



Focus **ON GROWTH**  
Create the **POSSIBILITY**



Annual Report **2020**  
Manufacturing Integration Technology Ltd.

# CONTENTS

<b>1</b>	Company Profile
<b>2</b>	Chairman's Message
<b>4</b>	Board of Directors
<b>6</b>	Key Executives
<b>7</b>	Operating Review
<b>9</b>	Financial Review
<b>10</b>	Financial Highlights
<b>11</b>	Risk Management
<b>13</b>	Sustainability Report
<b>25</b>	Corporate Governance
<b>53</b>	Financial Contents
<b>129</b>	Shareholders' Information
<b>131</b>	Notice of Annual General Meeting
	Proxy Form
	Corporate Information



## COMPANY PROFILE

### MISSION

To provide world class integrated design, engineering and manufacturing solutions in our core business whilst enhancing value and maximising returns for the benefit of all our stakeholders.

MIT was founded in 1992 by our Chairman, Mr Tony Kwong, to provide industrial automation services to the electronics industry in Singapore. In a span of over 28 years, we have evolved to become a capital goods supplier serving the semiconductor, solar, customised automation and contract equipment manufacturing ("CEM") industries. Our markets cover our home ground in Singapore, Asia, Europe and USA. MIT became a public listed company in 1999 with its shares traded on the Mainboard of the Singapore Exchange Ltd ("SGX").

With the divestment of our semiconductor equipment business to a PRC private equity fund on 20 February 2019, we now focus our core business on contract equipment manufacturing (build-to-print) and customized automation.

We operate from three rented facilities; two in Ang Mo Kio (Singapore) and the other in Jiading District (Shanghai, China). Our corporate headquarter is in Singapore.

### VISION

To be the ultimate partner of choice as a world-class provider of Contract Equipment Manufacturing Services and Customized Automation Solutions.

## CHAIRMAN'S MESSAGE



### Dear Shareholders,

It was timely that we had completed the divestment of MIT's semiconductor business last year, just before our AGM in April 2020. Never did I realise that we will be facing such a challenging year for FY2020, as we journeyed into the eye of the pandemic storm that was brewing on the horizon at the beginning of 2020.

### A perfect storm

MIT had started FY2020 carrying the considerations of the American trade tariffs with China spilling over into almost a worldwide trade crisis. Then came the COVID-19 Pandemic ("COVID-19") with its epicentre Wuhan, as ground zero, and we saw the world's second largest economy "shutting" down and supply chains across the world being reset. It was such a tragic year for the world as the pandemic raged across the globe causing unprecedented health and economic crises. MIT and its subsidiaries were not spared from the chaotic economic woes suffered across the world, and hopefully the newly elected US Administration and the vaccines roll out will be able to bring forth some return to normalcy to the world.

### Cost control management

In January of FY2020, Management was proactive and prudent in instituting cost control measures, and programs such as salary cut, hiring freeze and tight discretionary expenses were implemented. Because

//  
With the corporate action behind us, management has initiated several actions to kick start our return to profitability in the short term and build the foundation for steady growth in the medium term.  
//

### Mr Kwong Kim Mone

*Non-Executive and Non-Independent Chairman*

of the COVID-19 crisis, the government had also helped in providing certain wage supplementary relief, productivity grant, including indirect rental rebates through tax cut, etc.. All the governmental temporary relief packages were helpful in the short term, however MIT had been continuously reviewing the business impact of the COVID-19 on our customer-base and had made structural changes that were necessary to support a sustainable business outlook. We had renegotiated all our rental agreements and kept only space that we needed for running our current businesses moving forward both in Singapore and Shanghai.

### Order booking

The orders for first half of FY2020 were not showing up as expected and we decided to take some service orders that will help to support the surgical masks manufacturing in Singapore. We were classified as essential services and so we could continue to build our customised machine for our backlog orders. One of our key e-cigarette machines customer had faced some regulatory issues and so had to delay their delivery schedule and their eventual backlog forecasted also did not materialise. Our built-to-print businesses in Singapore and Shanghai were also affected severely in the first half because of customers' factory shutdown imposed or supply-chain disruptions in the first half of FY2020.

## CHAIRMAN'S MESSAGE

Our FY2020 customised automation business did more than double our FY2019 level, however, its growth was insufficient to compensate for the loss of revenue of the other businesses. The second half orders for FY2020 for the built-to-print business did return to normalcy, and so we were able to end our revenue for FY2020 slightly better than FY2019 in such a challenging year.

We made an operating loss for FY2020 of S\$3.19m for FY2020 and a net profit after tax of S\$4.83m, primarily from the receipt S\$8.03m (remaining 10% escrow fund) being released for the divestment of semiconductor business.

### Final payout from divestment has been completed

Despite an extremely difficult FY2020, I am glad to report that we have fulfilled our commitment of returning all the proceeds, that we have gotten from the semiconductor business divestment, to our shareholders. Some of you may have recalled that we had 20% of our proceeds held in escrow with ICBC Bank, and we had to return S\$1.34m of the first 10% escrow fund to the purchaser due to our revenue shortfall in FY2019. The second and last 10% escrow-held proceeds (after deducting related expenses) was returned to all shareholders in January 2021, via the capital reduction process, as we did not have sufficient retained earnings to distribute them as dividend payments. The Board had deliberated and decided that we will proceed with the final payment, as a form of commitment and goodwill to our shareholders, knowing that FY2020 will be a challenging financial year as we faced the pandemic business uncertainties. Thus we have returned a value of S\$0.306 per share to all shareholders, as we marked the conclusion of the divestment of the MIT's semiconductor business.

