has full discretion to invite members of Management to attend its meetings. Reasonable resources have been given to enable the AC to discharge its functions. Minutes of the AC meetings are circulated to the Board for its information.

The AC meets with the Group's Internal Auditors, External Auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of controls is maintained in the Group. In performing its functions for FY2020, the AC had:

- (a) held two meetings in the financial year with Management and the External Auditors, and met once with the Internal Auditors and External Auditors without the presence of Management;
- (b) reviewed the audit plan and audit report for FY2020 presented by the Internal Auditors and External Auditors;
- (c) conducted an annual review of the audit and non-audit services provided by the External Auditors, to satisfy itself that the nature and extent of such non-audit services will not prejudice the independence and objectivity of the External Auditors. In compliance with Rule 1204(6)(b) of the Catalist Rules, it is the opinion of the AC that the nature and extent of non-audit services provided by the External Auditor do not affect the independence and objectivity of the External Auditor. The fees incurred for FY2020 are as follows:

| | 2020 |
|---|---------------|
| | \$'000 |
| Fees on audit services paid/payable to | |
| - Auditors of the Company | 83 |
| - Other auditors | 2 |
| Fees on non-audit services paid/payable to | |
| - Auditors of the Company | 20 |
| - Other auditors | 1 |

The External Auditors had also confirmed their independence in this respect;

- (d) confirmed that the Company had complied with Rule 712 of the Catalist Rules and had recommended to the Board the re-appointment of Ernst & Young LLP as the auditors of the Company. Ernst & Young LLP is registered with the Accounting and Corporate Regulatory Authority; and
- (e) confirmed that the Company had complied with Rule 715 of the Catalist Rules in relation to the appointment of the same auditing firm, Ernst & Young LLP, to audit its Singapore-incorporated subsidiaries. The foreign-incorporated subsidiaries are audited by other suitable auditing firms. The Board and the AC are satisfied that the appointment of the other auditing firms for its foreign-incorporated subsidiaries would not compromise the standards and the effectiveness of the audit of the Company.

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The AC meets with the External Auditors to discuss with Management pertaining to changes in accounting standards and issues that have direct impact on the financial statements, as and when required. These matters would be brought up by Management to update the AC on such regulatory updates and to allow the AC to stay abreast of the latest developments, if any.

Whistle blowing

The Company has a Whistle Blowing Policy for the Group which provides a channel for staff and other parties in place to report in confidence, raise concerns about fraud and other possible improprieties in matters of financial reporting or other matters. All reports, including anonymous reports, reports that are lacking in detail and verbal reports, will be thoroughly investigated. All complaints will be treated as confidential and will be brought to the attention of the AC.

Assessment, investigation and evaluation of complaints are conducted by or, at the direction of the AC if it deems appropriate, independent advisors engaged at the Group's expense. Following the investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial actions, if any. Appropriate actions that are determined by the AC shall then be brought to the Board or to the appropriate senior management of the Group for authorisation or implementation respectively.

In the event that the report is about a Director, that Director will not be involved in the review and any decision making with respect to that report. The policy aims to encourage reporting of such matters in good faith, with the confidence that any employees and any other persons making such reports will be treated fairly and be protected from reprisals. Details of the whistle-blowing policy have been made available to all employees.

Provision 10.4 – Internal Audit

The Company recognises the importance of establishing an internal audit function that is independent of the activities it audits. The internal audit function is currently being outsourced to TRS Forensics which reports directly to the AC Chairman.

The team leader in-charge is a Certified Internal Auditor and the audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The hiring, removal, evaluation and compensation of the Internal Auditors or corporation to which internal audit function is outsourced was approved by the AC. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC approves the engagement, evaluation and fees of the Internal Auditors and provides a communication channel between the Board, Management and External Auditors on matters relating to audit.

The role of the Internal Auditors is to support the AC in ensuring that the Group maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

The AC will review the findings of the Internal Auditors and will ensure that the Group follows up on the Internal Auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

For FY2020, the AC had reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced and accordingly the internal audit function has the appropriate standing within the Group and is able to perform its functions effectively and objectively as required under Rule 1204(10C) of the Catalist Rules.



Report on Corporate Governance

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11 Shareholder Rights and Conduct of General Meetings

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance position and prospects.

Provision 11.1 to 11.5 – Participation and voting at general meetings of shareholders

General meetings are the principal forum for dialogue with shareholders. At the general meetings, shareholders are given the opportunity to share their views and ask questions regarding the Company and the Group. Shareholders are also informed of the rules, including voting procedures, which regulate the general meetings of shareholders. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel and to interact with them as well as for the Company to solicit and understand the views of shareholders. All shareholders of the Company receive a copy of the Annual Report and Notice of AGM annually. The Notice of the AGM is also advertised in a daily newspaper as may be required and made available on the SGX-ST website.

Every matter requiring shareholders' approval will be proposed as a separate resolution. Each item of special business included in the meeting notice will be accompanied by, where appropriate, an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. Where the resolutions are "bundled", the Company will explain the reasons and material implications.

Pursuant to the Catalist Rules, the Company will put all resolutions to vote by poll at its general meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released via the SGXNET on the same day after the meeting. The Company currently employs paper polling as it is more cost-effective and practical compared to electronic polling.

The Company's Constitution does not permit voting in absentia by mail, facsimile or e-mail as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the shareholder's identity is not compromised. Instead, the Company's Constitution allows shareholders to appoint one or two proxies to attend and vote in their stead at the AGM. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. The proxy form must be deposited at the Company's registered office not less than 48 hours of the general meeting.

The Chairman of the Board and the respective chairman of the AC, the NC and the RC are usually present and available at general meetings to address shareholders' queries. Appropriate key management personnel are also present at such meetings to address operational questions from shareholders. In addition, in the case of AGM, the External Auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. The Directors' attendance at the general meetings of the Company held in 2019 is disclosed under provision 1.5 above.

The Joint Company Secretaries prepare minutes of general meetings, which record substantial comments and queries from shareholders relating to the agenda of such meetings. Subject to statutory requirements, the Company currently does not publish its minutes of general meetings on its corporate website. However, the minutes are available to shareholders upon request.

Provision 11.6 - Dividend policy

The Company currently does not have a formal dividend policy. The Board considers factors such as the Group's earnings, financial position, operations results, capital requirements, cash flows, development plans, and other factors before determining any dividends to be declared. No dividends were declared for FY2020 as the Company does not have retained earnings and the Group is conserving cash for its business operations and future developments.

Report on Corporate Governance

Principle 12 Engagement with Shareholders

The Company does not have an Investor Relations Policy in place and there is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective. However, in line with the continuous disclosure obligations of the Company and pursuant to the Catalist Rules and the Companies Act, shareholders shall be informed of all major developments that impact the Group, in a timely manner. The Company strives to ensure regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the information and to inform shareholders of changes in the Company or its business which would likely to materially affect the price or value of the Company's shares.

The Company does not practise selective disclosure. All material and price sensitive information as well as information on the Company's new initiatives are publicly released via SGXNET. In addition, the Company also responds to enquiries from shareholders, investors, analysts, fund managers and the press.

The Group values dialogue sessions with its shareholders. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The Chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Although the Company does not have a dedicated investor relations team or an investor relations policy, other than communicating with Directors and Management at general meetings, shareholders or investors may contact the Company on any investor relations matters at ir@asianmicro.com.sg.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13 Engagement with Stakeholders

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with stakeholders is crucial for the sustainable growth of its business and identified its key stakeholders which include shareholders, suppliers, customers, employees, regulatory authorities (Governments, SGX-ST, Ministry of Manpower, Inland Revenue Authority of Singapore) and investors.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period can be found in the Sustainability Report, which will be released by 30 November 2020.

Provision 13.3 – Corporate website

The Company currently maintains a corporate website at <http://asianmicro.listedcompany.com/> which hosts relevant investor-related information, including the Company's corporate information and announcements that have been released on SGX.

DEALINGS IN SECURITIES

The Company has a clear policy on the trading of its shares by Directors, executives and employees within the Group. The Company has adopted its own internal Code of Best Practices on Securities Transactions ("**Securities Transactions Code**"). The Securities Transactions Code provides guidance to the Directors and executives of the Group with regard to dealing in the Company's securities. It emphasises that the law on insider tradings is applicable at all times, notwithstanding the prohibited dealing periods. The Securities Transactions Code also enables the Company to monitor such share transactions by requiring employees to report to the Company whenever they deal in the Company's securities.



Report on Corporate Governance

The Group issues circulars to its Directors, executives and employees informing them that they must not trade in the listed securities of the Company one month before the announcement of the Group's half-yearly and full year results and ending on the date of the announcement of such results. They are also encouraged not to deal in the Company's securities on short-term considerations.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two business days of the transactions.

The Board is satisfied with the Group's commitment in compliance with the Code, and on the adequacy of internal controls within the Group. The Group has complied with its Best Practices on Securities Transactions.

MATERIAL CONTRACTS

Save for the service contracts between the Executive Directors and the Company, as well as an unsecured, interest-free loan from CEO amounting to \$322,000 ("**Loan**") and the interested person transactions described below, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO or any Director or Controlling Shareholders which are either still subsisting at the end of the financial year or entered into since the end of the previous financial year. As announced on 24 August 2020, the loan will be repaid by way of conversion shares, subject to the shareholders' approval at the upcoming EGM.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee and that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

When a potential conflict of interest arises, the Director concerned will not participate in the discussion and will refrain from exercising any influence over other members of the Board.

During FY2020, the Company has entered into the following interested person transaction, as follows:-

| Name of Interested Person | Nature of Relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000 |
|----------------------------|---|---|--|
| ACI Technology (S) Pte Ltd | Associate of Mr. Lim Kee Liew @ Victor Lim, the Executive Chairman and CEO who is also a controlling shareholder of the Company | 58 | - |

NON-SPONSOR FEES

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The Continuing Sponsor of the Company is RHT Capital Pte. Ltd.

In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid by the Company to the sponsor for FY2020.

Report on Corporate Governance

Additional Information required pursuant to Rule 720(5) of the Listing Manual: Rules of Catalist on Directors seeking for re-election

The following additional information on Mr. Ng Chee Wee and Mr. Cheah Wee Teong, all of whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies on pages 6 to 8 of this Annual Report.

| | Ng Chee Wee | Cheah Wee Teong |
|---|---|---|
| Date of Appointment | 6 May 2011 | 1 December 2015 |
| Date of last re-appointment (if applicable) | 20 October 2017 | 26 October 2018 |
| Age | 47 | 51 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election) | <p>The Nominating Committee ("NC"), having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr. Ng Chee Wee's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Ng Chee Wee who will be retiring by rotation pursuant to Article 89 of the Company's Constitution at the forthcoming Annual General Meeting ("AGM").</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Ng Chee Wee had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.</p> | <p>The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr. Cheah Wee Teong's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Cheah Wee Teong who will be retiring by rotation pursuant to Article 89 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Cheah Wee Teong had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.</p> |
| Whether appointment is executive, and if so, the area of responsibility | <p>Executive</p> <p>Overseeing the Group's finance, accounting, treasury, legal, tax, corporate secretarial, regulatory compliance and human resources functions.</p> | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Director and Chief Financial Officer (" CFO ") of the Company and its subsidiaries (" Group ") | Independent Director, Chairman of Nominating and Remuneration Committees and a member of Audit Committee |



Report on Corporate Governance

| | Ng Chee Wee | Cheah Wee Teong |
|--|---|--|
| Professional qualifications | Please refer to the Directors' respective biographies on pages 6 to 8 of this Annual Report. | |
| Working experience and occupation(s) during the past 10 years | <p>2011 to Present: Executive Director of the Company</p> <p>2017 to Present: CFO of the Group</p> <p>2010 to 2017: Financial Controller of the Group</p> <p>2009: Financial Controller of Jetstar Asia Airways Pte. Ltd.</p> | <p>2019 to Present: Director, IT of Bridgestone Asia Pacific Pte. Ltd.</p> <p>2017 to 2019: Director, Internal Audit of Surbana Jurong Private Limited</p> <p>2015 to 2017: Director of RSM Risk Advisory Pte. Ltd.</p> <p>2009 to 2015: Director of Risk Advisory of RSM Nelson Wheeler (Hong Kong)</p> |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest of 16,227,586 ordinary shares in the Company | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer – Yes / No | Yes | Yes |
| Other Principal Commitments* | Please refer to the Directors' respective biographies on pages 6 to 8 of this Annual Report. | |
| Other Directorships for the past 5 years | Nil | Nil |
| Other Present Directorships | <p>(1) Asian Micro Sdn. Bhd.</p> <p>(2) Leverage Income Sdn. Bhd.</p> <p>(3) Asian Micro Capital Sdn. Bhd.</p> | Nil |

Report on Corporate Governance

| | Ng Chee Wee | Cheah Wee Teong |
|---|---|-----------------|
| | Disclosure applicable to appointment of Director only | |
| 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). | Not applicable | Not applicable |

The Company confirms that the response to the declaration for the items (a) to (k) of Appendix 7F of the Listing Manual: Rules of Catalyst concerning the Directors to be re-elected is a "no".

**The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*



Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of Asian Micro Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2020.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as,
 - (a) The Group and the Company will be able to generate adequate cash flows to maintain a positive cash and cash equivalent position; and
 - (b) Two of the Company's existing major shareholders (one of whom is also a director of the Company) have agreed to provide continuing financial support to the Group and the Company to enable the Group and the Company to meet their obligations as and when the need arises.

Directors

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

Lim Kee Liew @ Victor Lim
Ng Chee Wee
Chue Wai Tat
Cheah Wee Teong
Lee Teck Meng Stanley

Arrangements to enable directors to acquire shares and debentures

Except for the Asian Micro Holdings Limited Employees' Share Option Plan as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

| | Direct interest | | | Deemed interest | | |
|-------------------------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | At 1 July 2019 | At 30 June 2020 | At 21 July 2020 | At 1 July 2019 | At 30 June 2020 | At 21 July 2020 |
| The Company | | | | | | |
| Asian Micro Holdings Limited | | | | | | |
| (Ordinary shares) | | | | | | |
| Lim Kee Liew @ Victor Lim | 502,932,468 | 495,932,468 | 460,932,468 | 219,529,855 | 200,984,255 | 200,984,255 |
| Ng Chee Wee | 16,227,586 | 16,227,586 | 16,227,586 | – | – | – |
| Lee Teck Meng Stanley | – | – | – | 300,000 | 300,000 | 300,000 |

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Lim Kee Liew @ Victor Lim is deemed to have an interest in shares of the subsidiaries of the Company.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations either at the beginning of the financial year, end of the financial year or 21 July 2020.

Share options

Asian Micro Employees' Share Option Scheme 2010

1. Asian Micro Employees' Share Option Scheme 2010 (the "ESOS 2010") was approved by the shareholders at an extraordinary general meeting held on 28 October 2010.
2. The remuneration committee administered the ESOS 2010 during the financial year.
3. During the financial year, no share options were granted under the ESOS 2010.
4. Details of the outstanding balance of the options to subscribe for ordinary shares of the Company pursuant to the ESOS 2010 as at 30 June 2020 are as follows:

| Grant date | Expiry date | Exercise price (\$) | Number of options |
|------------|-------------|------------------------|-------------------|
| July 2012 | July 2022 | 0.022 | <u>2,000,000</u> |



Directors' Statement

Share options (cont'd)

Asian Micro Employees' Share Option Scheme 2010 (cont'd)

5. Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the ESOS 2010 are as follows:

| Name of directors | Options granted during the financial year | Aggregate options granted since commencement of ESOS 2010 | Aggregate options cancelled since commencement of ESOS 2010 | Aggregate options exercised since commencement of ESOS 2010 | Aggregate options outstanding as at end of financial year |
|---|---|---|---|---|---|
| Lim Kee Liew @ Victor Lim | – | 2,000,000 | – | 2,000,000 | – |
| Ng Chee Wee | – | 4,000,000 | – | 4,000,000 | – |
| Chue Wai Tat | – | 2,000,000 | – | 2,000,000 | – |
| Name of Associates of Controlling Shareholders | | | | | |
| Leong Lai Heng | – | 2,000,000 | – | 2,000,000 | – |
| Lin Xianglong Winchester | – | 2,000,000 | – | 2,000,000 | – |

6. None of the other executive directors and employees of the Group who participated in the Plan has received 5% or more of the total number of options available under the Plan as at 30 June 2020.

Except for the above, no options have been granted to other directors, controlling shareholders of the Company or their associates under ESOS 2010.

The options do not entitle the holder to participate, by virtue of the options, in any share issue of any other corporation.

Directors' Statement

Audit committee

The members of the Audit Committee (the "AC") at the date of this report are as follow:

Mr. Chue Wai Tat (Chairman, Lead Independent Director)
Mr. Cheah Wee Teong (Independent Director)
Mr. Lee Teck Meng Stanley (Independent Director)

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. Among other functions, it performed the following:

- reviewed the audit plans of the external auditors and any recommendation on internal accounting controls arising from the statutory audit;
- reviewed the half-year and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- reviewed the nature and extent of non-audit services provided by the external auditors;
- recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor and reviewed the scope and results of the audit; and
- reviewed the interested party transactions as defined in Chapter 9 of the SGX-ST Catalist Listing Manual.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

The AC has recommended to the Board the nomination of Ernst and Young LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of directors,

Lim Kee Liew @ Victor Lim
Director

Ng Chee Wee
Director

Singapore
28 September 2020



Independent Auditor's Report

For the financial year ended 30 June 2020

Independent Auditor's Report to the Members of Asian Micro Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Asian Micro Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditor's Report

For the financial year ended 30 June 2020

Key audit matters (cont'd)

Expected credit losses on receivables

As at 30 June 2020, the Group's gross trade receivable balances were significant as they represented 19% of the total current assets in the consolidated balance sheet and the total trade receivables and related impairment for expected credit losses amounted to S\$584,324 and S\$10,438 respectively.

The Group estimated the expected credit losses ("ECL") on trade receivables by establishing an ECL model in which the probability of default is estimated based on historical observed default rates and payment patterns for each individual debtor. The Group's ECL model also incorporated forward looking information such as forecast economic conditions. As significant management judgment and estimates are required in assessing the probability of default and forward looking information, we have identified the Group's ECL assessment on trade receivables as a key audit matter.

In responding to this area of focus, our audit procedures include, amongst others, the following:

- (i) Circularised and confirmed major debtor balances as at year end.
- (ii) Updated our understanding of the Group's controls and processes in determining impairment under SFRS(I) 9 and performed a walkthrough of the process which entails the following:
 - Defining default and due dates;
 - Determination of credit-impaired financial assets; and
 - Determination of the credit risk characteristics of its customers.
- (iii) Reviewed the appropriateness of the Group's ECL model, contractual terms, discount rates, use of historical credit loss experience, use of forward-looking information and evaluated and tested assumptions and judgments made by management (including the appropriateness of the method used) in the determination of impairment;
- (iv) Reviewed the trade receivables aging for any long and outstanding receivables;
- (v) Reviewed and assessed the adequacy of the impairment for expected credit losses made by management as at year end; and
- (vi) Reviewed and assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 8 and 27 to the consolidated financial statements.

Allowance for inventory obsolescence

As at 30 June 2020, the carrying amount of the Group's gross inventories and allowance for inventory obsolescence amounted to S\$69,322 and S\$14,350 respectively. Management exercises significant judgement and uses estimates in assessing the adequacy of the allowance for inventory obsolescence as a result of potential reduction in end user demand. Such judgement involves the consideration of factors such as expected future sales and demand of the inventory, probability of the inventory becoming obsolete, aging profile of the inventory and related historical sales experience. Possible changes in these estimates could result in revisions to the allowance for inventory obsolescence. As such, we determined that this is a key audit matter.



Independent Auditor's Report

For the financial year ended 30 June 2020

Key audit matters (cont'd)

Allowance for inventory obsolescence (cont'd)

In responding to this area of focus, our audit procedures include, amongst others, the following:

- (i) Observed the annual stock count to ascertain the physical existence for a sample of inventories and observed whether damaged or obsolete inventories are identified and written off appropriately;
- (ii) Assessed the consistency and reasonableness of management's basis for allowance for inventory obsolescence with respect to aged or slow-moving inventories;
- (iii) Reviewed inventory aging report and assessed the adequacy of the Group's allowance for inventory obsolescence in accordance with management's basis for allowance for inventory obsolescence in (ii);
- (iv) Assessed the adequacy of disclosures related to inventories in Notes 2.16 and 7 to the consolidated financial statements; and
- (v) Reviewed subsequent sales of material inventories to ensure that inventories are recorded at the lower of cost and net realisable value at year end.

Valuation of investment properties

As at 30 June 2020, the carrying amount of investment properties was \$520,606, which represented 14% of total assets. These investment properties are stated at their fair value, which is determined using the direct comparison method by independent external valuation experts engaged by management. The valuation process requires both management and the independent external valuation experts to exercise judgement and the value derived is dependent on key inputs and adjustments for comparability. For these reasons, we have determined this to be a key audit matter.

In responding to this area of focus, our audit procedures include, amongst others, the following:

- (i) Reviewed management's assessment of fair value and assessed the reasonableness of the inputs, assumptions and valuation model used;
- (ii) Evaluated the objectivity, independence and professional competency of the independent external valuation experts;
- (iii) Assessed the reasonableness of the fair value changes in investment properties; and
- (iv) Assessed the appropriateness of the disclosures in Note 28(a) relating to the valuation and the disclosures on the investment properties in Note 4 of the financial statements.

Independent Auditor's Report

For the financial year ended 30 June 2020

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report

For the financial year ended 30 June 2020

Auditor's responsibilities for the audit of the financial statements (cont'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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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 Tan Po Hsiang Jonathan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 September 2020

Balance Sheets

As at 30 June 2020

| | Note | Group | | Company | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Non-current assets | | | | | |
| Plant and equipment | 3 | 208,759 | 90,122 | 189,439 | 5,998 |
| Investment properties | 4 | 520,606 | 523,840 | – | – |
| Investments in subsidiaries | 5 | – | – | 2,221,937 | 30,955 |
| Other receivables | 8 | 33,205 | 33,411 | – | – |
| | | <u>762,570</u> | <u>647,373</u> | <u>2,411,376</u> | <u>36,953</u> |
| Current assets | | | | | |
| Development properties | 6 | 1,598,939 | 1,608,873 | – | – |
| Inventories | 7 | 54,972 | 56,903 | – | – |
| Trade and other receivables | 8 | 696,579 | 765,277 | 14,047 | 8,369 |
| Prepayments | | 24,033 | 18,805 | 17,388 | 10,779 |
| Due from subsidiaries (non-trade), net | 9 | – | – | – | 2,145,491 |
| Fixed deposits | 10 | 201,964 | 201,711 | – | – |
| Cash and bank balances | 10 | 458,658 | 329,646 | 24,147 | 183,522 |
| | | <u>3,035,145</u> | <u>2,981,215</u> | <u>55,582</u> | <u>2,348,161</u> |
| Total assets | | <u>3,797,715</u> | <u>3,628,588</u> | <u>2,466,958</u> | <u>2,385,114</u> |
| Current liabilities | | | | | |
| Trade and other payables | 11 | 766,340 | 952,362 | 117,755 | 123,069 |
| Accrued expenses | 12 | 812,948 | 486,315 | 286,145 | 172,780 |
| Due to related parties (non-trade), net | 9 | 4,949 | 5,376 | 2,544 | 2,723 |
| Loan from director | 9 | 322,000 | 212,000 | 322,000 | 212,000 |
| Lease liability | 13 | 22,451 | 37,114 | 22,451 | 37,114 |
| Income tax payable | | 48,919 | 46,487 | – | – |
| | | <u>1,977,607</u> | <u>1,739,654</u> | <u>750,895</u> | <u>547,686</u> |
| Net current assets/(liabilities) | | <u>1,057,538</u> | <u>1,241,561</u> | <u>(695,313)</u> | <u>1,800,475</u> |



Balance Sheets

As at 30 June 2020

| | Note | Group | | Company | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Non-current liabilities | | | | | |
| Lease liability | 13 | 86,682 | – | 86,682 | – |
| Deferred tax liabilities | 22 | 585 | 585 | 585 | 585 |
| | | <u>87,267</u> | <u>585</u> | <u>87,267</u> | <u>585</u> |
| Total liabilities | | <u>2,064,874</u> | <u>1,740,239</u> | <u>838,162</u> | <u>548,271</u> |
| Net assets | | | | | |
| | | <u>1,732,841</u> | <u>1,888,349</u> | <u>1,628,796</u> | <u>1,836,843</u> |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 14 | 45,653,994 | 45,653,994 | 45,653,994 | 45,653,994 |
| Share option reserve | 15 | 40,051 | 40,051 | 40,051 | 40,051 |
| Foreign currency translation reserve | 15 | (1,046,324) | (813,225) | – | – |
| Other reserves | 15 | (1,034,433) | (1,034,433) | (1,034,433) | (1,034,433) |
| Accumulated losses | | (42,025,771) | (42,046,719) | (43,030,816) | (42,822,769) |
| | | <u>1,587,517</u> | <u>1,799,668</u> | <u>1,628,796</u> | <u>1,836,843</u> |
| Non-controlling interests | | 145,324 | 88,681 | – | – |
| Total equity | | <u>1,732,841</u> | <u>1,888,349</u> | <u>1,628,796</u> | <u>1,836,843</u> |
| Total equity and liabilities | | | | | |
| | | <u>3,797,715</u> | <u>3,628,588</u> | <u>2,466,958</u> | <u>2,385,114</u> |

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|-------------|-------------|
| Revenue | 16 | 3,957,809 | 4,459,638 |
| Cost of sales | | (2,662,068) | (3,188,058) |
| Gross profit | | 1,295,741 | 1,271,580 |
| Other items of income | | | |
| Finance income | 17 | 291 | 279 |
| Other income | 18 | 958,132 | 622,260 |
| Other items of expense | | | |
| Administrative expenses | | (1,864,813) | (2,106,925) |
| Distribution and selling expenses | | (24,418) | (19,740) |
| Finance expenses | 17 | (4,700) | (4,385) |
| Other expenses | 19 | (5,346) | (9,010) |
| Profit/(loss) before tax | 20 | 354,887 | (245,941) |
| Income tax expense | 22 | (4,274) | (5,806) |
| Profit/(loss) for the year | | 350,613 | (251,747) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation | | (240,977) | (664,165) |
| Other comprehensive income for the year, net of tax | | (240,977) | (664,165) |
| Total comprehensive profit/(loss) for the year | | 109,636 | (915,912) |
| Profit/(loss) for the year attributable to: | | | |
| Owners of the Company | | 20,948 | (242,137) |
| Non-controlling interests | | 329,665 | (9,610) |
| | | 350,613 | (251,747) |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | (212,151) | (885,625) |
| Non-controlling interests | | 321,787 | (30,287) |
| | | 109,636 | (915,912) |
| Profit/(loss) per share attributable to owners of the Company (cents per share) | | | |
| Basic | | 0.002 | (0.032) |
| Diluted | | 0.002 | (0.032) |