### New business alliances

FY2020 also marked the retirement of Mr Lim Chin Tong, as Chief Executive Officer in June 2020, after having served faithfully with MIT for more than 12 years. I will like to acknowledge and thank Mr Lim for his service and contribution in leading MIT and wish him a happy retirement, even though he will serve as a non-independent director.

We also welcome Mr Lim Chin Hong, who has been an independent director of MIT since 2016, as the new CEO of MIT in July 2020. Mr Lim had served in a senior management capacity in MNCs and SMEs for the last forty years. We also promoted Mr Han Meng Kwang, GM of AMS, as the Chief Operating Officer of MIT and together with Mr Lim, they will forge the new leadership to develop new business alliances and direction for the company.

With this note, I wish the new leadership team success in building MIT to face the new opportunities and challenges that had emerged from the disruptions of the global supply chains. I will also like to thank all the shareholders for their past support and ask for your patience in allowing the company to chart its new business imperatives.

### Mr Kwong Kim Mone

*Non-Executive and Non-Independent Chairman*

## BOARD OF DIRECTORS



**MR KWONG KIM MONE**  
*Non-Executive and  
 Non-Independent Chairman*

MR KWONG KIM MONE was appointed as Director since 15 February 1992 and re-designated as Non-Executive and Non-Independent Chairman of the Company on 21 February 2019 following the divestment of the semiconductor business. He is the Founder and past Managing Director and Chairman of the Company. Under Mr Kwong's stewardship, the Company has been riding on a growth momentum that has seen the Company evolve as a major player in the capital goods market not just in semiconductor tools but also as a Contract Equipment Manufacturer. He was one of the recipients of the Rotary-ASME Entrepreneur of the Year Award in 1998 and had also led the Company to receive the "Enterprise 50 Awards" for the years 1996, 1997, 1998 and 1999 jointly organized by the Singapore Business Times and Anderson Consulting. Mr Kwong holds a Diploma in Mechanical Engineering from Singapore Polytechnic and a Diploma in Business Administration from the National Productivity Board. Mr. Kwong was last re-elected as Non-Executive Chairman on 21 May 2020.



**MR LIM CHIN HONG**  
*Executive Director and  
 Chief Executive Officer*

MR LIM CHIN HONG was re-designated as Executive Director and Chief Executive Officer of the Company on 1 July 2020 after serving as Independent Director since 1 February 2016. As CEO, Mr Lim oversees the formulation and execution of the Group's business and growth strategies. He is also the founding and managing partner at GreenMeadows Accelerator Pte Ltd (GMA) focused on incubating technology startups in the hardware arena. Prior to incorporating GMA, he was a partner at Small World Group Incubator to guide start-ups in technology commercialization. At the industry level, Mr Lim had spent the major part of his career serving in senior management positions as CTO/EVP/GM in companies such as Sunningdale Tech, Hewlett Packard and Agilent Technologies managing global operations across multiple product lines and business units. Mr Lim has also served as board member of several local start-ups, mentor, panelist and advisor for NRF GAP Funding, NUS LLP companies and ESG TECS Grant. He is appointed an Entrepreneur-in-Residence with Temasek Polytechnic. He obtained his BSc (Hons) in Production Engineering and Management from University of Strathclyde (UK) and a MBA from Golden Gate University (US). He has also completed a General Management Program from NUS-Stanford Business School. Mr Lim was last re-elected as Independent Director on 26 April 2019.



**MR LIM CHIN TONG**  
*Non-Executive and  
 Non-Independent Director*

MR LIM CHIN TONG retired as Executive Director and Chief Executive Officer of the Company on 30 June 2020 and was re-designated Non-Executive and Non-Independent Director to facilitate a smooth transition of responsibilities to his successor. In his earlier career, Mr Lim held senior appointments in the Economic Development Board and was also Chief Executive Officer of Xpress Holdings Ltd. Mr Lim had previously served on the Boards of several listed companies in Singapore and Australia. Currently, he is the Chairman of NYP International Pte Ltd (a subsidiary of Nanyang Polytechnic), and a Director of Hosay Holdings Ltd and Zero Error Systems Pte Ltd. A mechanical engineer by training, Mr Lim obtained a B Sc (Hons) degree from the University of Leeds (UK) and a Diploma in Business Administration from NUS. In addition, he attended the Program for Management Development at the Harvard Business School. Mr Lim was last re-elected as Executive Director on 26 April 2018.

## BOARD OF DIRECTORS



**MR LEE YONG GUAN**  
*Lead Independent Director*

MR LEE YONG GUAN was appointed Independent Director of the Company on 11 March 2005. Mr Lee, a FCA Singapore and a Fellow member with Association of Chartered Certified Accountants, is currently a Board Member of MayBank Singapore Limited. Mr Lee is actively involved in Fintech and Start Up providing seed investment and advisory support. Mr Lee spent more than five years in Shanghai as Special Advisor and Director of UnionPay International Co, a wholly owned subsidiary of China UnionPay Company. He was the past President of Visa Worldwide Pte Ltd overseeing the growth of Visa's business in the Asia Pacific region. Mr Lee was awarded the Lee Foundation Prize by Singapore's Association of Chartered Certified Accountants (ACCA). He has completed an Advanced Management Programme with the Harvard Business School in Boston and is a member of the Singapore Harvard Club. Mr Lee is also a member of the SMU Institute of Innovation and Entrepreneurship Mentor Panel. Mr Lee was last re-elected as Lead Independent Director on 21 May 2020.