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



Statements of Changes in Equity

For the year ended 30 June 2020

| 2020 Group | Attributable to owners of the Company | | | | | | |
|--|--|-------------------------------------|-----------------------------|--------------------------------------|--|--|--|
| | Equity attributable to owners of the Company \$ | Share capital (Note 14) \$ | Accumulated losses \$ | Other reserves (Note 15) \$ | Foreign currency translation reserve (Note 15) \$ | Share option reserve (Note 15) \$ | Non- controlling interests \$ |
| Balance at 1 July 2019 | 1,888,349 | 45,653,994 | (42,046,719) | (1,034,433) | (813,225) | 40,051 | 88,681 |
| Net profit for the year | 350,613 | - | 20,948 | - | - | - | 329,665 |
| Other comprehensive income for the year, net of tax | | | | | | | |
| Foreign currency translation differences for foreign operations | (240,977) | - | - | - | (233,099) | - | (7,878) |
| Other comprehensive income for the year | (240,977) | - | - | - | (233,099) | - | (7,878) |
| Total comprehensive income for the year | 109,636 | - | 20,948 | - | (233,099) | - | 321,787 |
| Strike-off of subsidiary ⁽¹⁾ | (265,144) | - | - | - | - | - | (265,144) |
| Total contribution by and distributions to owners | (265,144) | - | - | - | - | - | (265,144) |
| Closing balance at 30 June 2020 | 1,732,841 | 45,653,994 | (42,025,771) | (1,034,433) | (1,046,324) | 40,051 | 145,324 |

⁽¹⁾ Relates to non-controlling interest reserve balance of the subsidiary that is in the process of voluntary strike off.

Statements of Changes in Equity

For the year ended 30 June 2020

| 2019 Group | Attributable to owners of the Company | | | | | | | |
|--|---------------------------------------|--|-------------------------------------|-----------------------------|--------------------------------------|--|--|--|
| | Total equity \$ | Equity attributable to owners of the Company \$ | Share capital (Note 14) \$ | Accumulated losses \$ | Other reserves (Note 15) \$ | Foreign currency translation reserve (Note 15) \$ | Share option reserve (Note 15) \$ | Non- controlling interests \$ |
| Opening balance as at 1 July 2018 | 1,713,501 | 1,594,533 | 43,432,612 | (41,804,582) | 96,189 | (169,737) | 40,051 | 118,968 |
| Net loss for the year | (251,747) | (242,137) | - | (242,137) | - | - | - | (9,610) |
| Other comprehensive income for the year, net of tax | | | | | | | | |
| Foreign currency translation differences for foreign operations | (664,165) | (643,488) | - | - | - | (643,488) | - | (20,677) |
| Other comprehensive income for the year | (664,165) | (643,488) | - | - | - | (643,488) | - | (20,677) |
| Total comprehensive income for the year | (915,912) | (885,625) | - | (242,137) | - | (643,488) | - | (30,287) |
| Contribution by and distributions to owners | | | | | | | | |
| Issuance of ordinary shares | 1,090,760 | 1,090,760 | 2,221,382 | - | (1,130,622) | - | - | - |
| Total contribution by and distributions to owners | 1,090,760 | 1,090,760 | 2,221,382 | - | (1,130,622) | - | - | - |
| Closing balance at 30 June 2019 | 1,888,349 | 1,799,668 | 45,653,994 | (42,046,719) | (1,034,433) | (813,225) | 40,051 | 88,681 |



Statements of Changes in Equity

For the year ended 30 June 2020

| Company | Total equity \$ | Share capital (Note 14) \$ | Accumulated losses \$ | Other reserves (Note 15) \$ | Share option reserve (Note 15) \$ |
|---|--------------------|----------------------------------|-----------------------------|-----------------------------------|--|
| Balance as at 1 July 2019 | 1,836,843 | 45,653,994 | (42,822,769) | (1,034,433) | 40,051 |
| Net loss for the year, representing total comprehensive income for the year | (208,047) | – | (208,047) | – | – |
| Balance as at 30 June 2020 | 1,628,796 | 45,653,994 | (43,030,816) | (1,034,433) | 40,051 |
| Balance as at 1 July 2018 | 1,302,246 | 43,432,612 | (42,266,606) | 96,189 | 40,051 |
| Net loss for the year, representing total comprehensive income for the year | (556,163) | – | (556,163) | – | – |
| <u>Contribution by and distributions to owners</u> | | | | | |
| Issue of ordinary shares | 1,090,760 | 2,221,382 | – | (1,130,622) | – |
| Total contribution by and distributions to owners | 1,090,760 | 2,221,382 | – | (1,130,622) | – |
| Balance as at 30 June 2019 | 1,836,843 | 45,653,994 | (42,822,769) | (1,034,433) | 40,051 |

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

Consolidated Cash Flow Statement

For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------|------------|
| Cash flow from operating activities | | | |
| Profit/(loss) before tax | | 354,887 | (245,941) |
| Adjustments: | | | |
| Allowance for inventories obsolescence | 19 | – | 1,117 |
| Allowance for expected credit losses | 19 | – | 3,140 |
| Bad debts written off | 19 | 5,346 | 1,001 |
| Depreciation of plant and equipment | 3 | 107,387 | 69,748 |
| Interest expense | 17 | 3,167 | 2,620 |
| Interest income | 17 | (291) | (279) |
| Fair value loss on investment properties | 19 | – | 2,456 |
| Gain on disposal of plant and equipment | 18 | (141,200) | – |
| Non-cash benefits paid to directors and employees | | – | 331,992 |
| Plant and equipment written off | 19 | – | 1,275 |
| Waiver of directors' remuneration | 18 | (201,290) | – |
| Write-back of allowance for inventories obsolescence | 7 | (896) | – |
| Write-off of payables due to strike off of subsidiary | 18 | (265,144) | – |
| Write-back of payables that have expired | 18 | (5,810) | (6,837) |
| Unrealised exchange gain | | (225,005) | (610,071) |
| Operating cash flows before changes in working capital | | (368,849) | (449,779) |
| Decrease/(increase) in inventories | | 2,827 | (39,514) |
| Decrease/(increase) in trade and other receivables | | 63,581 | (14,692) |
| (Increase)/decrease in prepayments | | (5,217) | 4,950 |
| Decrease in amount due to related parties | | (427) | (90) |
| Increase in trade and other payables | | 346,925 | 184,355 |
| Cash generated from/(used in) operations | | 38,840 | (314,770) |
| Interest paid | | (3,167) | (2,620) |
| Interest income received | | 291 | 279 |
| Income taxes paid | | (1,842) | (2,446) |
| Net cash generated from/(used in) operating activities | | 34,122 | (319,557) |
| Cash flow from investing activities | | | |
| Subsequent expenditure on development properties | | – | (3,384) |
| Proceeds from disposal of plant and equipment | | 141,200 | – |
| Purchase of plant and equipment (Note A) | | (120,940) | (5,807) |
| Net cash generated from/(used in) investing activities | | 20,260 | (9,191) |



Consolidated Cash Flow Statement

For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------|------------|
| Cash flow from financing activities | | | |
| Loan from director | | 110,000 | 212,000 |
| Repayment of principal portion of lease liability | | (32,929) | (42,836) |
| Repayment of loan from director | | – | (6,548) |
| Pledged fixed deposits placement | | (253) | (253) |
| Share issuance expenses | | – | (39,862) |
| Net cash generated from financing activities | | 76,818 | 122,501 |
| Net increase/(decrease) in cash and cash equivalents | | 131,200 | (206,247) |
| Effect of exchange rate changes in cash and cash equivalents | | (2,188) | 1,510 |
| Cash and cash equivalents at beginning of year | | 329,646 | 534,383 |
| Cash and cash equivalents at end of year | 10 | 458,658 | 329,646 |

Note A

During the year, the Company acquired plant and equipment with an aggregate cost of \$225,888 (2019: \$5,807) of which \$104,948 (2019: Nil) was acquired under a lease liability arrangement. Cash payment of \$120,940 (2019: \$5,807) was made for the purchase of plant and equipment.

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

Notes to the Financial Statements

For the financial year ended 30 June 2020

1. Corporate information

Asian Micro Holdings Limited is a limited liability company incorporated in Singapore and is listed on the Stock Exchange of Singapore Catalist Sponsor-Supervised regime ("Catalist").

The registered office and principal place of business of Asian Micro Holdings Limited is located at 63 Hillview Avenue, #08-01, Lam Soon Industrial Building, Singapore 669569.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are those of provision of Compressed Natural Gas ("CNG") supply and related products and services, trading of clean room supplies, leasing of commercial properties and property development. Details of these subsidiaries are disclosed in Note 5 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Singapore Dollars (SGD or \$).

At the end of the reporting period, the Company's current liabilities exceeded its current assets by \$695,313. The directors are of the view that it is appropriate to prepare the Group's and the Company's financial statements on a going concern basis due to the following:

- (i) The Group and the Company will be able to generate adequate cash flows to maintain a positive cash and cash equivalent position; and
- (ii) Two of the Company's existing major shareholders (one of whom is also a director of the Company) have agreed to provide continuing financial support to the Group and the Company to enable the Group and the Company to meet their obligations as and when the need arises.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|--|--|
| Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> and SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material</i> | 1 January 2020 |
| Amendments to SFRS(I) 3 <i>Business Combination: Definition of a Business</i> | 1 January 2020 |
| Amendments to References to the Conceptual Framework in SFRS(I) Standards | 1 January 2020 |
| Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 <i>Interest Rate Benchmark Reform</i> | 1 January 2020 |
| Amendment to SFRS(I) 16: <i>COVID-19-Related Rent Concessions</i> | 1 June 2020 |
| SFRS(I) 17 <i>Insurance Contracts</i> | 1 January 2021 |
| Amendment to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture</i> | Date to be determined |

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

2.4 Significant accounting judgements and estimates

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting judgements and estimates (cont'd)

Key sources of estimation uncertainty

(i) *Provision for expected credit losses of trade receivables*

The Group computes expected credit loss for trade receivables using the simplified approach. In calculating the expected credit loss for each debtor, the Group adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 8 and Note 27.

The carrying amount of trade receivables as at 30 June 2020 is \$584,324 (2019: \$739,592).

(ii) *Allowance for inventory obsolescence*

The Group reviews periodically and at the end of the reporting period for any decline in net realisable value of inventories below cost. An allowance is recorded against the inventory balance for such shortfall. These reviews require the Group to consider the future saleability of the inventory.

In determining the amount of allowance, the Group considers factors including the ageing analysis by ageing profile of the inventory and related historical sales experiences. Such an evaluation process requires judgment and affects the carrying amount of inventory at the end of the financial year. Possible changes in these estimates could result in revisions to the stated carrying value of the inventory. The carrying amount of inventory at the end of the reporting year is disclosed in Note 7.

(iii) *Valuation of investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The fair values are determined by independent external appraisers using recognised valuation techniques such as the direct comparison method.

The direct comparison method involves the comparison of recent sales transactions of similar properties and making adjustments for comparability. Management is of the view that the valuation methods and estimates are reflective of the current market condition. The valuation of properties is described in more detail in Note 28.



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.5 **Basis of consolidation**

(a) **Basis of consolidation**

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.5 *Basis of consolidation (cont'd)*

(b) **Business combinations**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.6 *Transactions with non-controlling interests*

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.7 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) **Transactions and balances**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) **Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | <u>Years</u> |
|--|--------------|
| Furniture and fittings | 5 - 10 |
| Air conditioners | 3 - 10 |
| Machinery, equipment and motor vehicles | 3 - 10 |
| Office equipment and computers | 1 - 10 |
| Renovations and electrical installations | 3 - 10 |

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.8 *Plant and equipment (cont'd)*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

2.9 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 *Financial instruments*

(a) **Financial assets**

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

(i) *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 *Impairment of financial assets*

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



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets (cont'd)*

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

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

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

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and fixed deposits that are short-term, highly liquid and readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Finished goods – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connections with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plan

Employees and directors of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

(c) Equity-settled share-based payment transactions

Equity-settled share-based payment transactions are measured at the fair value of the goods obtained or services received, with a corresponding increase in equity. If an entity cannot reliably estimate the fair value of the goods obtained or services received, it must measure their value indirectly using the fair value of the equity instruments at grant date.



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.20 Leases

Policy applicable from 1 June 2019

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

(a) As lessee

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

(i) Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10. The Group's right-of-use assets are presented within plant and equipment in Note 3.

(ii) Lease liabilities

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

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

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

Policy applicable from 1 June 2019 (cont'd)

(a) As lessee (cont'd)

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d).

Policy applicable before 1 June 2019

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d).



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.21 *Revenue recognition*

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

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

(a) **Sale of goods**

Revenue from sale of goods is recognised upon satisfaction of performance obligation to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) **Compressed natural gas supply products and services**

Revenue on compressed natural gas supply products is recognised upon the completion of installation and commissioning of the equipment, and satisfaction of performance obligation through the delivery of the compressed natural gas to the customer. Revenue on services is recognised when services are rendered.

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Rental income**

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

2.22 *Taxes*

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.



Notes to the Financial Statements

For the financial year ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2.23 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to income, it is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective managers responsible for the performance of the respective segments under their charge. The respective managers report directly to the Executive Directors of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issue expenses

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

Notes to the Financial Statements

For the financial year ended 30 June 2020

3. Plant and equipment

| Group | Furniture and fittings \$ | Air conditioners \$ | Machinery, equipment and motor vehicles \$ | Office equipment and computers \$ | Renovations and electrical installations \$ | Total \$ |
|---------------------------------|------------------------------|------------------------|---|--------------------------------------|--|-------------|
| Cost | | | | | | |
| At 1 July 2018 | 43,037 | 2,790 | 1,054,300 | 43,082 | 680 | 1,143,889 |
| Additions | - | 1,682 | - | 4,125 | - | 5,807 |
| Write-off | - | - | - | (1,663) | - | (1,663) |
| Translation difference | - | - | (17) | - | - | (17) |
| At 1 July 2019 and 30 June 2019 | 43,037 | 4,472 | 1,054,283 | 45,544 | 680 | 1,148,016 |
| Additions | - | - | 225,888 | - | - | 225,888 |
| Disposal | - | - | (360,000) | - | - | (360,000) |
| Write-off | - | - | (101,656) | (33,650) | - | (135,306) |
| Translation difference | - | - | 25 | - | - | 25 |
| At 30 June 2020 | 43,037 | 4,472 | 818,540 | 11,894 | 680 | 878,623 |



Notes to the Financial Statements

For the financial year ended 30 June 2020

3. Plant and equipment (cont'd)

| Group | Furniture and fittings | Air conditioners | Machinery, equipment and motor vehicles | Office equipment and computers | Renovations and electrical installations | Total |
|---------------------------------|------------------------|------------------|---|--------------------------------|--|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Accumulated depreciation | | | | | | |
| At 1 July 2018 | 43,037 | 2,790 | 898,866 | 40,875 | 680 | 986,248 |
| Charge for the year | - | 210 | 68,339 | 1,199 | - | 69,748 |
| Write-off | - | - | - | (388) | - | (388) |
| Translation difference | - | - | 2,286 | - | - | 2,286 |
| At 1 July 2019 and 30 June 2019 | 43,037 | 3,000 | 969,491 | 41,686 | 680 | 1,057,894 |
| Charge for the year | - | 561 | 105,730 | 1,096 | - | 107,387 |
| Disposal | - | - | (360,000) | - | - | (360,000) |
| Write-off | - | - | (101,656) | (33,650) | - | (135,306) |
| Translation difference | - | - | (111) | - | - | (111) |
| At 30 June 2020 | 43,037 | 3,561 | 613,454 | 9,132 | 680 | 669,864 |
| Net book value | | | | | | |
| At 30 June 2019 | - | 1,472 | 84,792 | 3,858 | - | 90,122 |
| At 30 June 2020 | - | 911 | 205,086 | 2,762 | - | 208,759 |

Notes to the Financial Statements

For the financial year ended 30 June 2020

3. Plant and equipment (cont'd)

| Company | Motor vehicles \$ | Furniture and fittings \$ | Total \$ |
|--|-------------------------|---------------------------------|-------------|
| Cost | | | |
| At 1 July 2018, 1 July 2019 and 30 June 2019 | 421,827 | 43,036 | 464,863 |
| Additions | 225,888 | – | 225,888 |
| Disposal | (360,000) | – | (360,000) |
| At 30 June 2020 | 287,715 | 43,036 | 330,751 |
| Accumulated depreciation | | | |
| At 1 July 2018 | 411,031 | 43,036 | 454,067 |
| Depreciation charge for the year | 4,798 | – | 4,798 |
| At 1 July 2019 and 30 June 2019 | 415,829 | 43,036 | 458,865 |
| Depreciation charge for the year | 42,447 | – | 42,447 |
| Disposal | (360,000) | – | (360,000) |
| At 30 June 2020 | 98,276 | 43,036 | 141,312 |
| Net book value | | | |
| At 30 June 2019 | 5,998 | – | 5,998 |
| At 30 June 2020 | 189,439 | – | 189,439 |

4. Investment properties

| | Group | |
|--|------------|------------|
| | 2020 \$ | 2019 \$ |
| Balance sheet: | | |
| At 1 July | 523,840 | 542,162 |
| Fair value loss recognised in profit or loss | – | (2,456) |
| Translation difference | (3,234) | (15,866) |
| At 30 June | 520,606 | 523,840 |



Notes to the Financial Statements

For the financial year ended 30 June 2020

4. Investment properties (cont'd)

| | Group | |
|--|------------|------------|
| | 2020 \$ | 2019 \$ |
| Income statement: | | |
| Rental income from investment properties | 22,145 | 22,990 |
| Direct operating expenses from investment properties | (1,465) | (4,457) |

Valuation of investment properties

Investment properties are stated at fair value, which has been determined by independent valuation expert engaged by management, based on comparison with similar transacted properties close to year end. Details of valuation technique and inputs used are disclosed in Note 28.

The investment properties held by the Group as at 30 June are as follows:

| Description and location | Existing use | Tenure | Area (square metres) |
|---|--------------|----------|-------------------------|
| Four commercial units in Gurney Tower, Penang, Malaysia | Office | Freehold | 225 |

5. Investments in subsidiaries

| | Company | |
|--------------------------------------|-------------|-------------|
| | 2020 \$ | 2019 \$ |
| Unquoted equity investments, at cost | 5,324,529 | 9,189,819 |
| Loans to subsidiaries (Note 9) | 2,206,475 | – |
| | 7,531,004 | 9,189,819 |
| Less: Impairment loss | (5,309,067) | (9,158,864) |
| Carrying amount of investments | 2,221,937 | 30,955 |

Movement in allowance for impairment:

| | | |
|---------------------|-------------|-----------|
| At 1 July | 9,158,864 | 9,158,864 |
| Charge for the year | 15,493 | – |
| Write-off | (3,865,290) | – |
| As at 30 June | 5,309,067 | 9,158,864 |

As at 30 June 2020, the Company entered into agreements with certain subsidiaries to allow these subsidiaries the discretion for the repayment of the loans provided to them as and when the cash flow of these subsidiaries permits. Accordingly, these amounts have been reclassified from amounts due from subsidiaries to investment in subsidiaries as at 30 June 2020.

These amounts are non-interest bearing, unsecured and form part of the Company's net investment in subsidiary companies. Settlements are neither planned nor likely to occur in the foreseeable future.

Notes to the Financial Statements

For the financial year ended 30 June 2020

5. Investments in subsidiaries (cont'd)

a. Composition of the Group

Details of the subsidiaries held by the Company at the end of the financial year are as follows:

| Name of company | Country of incorporation and place of business | Principal activities | Proportion (%) of ownership interest | | Cost of investment by the Company | |
|---|--|--|--------------------------------------|----------|-----------------------------------|-----------|
| | | | 2020 % | 2019 % | 2020 \$ | 2019 \$ |
| <u>Held by the Company</u> | | | | | | |
| Asian Micro (S) Pte. Ltd. ("AMS") ⁽⁴⁾ | Singapore | Dissolved | Note (a) | Note (a) | – | 3,865,290 |
| Asian Micro (Thailand) Co., Ltd. ("AMT") ⁽²⁾ | Thailand | Currently under voluntary liquidation | 100 | 100 | 1,510,101 | 1,510,100 |
| AM NGV (S) Pte. Ltd. ("AM NGV (S)") ⁽¹⁾ | Singapore | Trading in natural gas vehicle ("NGV") and compressed natural gas ("CNG") supplies | 100 | 100 | 600,000 | 600,000 |
| ACI Industries Pte. Ltd. ("ACI") ⁽¹⁾ | Singapore | Trading in clean room supplies | 100 | 100 | 168,387 | 168,387 |
| Asian Micro Sdn. Bhd. ("AMM") ⁽³⁾ | Malaysia | Currently inactive | 100 | 100 | 3,895,857 | 2,765,013 |
| SO NGV (S) Pte. Ltd. ("SO NGV (S)") ⁽¹⁾ | Singapore | Voluntary striking off | Note (c) | 74 | 74 | 74 |



Notes to the Financial Statements

For the financial year ended 30 June 2020

5. Investments in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

Details of the subsidiaries held by the Company at the end of the financial year are as follows (cont'd):

| Name of company | Country of incorporation and place of business | Principal activities | Proportion (%) of ownership interest | | Cost of investment by the Company | |
|---|--|---------------------------------------|--------------------------------------|--------|-----------------------------------|------------------|
| | | | 2020 % | 2019 % | 2020 \$ | 2019 \$ |
| AM NGV (T) Co., Ltd. ("AM NGV (T)") ⁽⁴⁾ | Thailand | Currently under voluntary liquidation | 74 | 74 | 250,000 | 250,000 |
| Leverage Income Sdn. Bhd. ("Leverage Income") ⁽³⁾ Note (b) | Malaysia | Property development | 49 | 49 | 522,808 | 30,939 |
| Asian Micro Capital Sdn. Bhd. ("AMC") ⁽³⁾ Note (b) | Malaysia | Investment properties | 49 | 49 | 583,777 | 16 |
| | | | | | <u>7,531,004</u> | <u>9,189,819</u> |

⁽¹⁾ Audited by Ernst & Young LLP, Singapore

⁽²⁾ Audited by J.C. Accounting Office, Thailand

⁽³⁾ Audited by Tee & Partners, Malaysia

⁽⁴⁾ Not required to be audited by the laws of its country of incorporation

Note (a): AMS was dissolved during the year.

Note (b): While the Group holds 49% of the issued share capital in Leverage Income and AMC each, it has control over the financial and operational policies via the majority representation on the board of directors of both Leverage Income and AMC. Accordingly, Leverage Income and AMC are accounted for as a subsidiaries of the Group.

Note (c): Voluntary striking off of SO NGV (S) under Section 344A of the Companies Act, and currently pending for strike off from the register.

Notes to the Financial Statements

For the financial year ended 30 June 2020

5. Investments in subsidiaries (cont'd)

b. Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

| Name of subsidiary | Principal place of business | Proportion of ownership interest held by non-controlling interest | (Loss)/profit allocated to NCI during the reporting period | Accumulated NCI at the end of reporting period | Dividend paid to NCI |
|---|-----------------------------|---|--|--|----------------------|
| 30 June 2020: | | | | | |
| AM NGV (T) Co., Ltd. ("AM NGV (T)") | Thailand | 26 | (7,902) | 157,690 | Nil |
| Leverage Income Sdn. Bhd. ("Leverage Income") | Malaysia | 51 | (3,214) | 22,008 | Nil |
| Asian Micro Capital Sdn. Bhd. ("AMC") | Malaysia | 51 | 4,534 | (34,944) | Nil |
| 30 June 2019: | | | | | |
| AM NGV (T) Co., Ltd. ("AM NGV (T)") | Thailand | 26 | (20,952) | 165,592 | Nil |
| Leverage Income Sdn. Bhd. ("Leverage Income") | Malaysia | 51 | (6,898) | 25,222 | Nil |
| Asian Micro Capital Sdn. Bhd. ("AMC") | Malaysia | 51 | (762) | (39,478) | Nil |

Significant restriction:

There is no significant restriction on the Group's ability to use or access assets and settle liabilities of subsidiary with material non-controlling interests.



Notes to the Financial Statements

For the financial year ended 30 June 2020

5. Investments in subsidiaries (cont'd)

c. Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

| | Leverage Income | | AMC | | AM NGV (T) | |
|----------------------------------|-----------------|-------------|------------|------------|-------------|-------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Non-current: | | | | | | |
| Assets | \$ - | \$ - | \$ 520,606 | \$ 523,840 | \$ - | \$ - |
| Current: | | | | | | |
| Assets | 1,599,516 | 1,610,225 | 17,913 | 8,597 | - | - |
| Liabilities | (1,064,501) | (1,560,771) | (23,283) | (609,843) | (1,320,116) | (1,289,723) |
| Net current assets/(liabilities) | 535,015 | 49,454 | (5,370) | (601,246) | (1,320,116) | (1,289,723) |
| Net assets/(liabilities) | 535,015 | 49,454 | 515,236 | (77,406) | (1,320,116) | (1,289,723) |

Summarised statement of comprehensive income

| | | | | | | |
|---------------------------------|---------|----------|--------|---------|--------|--------|
| (Loss)/profit before income tax | (6,059) | (11,804) | 12,874 | 2,052 | - | - |
| (Loss)/profit after tax | (6,059) | (11,804) | 8,599 | (3,754) | - | - |
| Total comprehensive income | (5,817) | (10,082) | 8,309 | (6,014) | 30,393 | 80,584 |

Notes to the Financial Statements

For the financial year ended 30 June 2020

6. Development properties

| | Group | |
|-------------------|------------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Freehold land | 1,591,213 | 1,601,099 |
| Development costs | 7,726 | 7,774 |
| | <u>1,598,939</u> | <u>1,608,873</u> |

Summary of development properties

| <u>Description and location</u> | % owned | Area (square metres) |
|--|---------|-------------------------|
| Two plots of land located in Mukim 11 Daerah Barat Daya Penang, Malaysia | 100 | 2,370 |

7. Inventories

| | Group | |
|--|---------------|---------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Finished goods (at lower of cost and net realisable value) | <u>54,972</u> | <u>56,903</u> |

During the financial year, no allowance was made by the Group (2019: \$1,117) for inventory obsolescence.