**MR POW TIEN TEE**  
*Independent Director*

MR POW TIEN TEE was appointed Independent Director of the Company on 28 April 2014. Mr Pow had worked many years in the semiconductor industry covering the whole APEC region. In 2013, he retired as the Regional President and MD of Infineon Technologies Asia Pacific Pte Ltd., and Chairman of Infineon China, Infineon Shanghai, Infineon Wuxi and Infineon Xi'an, and Managing Director of Infineon Technologies Hong Kong Co. Ltd. Mr Pow has a degree in Business Administration in Political Science and History from Nanyang University, Singapore. He is currently the Principal Consultant of ORTUS Consulting Group, China. He was conferred Honorary Professorship by Xi'an University of Electronic Science and Technology, Xi'an, in 2009 and had also authored a book for the University entitled "High Performance Enterprise Management" in 2013. Mr Pow was last re-elected as Independent Director on 26 April 2019.



**MR KAM BOON CHEONG**  
*Independent Director*

MR KAM BOON CHEONG was appointed Independent Director of the Company on 5 May 2014. He graduated from Glasgow University, Scotland, with a degree in Mechanical Engineering in 1987. He began his engineering career in Apple Computer before moving to several high technology companies such as ICOS Vision Systems and KLA-Tencor with regional responsibilities. Mr Kam was the Managing Director of ICOS at the time of its acquisition by KLA-Tencor in 2008 and remained in the latter until 2011. Thereafter, he has been providing corporate advisory services to local corporations. Mr Kam was last re-elected as Independent Director on 26 April 2018.

## KEY EXECUTIVES



**MR HAN MENG KWANG**

*Chief Operating Officer*

MR HAN MENG KWANG joined the Group's subsidiary, Automated Manufacturing Solutions Pte Ltd (formerly AMS Biomedical) in June 2017 as its Senior VP and General Manager. From July 2020, he concurrently holds the appointment as Chief Operating Officer of MIT Group. He spearheads the Group's customized automation business supporting diverse manufacturing industries. Mr Han has more than 25 years of related industry experience. He holds a Bachelor Degree in Mechanical and Production Engineering (with First Class honours) from Nanyang Technological University and a Master of Science Degree in Advanced Automation and Design from Cranfield University (UK). He had also obtained a Diploma in Mechanical Engineering from Singapore Polytechnic and a Post-Graduate Diploma in Financial Management from ACCA.



**MR DENNIS FOO PIAU YEW**

*VP of Corporate Sales*

MR DENNIS FOO has 28 years of industry experience and is the VP of Corporate Sales in MIT Ltd with responsibilities for the sales, marketing and business development of the Group's contract equipment manufacturing (CEM) business. In his earlier career, he had held senior engineering and operations positions in several American and European MNCs in the hard disk, integrated circuit, lead-frame manufacturing and automotive electronics sectors. Mr Foo graduated with a Bachelor degree in Mechanical and Production Engineering from Nanyang Technological University in 1993 and with a Master of Business Administration degree from the University of Nottingham Business School in 2004.



**MR TOMMY NG FOOK KEONG**

*Financial Controller*

MR TOMMY NG FOOK KEONG is our Financial Controller appointed on 21 February 2019 with responsibility for the entire financial management and accounting functions of the Group. He is also overseeing the Group's human resource management and corporate affairs. Prior to joining the Company in September 2006, he had held finance and audit portfolios in several local private and public listed companies. Mr Ng has more than 20 years of experience in accounting, auditing and financial management. He graduated with a Bachelor of Commerce from the La Trobe University (Australia) and is a Chartered Accountant of Singapore, a member of the Institute of Singapore Chartered Accountants (ISCA).

## OPERATING REVIEW



2020 has been one of the most extraordinary year which impacted every individual, business and country throughout the world. Coupled with major events such as the US Elections and Brexit, the impact is unprecedented. For MIT, 2020 is also the first full year without any direct contribution from the discontinued semiconductor business and it represents a major milestone reset in the long history of MIT Ltd. Despite the challenging environment, we continued our rebuilding and strengthening our team to ensure that we remained on our growth path of achieving our long term goal.

### Customized Automation

For our customized automation, we carried over a backlog order of S\$4.92m into 2020 with secured projects from E-Cigarette, Consumers & Medical Device sectors. The major impact from the pandemic is the immediate suspension or delay of both current projects and decision on new projects as our customers come to grip with the sudden drop in

demand, disruption to the movement of their staff and the need to manage cash flow. Despite all these challenges, our Customized Automation subsidiary, AMS manage to improve on our revenue by 150% as compared to 2019 from S\$1.28m to S\$3.20m. This is achieved through securing smaller projects related to installation and setting up of mask making lines and upgrading of production lines for customers, who are impacted by the travel restriction of their overseas vendors. We also managed to reach an agreement with our US E-Cigarette machine customer to accept the delivery of the line after almost 6 months of delay and collected full payment. With the pandemic situation in Singapore getting under control in the 2nd half of 2020, majority of our operational workforce are able to return to site work and we also further strengthened our Sales and Project Management resources to continue our push for new accounts. We ended the year with a backlog of S\$2.89m to be carried over to 2021, inclusive of orders from new key accounts in the Medical Devices and Consumers sectors.

# OPERATING REVIEW

## Build To Print

For our BTP business, we carried over a backlog order of S\$6.81m into 2020 with secured order from our existing customers. The impact on our BTP operation is more severe, especially our Shanghai operation which was forced to shut down, as our Singapore operation was allowed to continue with reduced headcounts. The overall revenue for our BTP business reduced by 20% from S\$8.55m in 2019 to S\$6.80m; with our Singapore and Shanghai operations reducing by 8% and 26% respectively. We ended the year with a backlog of S\$4.15m from existing customers.