During the financial year, the Group wrote back allowance for inventory obsolescence of \$896 (2019: \$Nil) as the inventories were sold to customers above their carrying amounts during the current financial year.



Notes to the Financial Statements

For the financial year ended 30 June 2020

8. Trade and other receivables

| | Group | | Company | |
|--|-----------|-----------|---------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Trade and other receivables (non-current): | | | | |
| Loan to non-controlling interest of a subsidiary | 33,205 | 33,411 | – | – |
| Total trade and other receivables (non-current) | 33,205 | 33,411 | – | – |
| Trade and other receivables (current): | | | | |
| Trade receivables | 584,324 | 739,592 | – | – |
| Other debtors | 105,936 | 19,377 | 10,859 | 5,181 |
| Deposits | 6,319 | 6,308 | 3,188 | 3,188 |
| Total trade and other receivables (current) | 696,579 | 765,277 | 14,047 | 8,369 |
| Total trade and other receivables | 729,784 | 798,688 | 14,047 | 8,369 |
| Add: Cash and bank balances and fixed deposits (Note 10) | 660,622 | 531,357 | 24,147 | 183,522 |
| Add: Due from subsidiaries | – | – | – | 2,145,491 |
| Less: Goods and services tax (“GST”) receivable | (14,934) | (18,051) | (3,958) | (5,181) |
| Total financial assets carried at amortised costs | 1,375,472 | 1,311,994 | 34,236 | 2,332,201 |

Trade and other receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Non-current loan to non-controlling interest of a subsidiary is unsecured, interest-free and repayable on demand.

None of the receivables were subject to offsetting arrangements.

As at 30 June 2020, trade receivables of the Group denominated in foreign currency are as follows:

| | Group | |
|-----------------------|---------|---------|
| | 2020 | 2019 |
| | \$ | \$ |
| United States dollars | 327,999 | 299,231 |

As at 30 June 2020, other receivables and deposits of the Group denominated in the foreign currency are as follows:

| | Group | |
|---------------|-------|-------|
| | 2020 | 2019 |
| | \$ | \$ |
| Thailand Baht | 1,306 | 1,276 |

Other receivables and deposits of the Company were denominated in its functional currency.

Notes to the Financial Statements

For the financial year ended 30 June 2020

8. Trade and other receivables (cont'd)

Expected credit loss

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

| | Group | |
|---|---------------|---------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Movement in trade receivables allowance accounts: | | |
| At 1 July | 10,270 | 6,685 |
| Charge for the year (expected credit loss) | – | 3,140 |
| Exchange differences | 168 | 445 |
| At 30 June | <u>10,438</u> | <u>10,270</u> |

9. Due from subsidiaries (non-trade), net Due to related parties (non-trade), net Loan from director

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Gross amounts due from subsidiaries (non-trade) | – | – | 14,985,937 | 24,536,160 |
| Less: Allowance for expected credit losses | – | – | (14,985,937) | (22,390,669) |
| Due from subsidiaries (non-trade), net | – | – | – | 2,145,491 |
| Due to related parties (non-trade), net | 4,949 | 5,376 | 2,544 | 2,723 |
| Loan from director | <u>322,000</u> | <u>212,000</u> | <u>322,000</u> | <u>212,000</u> |

These amounts are unsecured, interest-free, repayable on demand and are to be settled in cash.

Below is the movement of the amounts due from subsidiaries (non-trade), net during the year:

| | Company 2020 \$ |
|---|-----------------------|
| Balance at 1 July | 2,145,491 |
| Write-off of intercompany payables during the year ⁽¹⁾ | 60,984 |
| Reclassified to investments in subsidiaries (Note 5) ⁽²⁾ | <u>(2,206,475)</u> |
| Balance at 30 June | <u>–</u> |

⁽¹⁾ During the year, the Company wrote-off an amount of \$60,984 owing to a subsidiary that has been wound up in prior year.

⁽²⁾ As at 30 June 2020, the Company entered into agreements with certain subsidiaries to allow these subsidiaries the discretion for the repayment of the loans provided to them as and when the cash flow of these subsidiaries permits. Accordingly, these amounts have been reclassified from amounts due from subsidiaries to investment in subsidiaries as at 30 June 2020.



Notes to the Financial Statements

For the financial year ended 30 June 2020

9. Due from subsidiaries (non-trade), net Due to related parties (non-trade), net Loan from director (cont'd)

Amounts due from subsidiaries (non-trade), net are stated after deducting the following allowance for expected credit losses:

| | Company | |
|---|-------------|------------|
| | 2020 | 2019 |
| | \$ | \$ |
| <u>Movement of allowance for expected credit losses</u> | | |
| Balance at 1 July | 22,390,669 | 21,733,733 |
| Charge for the year | 439,711 | 656,936 |
| Write-off ⁽¹⁾ | (7,844,443) | – |
| Balance at 30 June | 14,985,937 | 22,390,669 |

⁽¹⁾ Included in the write-off is an allowance for expected credit losses amounting to \$7,615,571 provided in prior years for the receivables from Asian Micro (S) Pte Ltd.. The subsidiary has been dissolved during the year (Note 5).

A reconciliation of liabilities arising from financing activities is as follows:

| | 2019 | Cash flow Proceeds from/ (repayment) of loan | Non-cash changes Addition | 2020 |
|--------------------|---------|---|------------------------------|---------|
| | \$ | \$ | \$ | \$ |
| Loan from director | 212,000 | 110,000 | – | 322,000 |
| Lease liability | 37,114 | (32,929) | 104,948 | 109,133 |
| Total | 249,114 | 77,071 | 104,948 | 431,133 |

Notes to the Financial Statements

For the financial year ended 30 June 2020

10. Fixed deposits Cash and bank balances

Cash and cash equivalents as at 30 June were as follows:

| | Group | | Company | |
|------------------------------|-----------|-----------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Cash and bank balances | 458,658 | 329,646 | 24,147 | 183,522 |
| Fixed deposits | 201,964 | 201,711 | – | – |
| | 660,622 | 531,357 | 24,147 | 183,522 |
| Less: Fixed deposits pledged | (201,964) | (201,711) | – | – |
| Cash and cash equivalents | 458,658 | 329,646 | 24,147 | 183,522 |

Cash at bank earns interest at rates based on daily bank deposit rates ranging from 0.003% to 0.009% (2019: 0.05% to 0.08%) per annum.

Fixed deposits are placed with financial institutions for varying periods of between 3 months to 6 months depending on the immediate cash requirements of the Group. The fixed deposits earn interest at fixed deposit rates of 0.03% to 0.08% (2019: 0.10% to 0.15%) per annum for SGD fixed deposit.

Fixed deposits of \$201,964 (2019: \$201,711) are pledged to the banks to obtain credit trade facilities. The credit trade facilities are also secured by:

- (i) corporate guarantee of \$440,000 (2019: \$440,000) from the Company; and
- (ii) joint and several guarantee of \$440,000 (2019: \$440,000) from two major shareholders of the Company (one of whom is also a director of the Company).

As at 30 June 2020, there were no outstanding balances for the credit trade facilities (2019: \$Nil).

As at 30 June 2020, cash and bank balances of the Group denominated in foreign currency are as follows:

| | Group | |
|-----------------------|--------|--------|
| | 2020 | 2019 |
| | \$ | \$ |
| United States dollars | 98,553 | 50,955 |

Cash and cash equivalents of the Company were denominated in its functional currency.



Notes to the Financial Statements

For the financial year ended 30 June 2020

11. Trade and other payables

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Trade and other payables: | | | | |
| Trade payables | 415,353 | 681,992 | - | - |
| Other payables | 350,987 | 270,370 | 117,755 | 123,069 |
| Total trade and other payables | 766,340 | 952,362 | 117,755 | 123,069 |
| Add: | | | | |
| Accrued expenses (Note 12) | 812,948 | 486,315 | 286,145 | 172,780 |
| Loan from director (Note 9) | 322,000 | 212,000 | 322,000 | 212,000 |
| Due to related parties (non-trade) (current) (Note 9) | 4,949 | 5,376 | 2,544 | 2,723 |
| Lease liability (Note 13): | | | | |
| - current | 22,451 | 37,114 | 22,451 | 37,114 |
| - non-current | 86,682 | - | 86,682 | - |
| Less: Accrued Central Provident Funds | (16,383) | (14,933) | (1,004) | (1,004) |
| Less: Advance from customer | - | (8,200) | - | - |
| Less: GST payable | (13,536) | (18,100) | - | - |
| Total financial liabilities carried at amortised cost | 1,985,451 | 1,651,934 | 836,573 | 546,682 |

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

As at 30 June, trade payables of the Group denominated in foreign currencies are as follows:

| | Group | |
|-----------------------|--------|--------|
| | 2020 | 2019 |
| | \$ | \$ |
| United States dollars | 63,011 | 61,188 |

Other payables

Other payables are non-interest bearing and are normally settled on 30 to 90 days terms.

As at 30 June, other payables of the Group denominated in foreign currency are as follows:

| | Group | |
|-----------------------|-------|------|
| | 2020 | 2019 |
| | \$ | \$ |
| United States dollars | 34 | 33 |

Other payables of the Company were denominated in its functional currency.

Notes to the Financial Statements

For the financial year ended 30 June 2020

12. Accrued expenses

| | Group | | Company | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Accrued operating expenses | 201,340 | 226,038 | 66,873 | 70,888 |
| Accrued personnel expenses | 611,608 | 260,277 | 219,272 | 101,892 |
| | <u>812,948</u> | <u>486,315</u> | <u>286,145</u> | <u>172,780</u> |

13. Lease liability

| | Effective interest rate % p.a. | Maturity | Group and Company | |
|---------------------------|-----------------------------------|----------|-------------------|---------------|
| | | | 2020 | 2019 |
| | | | \$ | \$ |
| Current: | | | | |
| Lease liability (secured) | 4.331% | 2020 | <u>22,451</u> | <u>37,114</u> |
| Non-current: | | | | |
| Lease liability (secured) | 4.331% | 2020 | <u>86,682</u> | <u>-</u> |

The Group and the Company's lease liability of \$109,133 and \$109,133 respectively (2019: \$37,114 and \$37,114 respectively) relate to the motor vehicles held by key management personnel.

The lease liability is secured by a charge over the right-of-use asset (Note 3).



Notes to the Financial Statements

For the financial year ended 30 June 2020

13. Lease liability (cont'd)

The Group has lease contract for one of the motor vehicles (Note 3). The average discount rate implicit in the leases is 4.331% (2019: 4.332%) per annum.

The Group also has certain leases for factory and office space with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Future minimum lease payments under lease liability together with the present value of the net minimum lease payments are as follows:

| | Group and Company | | | |
|---|------------------------------|---------------------------------|------------------------------|---------------------------------|
| | 2020 | | 2019 | |
| | Minimum lease payments \$ | Present value of payments \$ | Minimum lease payments \$ | Present value of payments \$ |
| Not later than one year | 26,736 | 22,451 | 37,856 | 37,114 |
| Later than one year but not later than five years | 93,576 | 86,682 | – | – |
| Total minimum lease payments | 120,312 | 109,133 | 37,856 | 37,114 |
| Less: Amounts representing finance charges | (11,179) | – | (742) | – |
| Present value of minimum lease payments | 109,133 | 109,133 | 37,114 | 37,114 |

14. Share capital

| | Group and Company | | | |
|--|--------------------------|------------|--------------------------|------------|
| | 2020 Number of shares | \$ | 2019 Number of shares | \$ |
| Issued and fully paid ordinary shares: | | | | |
| At 1 July | 1,065,182,795 | 45,653,994 | 688,308,796 | 43,432,612 |
| Debt conversion and employees bonus shares | – | – | 376,873,999 | 2,261,244 |
| Share issuance expense | – | – | – | (39,862) |
| At 30 June | 1,065,182,795 | 45,653,994 | 1,065,182,795 | 45,653,994 |

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

The Company has an employee share option plan (Note 24) under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

Notes to the Financial Statements

For the financial year ended 30 June 2020

15. Other reserves

(a) Share option reserve

Share option reserve represents the equity-settled share options granted to employees (Note 24). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry of the share options to retained earnings.

| | Group and Company | |
|-----------------------|--------------------------|-------------|
| | 2020 | 2019 |
| | \$ | \$ |
| At 1 July and 30 June | 40,051 | 40,051 |

(b) Foreign currency translation reserve

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

(c) Other reserves

Other reserves relate to the disposal of the Company's shares in the financial year ended 30 June 2009 amounting to \$96,189 and fair value difference arise from debt conversion shares in the financial year ended 30 June 2019 amounting to \$1,130,622.



Notes to the Financial Statements

For the financial year ended 30 June 2020

16. Revenue

Disaggregation of revenue

Segment revenue

Continuing operations:

Sales to external customers
Total revenue

| | Trading | | Natural Gas Vehicle ("NGV") related business | | Property business | | Consolidated | |
|---|----------------|----------------|---|----------------|-------------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Sales to external customers | 1,174 | 1,249 | 2,762 | 3,188 | 22 | 23 | 3,958 | 4,460 |
| Total revenue | 1,174 | 1,249 | 2,762 | 3,188 | 22 | 23 | 3,958 | 4,460 |
| Primary geographical markets | | | | | | | | |
| Singapore | 139 | 182 | 2,762 | 3,188 | - | - | 2,901 | 3,370 |
| Malaysia | - | - | - | - | 22 | 23 | 22 | 23 |
| Thailand | 711 | 563 | - | - | - | - | 711 | 563 |
| Philippines | 324 | 504 | - | - | - | - | 324 | 504 |
| Total revenue | 1,174 | 1,249 | 2,762 | 3,188 | 22 | 23 | 3,958 | 4,460 |
| Time of transfer of goods and services | | | | | | | | |
| At a point in time | 1,174 | 1,249 | 2,580 | 2,998 | - | - | 3,754 | 4,247 |
| Over time | - | - | 182 | 190 | 22 | 23 | 204 | 213 |
| | 1,174 | 1,249 | 2,762 | 3,188 | 22 | 23 | 3,958 | 4,460 |

Notes to the Financial Statements

For the financial year ended 30 June 2020

17. Finance income/(expenses)

| | Group | |
|---|----------------|----------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Finance income | | |
| Interest income from fixed deposits, bank balances and others | 291 | 279 |
| Finance expenses | | |
| Interest expense on lease liability | (3,167) | (2,620) |
| Bank charges | (1,533) | (1,765) |
| | <u>(4,700)</u> | <u>(4,385)</u> |

18. Other income

Other income comprises the following:

| | Group | |
|---|----------------|----------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Foreign exchange gain, net | 261,223 | 600,658 |
| Gain on disposal of plant and equipment | 141,200 | – |
| Sales of scrap | 7,757 | 1,288 |
| Write-back of payables that have expired | 5,810 | 6,837 |
| Write-back of allowance for inventories obsolescence | 896 | – |
| Write-off of payables due to strike off of subsidiary | 265,144 | – |
| Waiver of directors' remuneration | 201,290 | – |
| CPF wage credit scheme | 3,963 | 9,446 |
| Job Support Scheme grant | 50,191 | – |
| Others | 20,658 | 4,031 |
| | <u>958,132</u> | <u>622,260</u> |



Notes to the Financial Statements

For the financial year ended 30 June 2020

19. Other expenses

Other expenses comprise the following:

| | Group | |
|--|-------|-------|
| | 2020 | 2019 |
| | \$ | \$ |
| Allowance for expected credit losses | – | 3,140 |
| Allowance for inventories obsolescence | – | 1,117 |
| Fair value loss on investment properties | – | 2,456 |
| Plant and equipment written off | – | 1,275 |
| Bad debts written off | 5,346 | 1,001 |
| Others | – | 21 |
| | 5,346 | 9,010 |

20. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

| | Group | |
|---|-----------|-----------|
| | 2020 | 2019 |
| | \$ | \$ |
| Audit fees: | | |
| - Auditor of the Company | 82,500 | 85,500 |
| - Other auditors | 2,104 | 2,117 |
| Non-audit fees: | | |
| - Auditor of the Company | 20,100 | 22,100 |
| Inventories recognised as an expense in cost of sales | 2,347,831 | 2,862,496 |
| Depreciation of plant and equipment | 107,387 | 69,748 |
| Expenses relating to short-term leases | 58,999 | 61,417 |
| Staff costs: | | |
| - Salaries and bonuses | 1,423,573 | 1,566,999 |
| - Central Provident Fund contributions | 85,342 | 77,341 |
| - Training and course fees | 3,693 | 5,557 |
| - Other personnel expenses | 18,798 | 30,183 |

Included in the above is compensation of key management personnel as disclosed in Note 26(b).

Notes to the Financial Statements

For the financial year ended 30 June 2020

21. Directors' remuneration

The number of directors of the Company whose emoluments fall within the following bands:

| | 2020 | 2019 |
|------------------------|------|------|
| Above \$500,000 | – | 1 |
| \$250,000 to \$500,000 | 2 | 1 |
| Below \$250,000 | 3 | 4 |
| | 5 | 6 |

22. Income tax expense

Major components of income tax expense

Major components of income tax expense for the years ended 30 June were:

| | Group | |
|---|-------|-------|
| | 2020 | 2019 |
| | \$ | \$ |
| Consolidated income statement: | | |
| Current income tax: | | |
| - Under provision in respect of prior years | – | 1,191 |
| - Current income taxation | 4,274 | 4,615 |

Relationship between tax expense and accounting loss

A reconciliation of the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate is as follows:

| | Group | |
|---|-----------|-----------|
| | 2020 | 2019 |
| | \$ | \$ |
| Profit/(loss) before tax | 354,887 | (245,941) |
| Tax at the applicable tax rate of 17% | 60,331 | (41,810) |
| Expenses not deductible for tax purposes | 27,044 | 9,762 |
| Income not subject to tax | (128,438) | (101,046) |
| Deferred tax assets not recognised | 41,033 | 126,371 |
| Effects of different tax rates in other countries | 4,304 | 11,338 |
| Under provision in respect of prior years | – | 1,191 |
| Tax expense | 4,274 | 5,806 |



Notes to the Financial Statements

For the financial year ended 30 June 2020

22. Income tax expense (cont'd)

Deferred taxation at 30 June relate to the following:

| | Group | | Company | |
|--|-------|------|---------|------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Deferred tax liabilities | | | | |
| - Differences in depreciation for tax purposes | 585 | 585 | 585 | 585 |

As at 30 June 2020, the Group has unrecognised tax losses, unutilised capital allowances and donations of approximately \$9,189,000 (2019: \$8,947,000) and \$381,000 (2019: \$381,000), which are available for offset against future taxable profits, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates. No deferred tax is recognised on these losses and unutilised capital allowances in accordance with the accounting policy as set out in Note 2.22(b).

At the end of the reporting period, there were no undistributed earnings (2019: nil) recorded by the Group's subsidiaries.

23. Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted profit/(loss) per share is calculated by dividing the profit/(loss) for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilution potential shares into ordinary shares.

The following table reflects the profit/(loss) and share data used in the computation of basic and diluted loss per share for the years ended 30 June:

| | Group | |
|--|---------------|---------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Profit/(loss) from operations attributable to owners of the Company | 20,948 | (242,137) |
| | No. of shares | No. of shares |
| Weighted average number of ordinary shares for basic profit/(loss) per share | 1,065,182,795 | 746,130,560 |

As at 30 June 2020, 2,000,000 of share options outstanding under the existing employee share option scheme have not been included in the calculation of diluted loss per share because they are anti-dilutive for the financial year presented.

Notes to the Financial Statements

For the financial year ended 30 June 2020

24. Employee benefits

The Company has an employee share option scheme, Asian Micro Holdings Limited Employees' Share Option Scheme (2010) ("the ESOS 2010") awarded to confirmed staff.

Asian Micro Holdings Limited Employees' Share Option Scheme 2010 ("the ESOS 2010")

The exercise price of the options was set at the average market price for the 5 consecutive trading days immediately preceding the offering date of the option. The options may be exercisable immediately or at any time from 1 to 10 years beginning on the first anniversary of the date of grant. Options granted are cancelled when the option holder ceases to be under full time employment of the Company or any corporation in the Group subject to certain exceptions at the discretion of the Company. There are no cash settlement alternatives. There has been no modification to the scheme during the year.

Information with respect to the number of options granted is as follows:

| Date granted | Option exercise period | Exercise price | Balance at 1 July 2019 | Options exercised during the year | Balance at 30 June 2020 |
|------------------|------------------------|----------------|------------------------------|---|-------------------------------|
| ESOS 2010 | | | | | |
| July 2012 | July 2013 – July 2022 | \$0.022 | 2,000,000 | – | 2,000,000 |

Movement of share options during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

| | 2020 | | 2019 | |
|---|------------------|----------|------------------|----------|
| | No. | WAEP(\$) | No. | WAEP(\$) |
| ESOS 2010 | | | | |
| Outstanding at beginning and end of the year ⁽¹⁾ | <u>2,000,000</u> | 0.022 | <u>2,000,000</u> | 0.022 |

⁽¹⁾ The exercise price for options outstanding at the end of the year was \$0.022 (2019: \$0.022). The weighted average remaining contractual life for these options is 3 years (2019: 4 years).

Fair value of share options granted

The fair value of share options as at the date of grant was estimated using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted.

The expected life of the options was based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.



Notes to the Financial Statements

For the financial year ended 30 June 2020

25. Commitments and contingencies

(a) Operating lease commitments – as lessee

The Group leases certain properties under lease agreements. These leases have an average life of less than one year without renewal option and no contingent rent provision included in the contracts. There were no restrictions placed upon the Group or the Company by entering into these leases. Operating lease payments recognised in the consolidated profit or loss during the year amounted to \$58,999 (2019: \$61,417).

As at 30 June 2019, the future minimum lease payments under non-cancellable operating leases contracted for but not recognized as liabilities, are as follows:

| | Group 2019 \$ |
|-------------------------|---------------------|
| Not later than one year | <u>44,975</u> |

(b) Continuing financial support

As at 30 June 2020, the Company had given undertakings to certain subsidiaries to provide financial support to enable them to operate as going concerns and to meet their obligations for at least 12 months from the respective date of the directors' statement.

26. Related party disclosures

The following are the significant intercompany transactions entered into by the Group with its related parties:

(a) Sales and purchases of goods and services

| | Group | |
|--|---------------|---------------|
| | 2020 \$ | 2019 \$ |
| Rental expense paid to related parties * | <u>58,999</u> | <u>61,417</u> |

* The Group has entered into contracts with ACI Technology (S) Pte Ltd, which are owned by two major shareholders of the Company (one of whom is also a director of the Company), for the lease of factory space and office premises.

Notes to the Financial Statements

For the financial year ended 30 June 2020

26. Related party disclosures (cont'd)

(b) Compensation of key management personnel

| | Group | |
|---|-----------|-----------|
| | 2020 | 2019 |
| | \$ | \$ |
| Short-term employee benefits and bonus | 1,196,619 | 1,352,195 |
| Central Provident Fund contributions | 60,675 | 59,888 |
| Total compensation paid to key management personnel | 1,257,294 | 1,412,083 |
| Comprise amounts for: | | |
| - Directors of the Company | 766,422 | 838,556 |
| - Other key management personnel | 490,872 | 573,527 |
| | 1,257,294 | 1,412,083 |

27. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner to which it manages and measures the risks during the year.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. Trade and other receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.



Notes to the Financial Statements

For the financial year ended 30 June 2020

27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments past due, taking into account any collateral held.

The Group compute expected credit losses for this group of financial assets using the simplified approach. In calculating the expected credit loss rates, the Group adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for trade receivables is as follows:

| Category | Definition of category | Basis for recognition of expected credit loss provision | Range |
|----------|--|---|--------------|
| Grade I | Customers have a low risk of default and a strong capacity to meet contractual cash flows. | Lifetime expected credit losses | 0.5% to 1.0% |

Trade Receivables

The Group provides for lifetime expected credit losses for all trade receivables using internal grading. The provision rates are determined based on historical observed default rates and payment patterns analysed for each debtor. The loss allowance provision as at 30 June 2020 is as follows, the expected credit losses below also incorporate forward looking information such as forecast economic conditions where the gross domestic product will improve over the next year.

Summarised below is the information about the credit risk exposure on the Group's trade receivables:

| 30 June 2020 | Total \$ |
|--------------------------|-------------|
| Gross carrying amount | 594,762 |
| Loss allowance provision | 10,438 |

Information regarding loss allowance movement of trade receivables is disclosed in Note 8.

Notes to the Financial Statements

For the financial year ended 30 June 2020

27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of \$440,000 (2019: \$440,000) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's banking facility.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

| | 2020 | | Group | | 2019 | |
|----------------------------|----------------|------------|----------------|------------|------|------------|
| | \$ | % of total | \$ | % of total | \$ | % of total |
| By country: | | | | | | |
| Singapore | 255,787 | 44 | 439,330 | 59 | | |
| Philippines | 59,595 | 10 | 154,026 | 20 | | |
| Thailand | 265,781 | 44 | 144,841 | 19 | | |
| People's Republic of China | 2,624 | 1* | 364 | 1* | | |
| Malaysia | 537 | 1* | 1,031 | 1* | | |
| | <u>584,324</u> | <u>100</u> | <u>739,592</u> | <u>100</u> | | |

* Less than 1%

At the balance sheet date, approximately 94% (2019: 88%) of the Group's trade receivables were due from three major customers.