## Conclusion

Toward the end of last year and beginning of this year, we have increased our business development activities aggressively and strengthen our sales funnel with more active enquiries from new potential customers. Hence, we expect more order conversions and improvement in our revenue this year. However, given the lower backlog carried into this year, the fluid situation caused by the pandemic, the reduction of financial support from our government; the uncertainties are still high and may have a negative impact on our performance. We will continue to remain prudent by reducing our fixed cost through better resource utilization and reduction of discretionary expenses, while securing stable rental income from our investment properties. We will also continue to invest in our human capital, in tandem with our growth and strengthen our technical knowhow to offer better solutions and differentiating value to our customers.



# FINANCIAL REVIEW

## Revenue and Earnings

Despite the Covid-19 pandemic in 2020, Group revenue increased by 2% to S\$10.00m from S\$9.82m in the previous financial year. This first full year financial result after the divestment of our semiconductor subsidiary saw economy-wide lockdowns that resulted in delayed deliveries and order disruptions. While we managed to deliver higher customized automation orders, it was unable to make up for lower revenues in the built-to-print business.

The Group recorded a profit after tax of S\$4.83m in FY2020, when compared to S\$41.47m in the previous financial year, mainly due to gains from the disposal of our semiconductor equipment business in 2019.

On the core business, we have reduced our operating loss significantly from S\$10.02m to S\$3.19m in FY2020 through prudent cost control measures.

## Other income and gains

The other income and gains were mainly from grant income from Job Support Scheme & others (S\$1.03m), rental income from our industrial properties (S\$0.49m) and interest income (S\$0.30m).

## Marketing and distribution costs, Administrative expenses

Following the lower than expected revenue and business activities, both the marketing and distribution costs, as well as administrative expenses were reduced by 45% and 47% respectively.

## Finance costs

The lower finance costs was due to decremental short-term loan in Q4 2020.

## Other losses

The other attributable losses were inventories impairment (S\$0.15m) and foreign exchange adjustment losses (S\$0.12m) during the year.

## Assets and Liabilities

The decrement of plant & equipment, investment properties and right-of-use assets at the end of the financial year, was after consideration of the annual depreciation charges.

Inventories decreased by S\$0.96m to S\$2.12m after fulfillment of some major orders to customers in December 2020.

In line with higher revenue recorded in the month of December 2020, trade and other receivables increased by 28% from S\$2.36m in YE2019 to S\$3.03m in YE2020.

Other non-financial assets increased due to higher deposits and prepayment when compared to same period of last year.

Trade and other payables increased by S\$0.59m from S\$2.09m in YE2019 to S\$2.68m in YE2020 was mainly due to increased purchases of components and materials used for the assembly of machines and expenses incurred in the ordinary course of business. These expenses were incurred in the relevant financial years and due to be paid in the following financial year.

The decrease in other financial liabilities was due to repayment of bank loan during the year.

## Cash Flows

The cash & cash equivalents of S\$15.55m represents an increase of S\$6.63m from 31 Dec 2019 and was mainly attributable to gain on disposal of subsidiaries (S\$8.03m), inventories (S\$0.86m), trade and other payables (S\$0.54m) and bank loans repayment (S\$0.20m).

Cash and cash equivalents per share stood at 6.48 cents, which accounts for about 60% of the net assets per share.

After the capital reduction & cash distribution of S\$0.033 per share was paid out on 8 Jan 2021, the Group continues to maintain a strong capital base to support its CEM business.

# FINANCIAL HIGHLIGHTS

(All amounts in S\$'000)

	FY 2018	FY 2019	FY 2020
<b>Statement of Comprehensive Income</b>			
Revenue	18,708	9,823	10,004
EBITDA (Earnings before interest, tax, dep & amort and net profit from discontinued operations)	(405)	(8,869)	(1,835)
EBIT (Earnings before interest, tax and net profit from discontinued operations)	(923)	(10,203)	(3,355)
Finance Costs	43	204	142
Profit (Loss) before tax from continuing operations	(953)	(10,024)	(3,193)
Profit (Loss) net of tax	(6,119)	41,466	4,834
<b>Statement of Financial Position</b>			
Current Assets	56,197	14,623	21,036
Current Liabilities	21,755	3,627	4,374
Total Assets	65,762	26,474	31,519
Total Borrowings	7,000	386	202
Cash and Cash Equivalents	19,554	8,920	15,550
Shareholders' Equity	44,007	21,045	25,916
Net Asset Value per Share (cents)	18.81	8.76	10.79
<b>Financial Ratios</b>			
<b>Profitability</b>			
Return on Equity (%)	-13.9%	197.0%	18.7%
Return on Assets (%)	-9.3%	156.6%	15.3%
<b>Liquidity</b>			
Current Ratio (times)	2.6	4.0	4.8
Cash as a percentage of NAV (%)	44.4%	42.4%	60.0%
<b>Leverage</b>			
Gearing (%)	15.9%	1.8%	0.8%
<b>Investment</b>			
Earnings per Share (cents)	-2.60	17.39	2.01
Gross Dividend per Share (cents)	N.A.	18.80	N.A.
Gross Dividend Yield (%)	N.A.	206.6%	N.A.
Dividend Payout Ratios	N.A.	108.1%	N.A.
<b>Productivity</b>			
Number of Employees (Group)	141	115	99
Revenue/Employee (S\$'000)	132.68	85.42	101.05

# RISK MANAGEMENT

MIT has an Enterprise Risk Management Committee (ERMC) which is chaired by its CEO and three Senior Management staff to oversee the identification and implementation of risk mitigation measures in the financial, operational and compliance areas. We have re-constituted the ERMC owing to management changes in 2020. The ERMC reports to the Audit Committee of the Board.

The Group recognizes that we have to take calculated risks in order to grow and to maximize shareholder value. To achieve our corporate objectives, such risks must be taken in a responsible and measured manner. We will not undertake more risks than necessary and beyond what we can afford from a financial and operational perspective. We typically adopt a more conservative approach to risk management and a tendency to err on the side of caution.