Notes to the Financial Statements

For the financial year ended 30 June 2020

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| Group 2020 | 1 year or less \$ | 1 to 5 years \$ | Total \$ |
|---|-------------------------|-----------------------|-------------|
| Financial assets | | | |
| Trade and other receivables, excluding statutory tax recoverable and deposits (non-current) | 681,645 | 33,205 | 714,850 |
| Fixed deposits | 201,964 | – | 201,964 |
| Cash and bank balances | 458,658 | – | 458,658 |
| Total undiscounted financial assets | 1,342,267 | 33,205 | 1,375,472 |
| Financial liabilities | | | |
| Trade and other payables, excluding advance from customer and GST payable (Note 11) | (752,804) | – | (752,804) |
| Accrued expenses, excluding accrued Central Provident Funds | (796,565) | – | (796,565) |
| Loan from director | (322,000) | – | (322,000) |
| Due to related parties (non-trade) | (4,949) | – | (4,949) |
| Lease liability | (26,736) | (93,576) | (120,312) |
| Total undiscounted financial liabilities | (1,903,054) | (93,576) | (1,996,630) |
| Total net undiscounted financial liabilities | (560,787) | (60,371) | (621,158) |

Notes to the Financial Statements

For the financial year ended 30 June 2020

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

| Group 2019 | 1 year or less \$ | 1 to 5 years \$ | Total \$ |
|---|-------------------------|-----------------------|--------------------|
| Financial assets | | | |
| Trade and other receivables, excluding statutory tax recoverable and deposits (non-current) | 747,226 | 33,411 | 780,637 |
| Fixed deposits | 201,711 | – | 201,711 |
| Cash and bank balances | 329,646 | – | 329,646 |
| Total undiscounted financial assets | <u>1,278,583</u> | <u>33,411</u> | <u>1,311,994</u> |
| Financial liabilities | | | |
| Trade and other payables, excluding advance from customer and GST payable (Note 11) | (926,062) | – | (926,062) |
| Accrued expenses, excluding accrued Central Provident Funds | (471,382) | – | (471,382) |
| Loan from director | (212,000) | – | (212,000) |
| Due to related parties (non-trade) | (5,376) | – | (5,376) |
| Lease liability | (37,856) | – | (37,856) |
| Total undiscounted financial liabilities | <u>(1,652,676)</u> | <u>–</u> | <u>(1,652,676)</u> |
| Total net undiscounted financial (liabilities)/ assets | <u>(374,093)</u> | <u>33,411</u> | <u>(340,682)</u> |
| Company 2020 | | | |
| Financial assets | | | |
| Trade and other receivables, excluding tax recoverable | 10,089 | – | 10,089 |
| Cash and bank balances | 24,147 | – | 24,147 |
| Total undiscounted financial assets | <u>34,236</u> | <u>–</u> | <u>34,236</u> |
| Financial liabilities | | | |
| Trade and other payables | (117,755) | – | (117,755) |
| Accrued expenses, excluding accrued Central Provident Funds | (285,141) | – | (285,141) |
| Loan from director | (322,000) | – | (322,000) |
| Due to related parties (non-trade) | (2,544) | – | (2,544) |
| Lease liability | (26,736) | (93,576) | (120,312) |
| Total undiscounted financial liabilities | <u>(754,176)</u> | <u>(93,576)</u> | <u>(847,752)</u> |
| Total net undiscounted financial liabilities | <u>(719,940)</u> | <u>(93,576)</u> | <u>(813,516)</u> |



Notes to the Financial Statements

For the financial year ended 30 June 2020

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

| Company 2019 | 1 year or less \$ | 1 to 5 years \$ | Total \$ |
|---|----------------------|-----------------------|------------------|
| Financial assets | | | |
| Trade and other receivables, excluding tax recoverable | 3,188 | – | 3,188 |
| Cash and bank balances | 183,522 | – | 183,522 |
| Due from subsidiaries | 2,145,491 | – | 2,145,491 |
| Total undiscounted financial assets | <u>2,332,201</u> | <u>–</u> | <u>2,332,201</u> |
| Financial liabilities | | | |
| Trade and other payables | (123,069) | – | (123,069) |
| Accrued expenses, excluding accrued Central Provident Funds | (171,776) | – | (171,776) |
| Loan from director | (212,000) | – | (212,000) |
| Due to related parties (non-trade) | (2,723) | – | (2,723) |
| Lease liability | (37,856) | – | (37,856) |
| Total undiscounted financial liabilities | <u>(547,424)</u> | <u>–</u> | <u>(547,424)</u> |
| Total net undiscounted financial assets | <u>1,784,777</u> | <u>–</u> | <u>1,784,777</u> |

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk is minimal.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily in SGD. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). Approximately 26% (2019: 24%) of the Group's sales are denominated in foreign currencies whilst 100% (2019: 100%) of purchases are denominated in the respective functional currencies of the Group entities. The Group has trade receivables and trade payables denominated in foreign currency. At the balance sheet date, trade receivables and trade payables denominated in foreign currency balances (mainly in USD) amounted to \$327,999 and \$63,011 (2019: \$299,231 and \$61,188) respectively.

The Group also holds cash denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD and amounted to \$98,553 (2019: \$50,955).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Thailand. The Group's net investments in Malaysia and Thailand are not hedged.

Notes to the Financial Statements

For the financial year ended 30 June 2020

27. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

| | Group | |
|-------------------------------|---|---------|
| | Increase/(decrease) Profit/(Loss) before tax | |
| | 2020 | 2019 |
| | \$ | \$ |
| <i>USD</i> | | |
| Strengthened by 3% (2019: 1%) | 10,906 | (2,890) |
| Weakened by 3% (2019: 1%) | (10,906) | 2,890 |

28. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

Fair value measurements that use inputs of different hierarchy levels are recognised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows the information about fair value measurement for investment properties using significant unobservable inputs (Level 3):

| | Fair value \$ | Valuation technique | Unobservable inputs | Range \$ |
|------|------------------|--------------------------|-----------------------|-------------|
| 2020 | 520,606 | Direct comparison method | Price per square foot | 203 to 228 |
| 2019 | 523,840 | Direct comparison method | Price per square foot | 204 to 229 |

A significant increase or decrease in the price per square foot would result in a significantly higher or lower fair value of the investment properties.



Notes to the Financial Statements

For the financial year ended 30 June 2020

28. Fair value of assets and liabilities (cont'd)

(a) Fair value hierarchy (cont'd)

Valuation policies and procedures

The Directors oversee the Group's financial reporting valuation process and are responsible for setting and documenting the Group's valuation policies and procedures.

The fair value of the Group's investment properties is either valued by an independent valuation expert periodically or internally by management based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller. The Directors are responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by independent valuation experts or by management, the Directors review the appropriateness of the valuation methodology and assumptions adopted. The Directors also evaluate the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

(b) Fair value of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables (Note 8), due to related parties (Note 9), due from subsidiaries (Note 9), trade and other payables (Note 11), accrued expenses (Note 12) and Lease liability (current) (Note 13).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period, or that the applicable market rate of return at the reporting date is close to the effective interest rate of the balance.

(c) Fair value of assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows the analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed using significant unobservable inputs (Level 3):

| | Total carrying amount | | Aggregate fair value | |
|---|-----------------------|------|----------------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Group | | | | |
| Lease liability repayable after 1 year but within 5 years | 86,682 | – | 93,576 | – |
| Company | | | | |
| Lease liability repayable after 1 year but within 5 years | 86,682 | – | 93,576 | – |

Determination of fair value

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the reporting date.

Notes to the Financial Statements

For the financial year ended 30 June 2020

29. Capital management

The primary objective of the Group's capital management is to ensure that it maintains adequate funds to support its business activities and to continue as a going concern. The capital base that is managed relates to the Group's and Company's equity attributable to owners of the Company as presented in the balance sheets.

The Group adopts an appropriate capital base so as to maintain investor, creditor and market confidence, and to continue the future development and growth of the business. To maintain or adjust the capital structure, the Group may issue new shares.

The Group actively and regularly reviews and manages its capital structure to ensure optimal shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investing opportunities.

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

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

30. Segment information

For management purposes, the Group is organised into business units based on their product and services, and has four reportable operating segments as follows:

Trading

Trading is in the business of providing clean room grade plastic packaging bags and materials for packaging cleaned finished products in the hard disk drive and semi-conductor customers.

Corporate

The corporate segment is involved in Group-level corporate services.

Natural Gas Vehicle ("NGV") related business

NGV related business segment refers to the trading of NGV related products such as bi-fuel conversion kits and cylinders, transportation of CNG refilling service, maintenance and servicing of CNG related equipment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Property business

Property business refers to leasing of commercial properties and property development.

Geographical information

The Group's geographical information are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Information about major customers

Revenue from one major customer in the NGV related business segment amounted to \$2,756,747 (2019: \$3,188,306).

Revenue from one major customer in the trading segment amounted to \$682,254 (2019: \$523,884).



Notes to the Financial Statements

For the financial year ended 30 June 2020

30. Segment information (cont'd)

Segments

The following tables presents revenue and results information regarding the Group's reportable operating segments for the financial years ended 30 June 2020 and 2019 (in \$'000).

| | Trading | | Natural Gas Vehicle ("NGV") related business | | Property business | | Corporate and others | | Elimination ⁽¹⁾ | | Consolidated | |
|-----------------------------|---------|--------|--|--------|-------------------|--------|-------------------------|--------|----------------------------|---------|--------------|--------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment revenue | | | | | | | | | | | | |
| Continuing operations: | | | | | | | | | | | | |
| Sales to external customers | 1,174 | 1,249 | 2,762 | 3,188 | 22 | 23 | - | - | - | - | 3,958 | 4,460 |
| Inter-segment sales | - | - | - | - | - | - | 1,100 | 1,350 | (1,100) | (1,350) | - | - |
| Total revenue | 1,174 | 1,249 | 2,762 | 3,188 | 22 | 23 | 1,100 | 1,350 | (1,100) | (1,350) | 3,958 | 4,460 |
| Discontinued operation: | | | | | | | | | | | | |
| Sales to external customers | - | - | - | - | - | - | - | - | - | - | - | - |
| Segment results | | | | | | | | | | | | |
| Continuing operations | (255) | (545) | 2,238 | (671) | 7 | (10) | (12) | (42) | (1,618) | 1,026 | 360 | (242) |
| Finance expenses | | | | | | | | | | | (5) | (4) |
| Finance income | | | | | | | | | | | - | - |
| Profit before taxation | | | | | | | | | | | 355 | (246) |
| Tax expense | | | | | | | | | | | (4) | (6) |
| Profit for the year | | | | | | | | | | | 351 | (252) |

Notes to the Financial Statements

For the financial year ended 30 June 2020

30. Segment information (cont'd)

Segments (cont'd)

Included in this segment results are the following material items of income/(expense):

| | Trading | | Natural Gas Vehicle ("NGV") related business | | Property business | | Corporate and others | | Elimination ⁽¹⁾ | | Consolidated | |
|---|---------|--------|--|---------|-------------------|--------|-------------------------|--------|----------------------------|--------|--------------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Continuing operations: | | | | | | | | | | | | |
| Allowance for inventories obsolescence | - | (1) | - | - | - | - | - | - | - | - | - | (1) |
| Gain on disposal of plant and equipment | - | - | - | - | - | - | 141 | - | - | - | 141 | - |
| Write-back of allowance for inventories obsolescence | 1 | - | - | - | - | - | - | - | - | - | 1 | - |
| Foreign exchange gain/(loss) | 14 | (20) | 30 | (1) | (7) | (20) | 236 | 555 | (12) | 87 | 261 | 601 |
| Inventories recognised as an expense in cost of sales | (699) | (730) | (1,649) | (2,132) | - | - | - | - | - | - | (2,348) | (2,862) |
| Operating lease expenses | (28) | (30) | - | - | - | - | (31) | (32) | - | - | (59) | (62) |
| Staff costs | (326) | (379) | (412) | (455) | - | - | (794) | (846) | - | - | (1,532) | (1,680) |



Notes to the Financial Statements

For the financial year ended 30 June 2020

30. Segment information (cont'd)

Segments (cont'd)

| | Trading | | Natural Gas Vehicle ("NGV") related business | | Property business | | Corporate and others | | Elimination ⁽¹⁾ | | Consolidated | |
|---------------------|---------|---------|--|----------|-------------------|---------|-------------------------|----------|----------------------------|----------|--------------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment assets | 6,825 | 6,453 | 2,955 | 1,996 | 2,138 | 2,143 | 8,036 | 7,747 | (16,156) | (14,710) | 3,798 | 3,629 |
| Total assets | | | | | | | | | | | 3,798 | 3,629 |
| Segment liabilities | (8,765) | (8,136) | (8,080) | (10,005) | (1,088) | (2,171) | (14,351) | (15,098) | 30,219 | 32,994 | (2,065) | (2,416) |
| Total liabilities | | | | | | | | | | | (2,065) | (2,416) |
| Capital expenditure | - | - | - | - | - | - | (226) | - | - | - | (226) | - |
| Depreciation | (22) | (22) | (1) | - | - | - | (84) | (48) | - | - | (107) | (70) |

⁽¹⁾ Inter-segment balances and transactions are eliminated on consolidation. In addition, adjustments were made to account for non-controlling interests.