Some of the key risk areas and mitigators are identified and addressed in this Risk Management Report. The list is by no means exhaustive and is updated annually. As in life, there can be unexpected local or global events that happens suddenly, like the current COVID-19 outbreak. COVID-19 has tested our risk mitigation efforts and forced the ERMC to draw up new risk mitigation measures in conjunction with our national efforts.

More importantly, we need to apply these risks and mitigation measures in our everyday work by complying with established policies and protocols. Our mitigation factors have so far allowed us to address these risks, especially during poor business periods and even in high growth times.

## Operating Risks

### **Lumpy nature of our revenues and dependency on a few key customers**

Revenues of our customized automation business tend to be lumpy in nature as it is typically recognized at the end of each project. This may lead to wild swings in our financial results.

To address this, we have discussed with our external auditors and worked in accordance with the relevant accounting standards to allow partial recognition of revenues based on different performance obligations that are stipulated in the contracts with customers. This will reduce the lumpiness in revenue recognition.

The Group will continue to secure new major accounts in diverse segments of the industry, so as to reduce dependency on any one cluster of customers and to even out revenue flow.

### **Disruptions in the supply chain for key components and fabricated parts**

The Group is broadening its vendor base for alternative parts supply and to forge key partnership alliances with top tier suppliers to improve demand planning and ensure certainty of supply.

### **Insufficient manufacturing capacity during peak periods**

Outsourcing of assembly work (either at modular or at full turnkey level) to subcontractors in Singapore/ China has allowed the Group to better manage its production capacity and costs during seasonal cycles.

### **Inability to attract and retain key talents to support and drive our growth**

Engineering prowess, bleeding edge expertise, leadership development and succession planning are ongoing challenges. The Group aims to address these issues by building an internal talent core through continuous skills training and motivating high performance through short & long-term compensation incentives plans.

### **We are exposed to risks associated with overseas operations**

Outside of Singapore, the Group operates another factory in Shanghai, China. The Investment Committee under the purview of the Board regularly reviews the business performance and operating environment in China to make key business decisions.

# RISK MANAGEMENT

## Financial Risks

### Exposure to foreign exchange risk

Trading currencies are mainly denominated in Singapore dollar, with RMB and US dollar making up the remainder.

We will undertake low risk currency hedging if necessary, to hedge our risks against the US dollar and RMB.

### Financial instruments risk

The Group does not deal in any form of financial derivative instruments or engage in trading of such instruments.

### We are subject to investment risk

All major investment proposals are presented to the Investment Committee for evaluation before they are finally tabled for the Board's approval. For more complex transactions, external professional advisers are also engaged to assist in the feasibility study, review and recommendations.

### We are subject to liquidity risk

The Group sets internal liquidity targets based on the forecasted working capital requirements and cash flow generation from operating activities.

With its net cash and minimal debt position, the Group is not facing liquidity pressures nor in a financial position that will compel it to violate any of its bank covenants.

## Credit risk

Though the Group has a concentration of several long standing key customers that has traditionally been financially reliable, there are already internal checks in place to alert against any adverse material developments or heightened risks faced by these customers that may impair their financial stability.

In engaging new customers and even key vendors, the Group also has strict credit review and due diligence policies to assess the financial worthiness and viability of these Companies.

## Interest rate risk

As the Group has a healthy cash position with minimal amount of borrowings, it is not subject to any significant exposure to interest rate rises that may take place during the year.

## Regulatory Risks

### Intellectual property risk

In the nature of our CEM business, we typically do not own the IP of the products. For customized automation, our value add is in conceptualizing, designing, manufacturing and integrating automated systems to provide customers with smart solutions that will enable them to substantially improve their operational efficiency, productivity and yield. Notwithstanding this, any IPs of third parties which we have been entrusted with will be fiercely safeguarded to ensure that their IP rights and business interests are not compromised.

*Risk Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also enhance our shareholders' value*

# SUSTAINABILITY REPORT



## 1. Board Statement

Sustainable businesses will deliver long-term shareholder value and growth. We believe that a truly sustainable business not only makes good economic sense, but does so in a responsible way that enhances value for our MIT brand, business and stakeholders. Our Board of Directors oversees the business affairs of the Group and is collectively responsible for our long-term growth and success. The Board remains committed to advance our sustainability efforts by aligning social and environmental performance with the business and financial impact.

This is our fourth Sustainability Report (the “SR Report”) which covers the Group’s operations and performance from 1 January 2020 to 31 December 2020 (the “reporting period”). The disposal of our semiconductor business to MIT Semiconductor (Tian Jin) Co., Ltd was concluded on 20 February 2019. This SR Report will cover the remaining core businesses.

The MIT Group now operates its core business as a Contract Equipment Manufacturing solutions provider. Its Build-To-Print (“BTP”) and customized automation businesses are carried out in our Singapore facilities at Casem (Asia) Pte Ltd and Automated Manufacturing Solutions Pte Ltd respectively. It also operates another equipment assembly facility in Shanghai, China. The precision machining business has been restructured to focus on in-house needs.

At this current time, our Group’s workforce in Singapore stands at 64 with another 35 based in China.

Our Board of Directors appoints a Sustainability Steering Committee (“SSC”) headed by our CEO, Mr Lim Chin Hong supported by the SSC Corporate team. The SSC’s role is primarily to ensure that all ESG factors and material topics which are likely to impact the Group are determined and evaluated comprehensively with appropriate measures taken to address them.

We have not sought external assurance for this reporting period.

# SUSTAINABILITY REPORT

## 2. Our Response to Covid-19

Following the outbreak of the COVID-19 pandemic in 2020, we responded swiftly to protect the safety and well-being of our employees and stakeholders. As the well-being of our stakeholders remains our utmost priority, we have various health and safety measures in place to protect our people and partners which include implementing flexible work arrangements, encouraging the use of videoconferencing platforms, and providing masks and hand sanitisers. Against this challenging backdrop, MIT remained committed in our efforts to minimise the impact of COVID-19 on our operations through our business continuity plans and believe MIT continues to be well-placed to manage our sustainability strategy.

## 3. Stakeholder Engagement

To create sustainable value for our stakeholders, we actively engage them through the following channels:

S/N	Stakeholders	Engagement Channels/Platforms
1	Employees	Emails and bulletins, Bi-annual Managerial Open-Comm sessions, Departmental Meetings, MIT Intranet, Town Hall briefings and Staff Recreation Programmes
2	Shareholders/ Investors/ Analysts	AGMs, Company Website ( <a href="http://www.mitech-ltd.com.sg">www.mitech-ltd.com.sg</a> ), Annual Reports, Half-yearly financial report disclosure, SGXNet announcements, Investor relations talks
3	Customers	Supplier Evaluation /Key Equipment Group/ Technology roadmap meetings, site visits, customer audits, customer satisfaction surveys
4	Vendors/Suppliers	Meetings, vendor audits, supplier performance reviews, purchase agreements, supplier events
5	Community	Trade or business organizations such as Singapore Business Federation (“SBF”). Collaboration with tertiary institutions on internship programmes
6	Government and Regulators	Meetings with local authorities, seminars/talks, consultations with regulatory bodies, Annual reports and press releases

## 4. Material Factors

### 4.1 Materiality Assessment

We have decided to maintain the 17 attributes and priorities that are still relevant during the reporting period.

Stakeholders	Stakeholders' Concerns	Engagement Channels/Platforms
Employees	1. Safe and conducive workplace 2. Fair labor practices and compensation 3. Job Satisfaction & Career Development	✓ Training and development opportunities ✓ Grievance handling/feedback channels ✓ Regular reviews and performance appraisals incorporating people development and career planning ✓ Progressive human resource management practices
Shareholders/ Investors/ Analysts	4. Stable and sustainable growth 5. Reasonable returns to shareholders 6. Good corporate governance	✓ Good financial discipline ✓ Strong corporate governance practices ✓ Sustainable business model

# SUSTAINABILITY REPORT

## 4. Material Factors (cont'd)

### 4.1 Materiality Assessment (cont'd)

Stakeholders	Stakeholders' Concerns	Engagement Channels/Platforms
Customers	7. Quality, Cost & Delivery	√ Strengthen our quality management systems
	8. Risk Management (Business Continuity)	√ Reinforce our Enterprise Risk Management framework √ Maintain strong Internal controls
	9. Ethical leadership	√ Zero tolerance on corruption and fraud
Vendors/ Suppliers	10. Fair Vendor Selection process	√ Ensuring integrity in all purchasing decisions
	11. Timely payment	√ Adhering to purchasing agreement terms
	12. Ethical supply chain practices	√ Internal Code of Conduct that also applies to supply chain partners
Community	13. Employment Opportunities	√ Creating new jobs and building a Singapore core
	14. Good corporate citizenship	√ Re-employment of silver workforce √ Participating in community events
Government & Regulators	15. Maintain high standards of corporate governance	√ Comply with all applicable laws and regulations √ Added assurance from internal and external audits
	16. Support development of local industries	√ Maintain and improve our Integrated Management System (IMS)
	17. Protection of environment	