Notes to the Financial Statements

For the financial year ended 30 June 2020

30. Segment information (cont'd)

The following table presents revenue and assets information based on the geographical location of customers and assets, respectively, for the years ended 30 June 2020 and 2019 (in \$'000).

| | Singapore | | Malaysia | | Thailand | | Philippines | | Total | |
|-------------------------|-----------|--------|----------|--------|----------|--------|-------------|--------|--------|--------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | | | |
| - Continuing operations | 2,901 | 3,370 | 22 | 23 | 711 | 563 | 324 | 504 | 3,958 | 4,460 |
| Assets | 1,614 | 1,397 | 2,181 | 2,229 | 3 | 3 | - | - | 3,798 | 3,629 |



Notes to the Financial Statements

For the financial year ended 30 June 2020

31. Subsequent event

With the outbreak of COVID-19 pandemic, the Group anticipates minimal impact on the core business of Natural Gas supply and its related products and services, and provision of clean room grade plastic packaging bags and materials due to the essential nature of the products and services they provide.

On 24 August 2020, the Company entered into a conditional novation and debt capitalisation agreement with its subsidiaries, ACI Industries Pte Ltd, AM NGV (S) Pte Ltd and the participating creditors, Mr Lim Kee Liew @ Victor Lim, Mdm Leong Lai Heng and Mr Ng Chee Wee, for the novation and proposed capitalisation and conversion of participating debts into new shares in the share capital of the Company. Subject to shareholders' approval at an Extraordinary General Meeting, the execution of the agreement will be at a conversion price of \$0.002 per Conversion Share and the amount of participating debts aggregates to \$986,124. This will result in an increase in share capital of \$986,124 and a corresponding decrease in loan from directors of \$322,000, decrease in accrued expenses of \$522,128 and other payables of \$141,996.

32. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 28 September 2020.

Shareholders' Information

As at 23 September 2020

| | | |
|----------------------|---|------------------|
| No. of Shares issued | : | 1,065,182,795 |
| Class of Shares | : | Ordinary Shares |
| Voting rights | : | 1 vote per share |

The Company does not have any treasury shares and subsidiary holdings as at 23 September 2020.

STATISTICS OF SHAREHOLDINGS

| Size of Shareholdings | Number of Shareholders | % | Number of Shares | % |
|-----------------------|------------------------|---------------|----------------------|---------------|
| 1 - 99 | 5 | 0.14 | 119 | 0.00 |
| 100 - 1,000 | 1,053 | 29.57 | 1,046,419 | 0.10 |
| 1,001 - 10,000 | 1,355 | 38.05 | 7,369,400 | 0.69 |
| 10,001 - 1,000,000 | 1,090 | 30.61 | 130,681,646 | 12.27 |
| 1,000,001 and above | 58 | 1.63 | 926,085,211 | 86.94 |
| Total | 3,561 | 100.00 | 1,065,182,795 | 100.00 |

TWENTY LARGEST SHAREHOLDERS AS AT 23 SEPTEMBER 2020

| No. | Name of Shareholders | Number of Shares | % |
|-----|-------------------------------------|--------------------|--------------|
| 1 | Lim Kee Liew @ Victor Lim | 460,932,468 | 43.27 |
| 2 | Leong Lai Heng | 200,984,174 | 18.87 |
| 3 | Tan Lye Seng | 17,507,900 | 1.64 |
| 4 | Ng Chee Wee | 16,227,586 | 1.52 |
| 5 | Maybank Kim Eng Securities Pte. Ltd | 13,736,800 | 1.29 |
| 6 | Teng Ai Mei | 13,727,383 | 1.29 |
| 7 | Yareco (Private) Limited | 13,650,000 | 1.28 |
| 8 | Phillip Securities Pte Ltd | 11,446,000 | 1.08 |
| 9 | OCBC Securities Private Ltd | 10,779,000 | 1.01 |
| 10 | Tan Wee Hian | 10,156,200 | 0.95 |
| 11 | Low Chor Chuan | 9,098,000 | 0.86 |
| 12 | Chua Teong Chung | 9,000,000 | 0.85 |
| 13 | Lee Eng Yew | 7,350,000 | 0.69 |
| 14 | Yap Khee Heng | 6,798,100 | 0.64 |
| 15 | Toh Lee Heok | 6,730,000 | 0.63 |
| 16 | Tan Eng Chua Edwin | 6,583,900 | 0.62 |
| 17 | Wang Kai Yuen | 6,226,000 | 0.58 |
| 18 | DBS Nominees Pte Ltd | 5,552,000 | 0.52 |
| 19 | iFast Financial Pte Ltd | 5,543,800 | 0.52 |
| 20 | Choo Poh Mui (Zhu Baomei) | 5,501,500 | 0.52 |
| | | 837,530,811 | 78.63 |

36.11% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited.



Shareholders' Information

As at 23 September 2020

SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2020

(As recorded in the Register of Substantial Shareholders)

| Name of Shareholder | | Direct Interest | | Deemed Interest | |
|---------------------------|-----|-----------------|--------|-----------------|--------|
| Lim Kee Liew @ Victor Lim | (a) | 460,932,468 | 43.27% | 200,984,255 | 18.87% |
| Leong Lai Heng | (b) | 200,984,174 | 18.87% | 460,932,549 | 43.27% |

Notes:

- (a) Mr. Lim Kee Liew @ Victor Lim's deemed interest arose through 5 shares held by Ultraline Technology (S) Pte Ltd and 76 shares held by American Converters Industries Pte Ltd. He is also deemed to have an interest in the 200,984,174 shares held by his spouse, Mdm. Leong Lai Heng.
- (b) Mdm. Leong Lai Heng's deemed interest arose through 5 shares held by Ultraline Technology (S) Pte Ltd and 76 shares held by American Converters Industries Pte Ltd. She is also deemed to have an interest in the 460,932,468 shares held by her spouse, Mr. Lim Kee Liew @ Victor Lim.
- * Mr. Lim Kee Liew @ Victor Lim and Mdm. Leong Lai Heng each own 50% of the entire issued and paid-up share capital of Ultraline Technology (S) Pte Ltd and American Converters Industries Pte Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“**AGM**”) of Asian Micro Holdings Limited (the “**Company**”) will be held by electronic means on Friday, 23 October 2020 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 89 of the Constitution of the Company.

Mr. Ng Chee Wee **(Resolution 2)**
Mr. Cheah Wee Teong **(Resolution 3)**

*Mr. Cheah Wee Teong will, upon re-election as a Director of the Company, remain as Chairman of Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(7) of the Listing Manual – Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited (“**Catalist Rules**”).*

The information relating to Mr. Ng Chee Wee and Mr. Cheah Wee Teong as required under Rule 720(5) of the Catalist Rules is set out on pages 33 to 35 of the Annual Report.
3. To approve the payment of Directors’ fees of S\$29,000 for the financial year ended 30 June 2020. (FY2019: S\$44,500). **(Resolution 4)**
4. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To transact any other routine business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,



Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 6)

By Order of the Board

Toh Li Ping, Angela
Joint Company Secretary

7 October 2020

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

General

- Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and the member will NOT be allowed to attend the AGM in person.
- Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM. The Notice of AGM is also made available on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <http://asianmicro.listedcompany.com/>.

Participation in AGM proceedings via "Live Webcast/Live Audio Feed"

- A member will be able to participate at the AGM by watching the AGM proceedings via a "live" audio-video webcast via mobile phones, tablets or computers or listening to the proceedings through a "live" audio-only feed via telephone ("**Live Webcast/Live Audio Feed**"). In order to do so, a member must pre-register by **10.00 a.m. on 20 October 2020** ("**Pre-registration Deadline**"), at the following URL: <https://globalmeeting.bigbangdesign.co/asianmicro/> ("**Pre-registration Website**") for the Company to authenticate his/her/its status as members.
- To pre-register the Live Webcast/Live Audio Feed, kindly access the Pre-registration Website, using either the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox.
- Following the authentication of his/her/its status as a member, such member will receive an email on their authentication status and login credentials, including instructions on how to access the Live Webcast/Live Audio Feed of the proceedings of the AGM by **12.00 p.m. on 22 October 2020**.
- Members who do not receive an email by **12.00 p.m. on 22 October 2020**, but have registered by the Pre-registration Deadline, may contact the Company at the following email address: agm_egm@asianmicro.com.sg with the following details included: (1) the full name of member, and (2) his/her/its identification/registration number.
- Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the Live Webcast or listen to the Live Audio Feed of the AGM must approach their respective depository agents to pre-register by **5.00 p.m. on 12 October 2020** in order to allow sufficient time for their respective depository agents to in turn register their interest with the Company.

Submission of Questions prior to the AGM

- A member who pre-registers to watch/listen the Live Webcast/Live Audio Feed may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted no later than the Pre-registration Deadline through any of the following means:
 - via the Pre-registration Website; or



Notice of Annual General Meeting

- (b) in hard copy by depositing the same at the registered office of the Company at 63 Hillview Avenue #08-01 Lam Soon Industrial Building Singapore 669569.
9. Shareholders are strongly encouraged to submit their questions via the Pre-registration Website.
10. The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the AGM via SGXNet and on our corporate website or during the AGM through the Live Webcast/Live Audio Feed.

Voting by Proxy

11. **A member will not be able to vote through the Live Webcast/Live Audio Feed. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.
12. The Proxy Form for the AGM can be accessed at the Company's website at the following URL: <http://asianmicro.listedcompany.com/>, and is made available with this Notice of AGM on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> on the same day.
13. The Chairman of the AGM, as a proxy, need not be a member of the Company.
14. The Proxy Form must be submitted to the Company in the following manner:
- (a) by depositing a hard copy by post at the registered office of the Company at 63 Hillview Avenue #08-01 Lam Soon Industrial Building Singapore 669569; or
- (b) by sending a scanned PDF copy by email to agm_egm@asianmicro.com.sg.
- in either case, no later than **10.00 a.m. on 21 October 2020** ("**Proxy Deadline**").
15. A member who wishes to submit a Proxy Form must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.
16. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**
17. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
18. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy).
19. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by **5.00 p.m. on 12 October 2020** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.
20. In the case of a member whose Shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member is not shown to have Shares entered against his/her/its name in the depository register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Notice of Annual General Meeting

No Despatch of physical copies

21. The following documents are made available to members on **7 October 2020** together with this Notice of AGM via SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <http://asianmicro.listedcompany.com/>:
- (a) Annual Report for the financial year ended 30 June 2020 ("**Annual Report**"); and
 - (b) Proxy Form in relation to the AGM.
22. There will be no despatch of printed copies of Annual Report, Notice of AGM and Proxy Form. Members are advised to check SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://asianmicro.listedcompany.com/> for the aforesaid documents.

PERSONAL DATA PRIVACY:

By pre-registering for the Live Webcast/Live Audio Feed, submitting a Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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ASIAN MICRO HOLDINGS LIMITED

(Company Registration No.199701052K)
(Incorporated In The Republic of Singapore)

PROXY FORM

This form of proxy has been made available on SGXNet at the following URL:
<https://www.sgx.com/securities/company-announcements>
and the Company's website at the following URL:
<http://asianmicro.listedcompany.com/>

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("AGM" or "Meeting") are set out in the Company's announcement dated 7 October 2020 which has been uploaded together with this proxy form on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the following URL: <http://asianmicro.listedcompany.com/> on the same day.
2. A member will not be able to attend the AGM in person. Please see Note 3 below for further details.
3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, 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. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 October 2020.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to ensure their votes are submitted.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.

I/We*, _____ (Name) NRIC No./Passport No./Co. Reg No.* _____ of
_____ (Address)

being a member/members* of Asian Micro Holdings 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 ("AGM" or the "Meeting") of the Company to be held by way of electronic means via "live" audio-video webcast or "live" audio-only feed ("**Live Webcast/Live Audio Feed**") on Friday, 23 October 2020 at 10.00 a.m. (Singapore time) and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.**)

The proxy shall vote on the Resolutions set out in the Notice of AGM dated 7 October 2020 in accordance with my/our directions as indicated hereunder.

| No. | Resolutions relating to: | Number of Votes For ⁽¹⁾ | Number of Votes Against ⁽¹⁾ | Abstain |
|-----------------------------|--|------------------------------------|--|---------|
| Ordinary Resolutions | | | | |
| 1 | Directors' Statement and Audited Financial Statements for the year ended 30 June 2020 together with Auditors' Report thereon | | | |
| 2 | Re-election of Mr. Ng Chee Wee as a Director | | | |
| 3 | Re-election of Mr. Cheah Wee Teong as a Director | | | |
| 4 | Approval of Directors' fees amounting to S\$29,000 | | | |
| 5 | Re-appointment of Messrs Ernst & Young LLP as Auditors | | | |
| 6 | Authority to issue new shares | | | |

⁽¹⁾ If you wish to abstain or exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

| Total number of Shares in: | No. of Shares |
|----------------------------|---------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and member will NOT be allowed to attend the AGM in person.
3. A member will not be able to vote through the Live Webcast/Live Audio Feed. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, 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
4. The Chairman of the Meeting, as a proxy, need not be a member of the Company.
5. This Proxy Form must be submitted to the Company in the following manner.
 - (a) by depositing a hard copy at the registered office of the Company at 63 Hillview Avenue #08-01 Lam Soon Industrial Building Singapore 669569; or
 - (b) by sending a scanned PDF copy by email to agm_egm@asianmicro.com.sgin either case, no later than **10.00 a.m. on 21 October 2020, and failing which, this Proxy Form will not be treated as valid.**
6. A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.
7. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**
8. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

Where this Proxy Form is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing this Proxy Form under hand and submitting a scanned copy of the signed Proxy Form by email.

Where this Proxy Form is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting as proxy). In addition, in the case of members whose shares are entered against their names in the depository register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the depository register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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 **7 October 2020**.





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