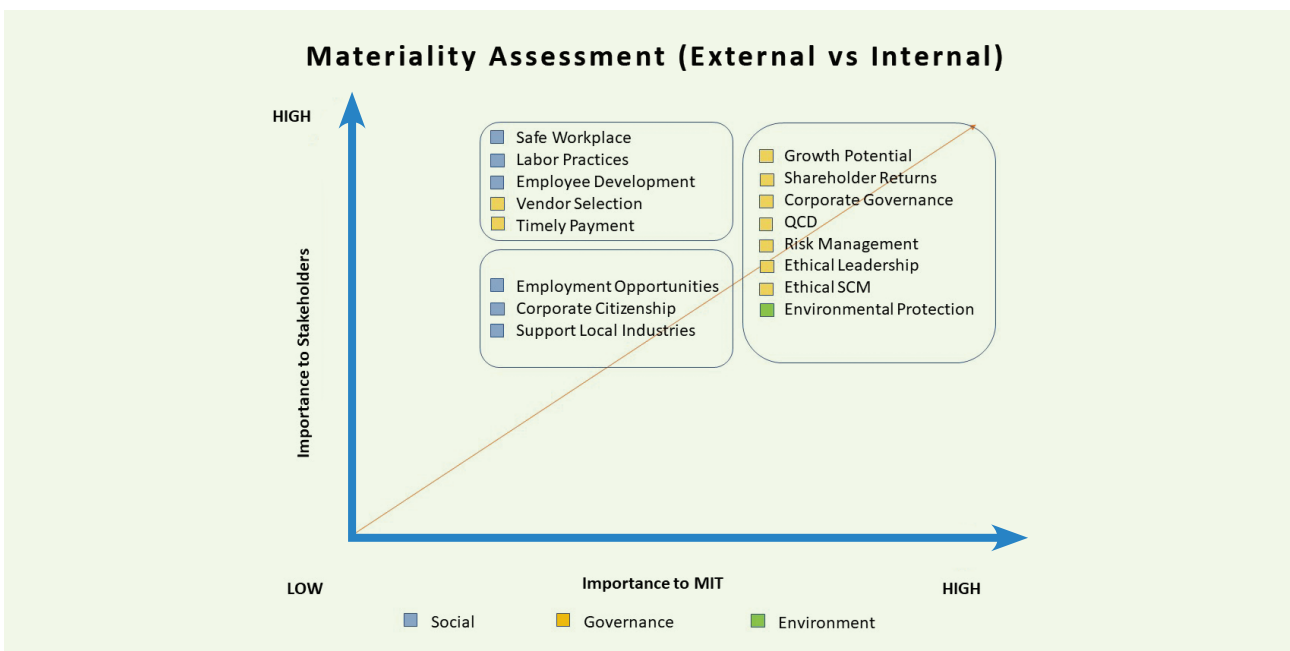


Figure 1: Material Factors assessed by Stakeholders

# SUSTAINABILITY REPORT

## 5. Environmental

### 5.1 Electricity and Water Conservation

On environmental management, we aim to comply fully with all legal regulations and requirements and to consume resources responsibly, focusing on minimizing impacts through prevention at source, reduction, reuse and recycling initiatives.

Our energy and water efficiency efforts also apply to our daily office activities as we actively seek to reduce our consumption of energy and water through responsible practices such as:

- Upgrading of equipment and lighting that are more energy efficient
- Separation of paper/plastic/metal/general waste for recycling
- Collection and recycling of office paper waste by authorized contractors
- Automation of business processes e.g. ERP, E-leave system etc
- Inculcating "Green Office and Green Home" habits such as switching off lights and electrical appliances when not in use, practicing air conditioning energy saving tips and even encouraging the use of recyclable bags and reusable cutlery sets or containers for meal takeaways

Our most direct environmental impact stems from the use of electricity. Our water consumption has been relatively minimal over the years. There are no water discharge or chemicals used in our equipment manufacturing processes.

Below are some statistics on our consumption records of the last two years:

Year	Actual Consumption (KWh)	Turnover (S\$M)	(KWh/S\$)
<b>2020</b>	<b>750,998</b>	<b>10.0</b>	<b>0.075</b>
2019	993,923	9.8	0.101

**Figure 2:** *KWh Actual*

Year	Total direct CO <sub>2</sub> or Carbon Equivalent Emissions (Metric Tons)	Total indirect CO <sub>2</sub> or Carbon Equivalent Emissions (Metric Tons)	Turnover (S\$M)	Emissions Intensity (MT/S\$'000)
<b>2020</b>	<b>N.A.</b>	<b>532</b>	<b>10.0</b>	<b>0.053</b>
2019	N.A.	704	9.8	0.072

**Figure 3:** *Emissions Intensity*

**SOURCE:** <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

# SUSTAINABILITY REPORT

## 5. Environmental (cont'd)

### 5.2 Work Place Air and Environment Certification

MIT has been certified ISO 14001 since 2005 to provide an assurance to all stakeholders that we have an effective environmental management system in place to minimize the impact our operations would have on the environment, to ensure that all applicable laws and regulations are complied with and to continually improve on our business processes to achieve higher level environmental standards that we have set for ourselves. We measure our success by our ability to attract and retain the confidence of customers with the continuing strong support of our business and supply chain partners. Every aspect of our internal and external customer interaction provides an opportunity for continuous improvement thereby creating greater business value that is sustainable over the longer-term.

Our air-con systems are serviced every 2 months to ensure quality air, quality working environment and better energy utilisation.

### 5.3 Laws and Regulations

In the area of WSHE, we comply fully with the relevant laws and regulations under the Fire Safety Act, Workplace Safety and Health Act, Environment Public Health Act and Environmental Protection and Management Act that regulates general waste collection, the control of trade effluents, ozone-depleting substances (ODS), noise, hazardous substances, air pollution and prevention of fire and others. There is no record of violation against any of the regulations during the reporting year.

### 5.4 Supply Chain

Our main suppliers consist of original equipment manufacturers (OEMs) and fabrication houses. OEMs supply us with standard parts or components such as motors, pneumatics, lasers, optics, actuators, sensors etc whereas fabrication suppliers provide mainly machined parts, sheet-metal parts, structures and covers according to our engineering specifications. We seek to influence our supply chain partners towards sustainable practices by outlining our expectations in the vendor selection process as well as through our annual evaluation of their performance. To remain in our Approved Vendor List (AVL), our top vendors had to meet a host of performance criteria ranging from quality assurance and service levels as well as adhering to best practices or internationally established Code of Conduct governing human rights, business and integrity, and safety, health and environmental standards. We aim to apply these standards to all our new major suppliers/vendors. It is our belief that securing a pool of like-minded suppliers that share our commitment to sustainability will mitigate risks to our operations and reputation. We are also broadening our vendor base for alternative parts supply to improve demand planning, cost competitiveness and ensure certainty of supply. We therefore aim to maintain at least one primary and one secondary supply source for critical parts and long lead items wherever possible.

## 6. Social

MIT is committed to carrying out its business mission efficiently, effectively and responsibly with integrity and respect for the law, the environment and well-being of employees and the community at large. Our commitment to maintain the highest standards of business ethics and to continually improve our Corporate Social Responsibility practices is paramount. We expect the same level of commitment from every employee and our partners in the conduct of their daily work affairs and in their relationship with all our major stakeholders.

# SUSTAINABILITY REPORT

## 6. Social (cont'd)

### Our Employees

#### 6.1 Fair Employment Practices

MIT adheres to the philosophy espoused in the Tripartite Guidelines on Fair Employment and other best HR practices that we had publicly pledged with Tripartite Alliance for Fair and Progressive Employment Practices (or TAFEP).

We also subscribe to the Responsible Business Alliance Code of Conduct (formerly the Electronic Industry Citizenship Coalition) to ensure that our working conditions are safe, that workers are treated with respect and dignity and that our business operations are environmentally responsible and conducted ethically.

MIT endeavors to uphold the spirit of these best practices and to conform to (and continually improve on) its standards in accordance with acceptable management practices within the jurisdiction of the local laws in which we operate. Some of the key principles are to:

- Recruit, select, promote, reward and train employees on the basis of merit such as skills, experience and ability, regardless of race color, age, gender, sexual orientation, ethnicity, national origin, disability, pregnancy, religion, political affiliation, union membership or marital status
- Treat employees fairly and with respect and implement progressive human resource practices
- Embrace the diversity of all members within the MIT family
- Provide employees with equal opportunities for training and development based on their individual needs to help them achieve their fullest potential
- Promote and provide a harassment free environment
- Reward employees fairly based on their ability, performance, contributions and experience
- Respect for privacy and protect personal information
- Provide transparency in and accountability for the Group's performance and practices
- Abide by local regulations including Safety, Health and Environmental laws

## 6.2 Training and Education

We are focused on developing our people and getting the very best from our staff whilst helping them to achieve their individual career aspirations. We want our employees to feel that they are contributing to our purpose and believe the organization supports them in this endeavour. Similarly, we believe that it is in our best interest to invest in the careers of our employees through continuous learning. We do this by investing in structured On-Job-Training, providing Core Skills Training (at both individual and group levels), as well as exposing them to developmental opportunities where they can get to undertake stretched projects or assignments, and even to lead them.

Year	Headcount	Training Hours	Avg no. of training hours	Avg No. of Training day (260 days/year)
2020	99	1,695	17.12	6.52
2019	115	2,765	24.04	10.63

**Figure 4: Training Metrics**

*Note: Training data includes orientation, internal and external training conducted*

## 6.3 Compensation and Rewards

Our compensation policy is intended to be well-balanced, competitive, performance based and aligned with the achievements of each employee. While the approach reflects an emphasis on pay-for-performance, it is also designed to attract, motivate and retain high performing and high potential employees. Employees are also incentivized through annual bonus that are tied to financial and non-financial metrics as well as stock-option awards for key staff to enable them to benefit from the growth of the Group.

In addition, a range of statutory and non-statutory staff benefits are offered to employees including medical and dental benefits, term life, personal accident plans, long service awards, paternity, maternity and other leave benefits etc. that we peg to industry practices. Beyond this, MIT provides paid-leave for employees attending work-related training courses making use of their own SkillFuture credits.

# SUSTAINABILITY REPORT

## 6. Social (cont'd)

### 6.3 Compensation and Rewards (cont'd)

We believe it is also important to recognize the right behavior and reward them (either individually or groups) financially and by peer to peer recognition. Our "Spontaneous Award" program has worked well to ensure that exceptional efforts performed by employee(s) above and beyond the normal course of duty do not go unnoticed but are positively reinforced through these on-the-spot rewards.

### 6.4 Performance Management & Engagement

MIT is committed to carry out an objective and fair performance management system to align the Group's objectives with individual performance, reward results and to support people development in the process. Even though the formal PA assessment is conducted once a year, managers and their staff are encouraged to review and discuss performance issues on an ongoing basis. Performance Improvement plans are also developed for under-performing employees.

Apart from one-on-one dialogues with employees, we also engage them through other media such as Open-Communications meetings with senior staff, regular department briefings, corporate updates through e-platforms (emails, intranet) company wide town hall meetings and even during corporate social events.

Employee feedback is also encouraged to help MIT understand what makes them more engaged and to address real and latent disengagement risks in the process. Such feedback channels are not confined to engagement surveys but will also include all forms of open communications and focused groups (both formal and informal).

### 6.5 Safety, Health and overall well being, Employee Benefits

Our WSHE Committee includes representation from the various business units to help us in our endeavor to ensure that the workplace continues to remain free from industrial hazards and accidents.

Apart from monthly meetings and inspections, the Committee for the reporting year had been very much involved in other activities such as to elevate

the skillsets of our employees and gain a competitive edge in meeting new challenges imposed by the COVID-19 pandemic, promoting WSHE awareness, reviewing our safety risk management framework, undergoing training in first aid (and AED), exercising vigilance over dengue and ZIKA outbreaks, and seeing to the conduct of emergency evacuation exercises. One of the many other recommendations that had been carried out was also to ensure that workplace safety policies and manufacturing work instructions are documented in at least two major languages for the benefit of our foreign workers.

On keeping to a balanced and healthy lifestyles, our employees have also been encouraged to join in the National Health Challenge (organized by HPB) that is into its 5th Season (both as individual participants and at the Corporate level). We are heartened to note that 62% of our workforce had taken up the challenge.

Year	Man-days Lost	Number of Accidents
2020	9	1
2019	0	0

Figure 5: Number of Workplace Accidents

### 6.6 Leadership development for succession planning

Our Board of Directors through its Nominating Committee has oversight of Senior Management (including the CEO) talent and succession plans which is reviewed annually. Ensuring a pipeline of effective leaders for the Group who will be ready and able to assume greater responsibility when critical positions become available is still work in progress for the Board and HR.

### 6.7 Work Force characteristics and Diversity

We view the diversity of our people as a source of strength. We seek to create an inclusive work environment that extends beyond just age and gender differences to include drawing on the range of cultural dimensions represented by the different nationalities and backgrounds.

# SUSTAINABILITY REPORT

## 6. Social (cont'd)

### 6.7 Work Force characteristics and Diversity (cont'd)

#### 6.7.1 Work Force Strength

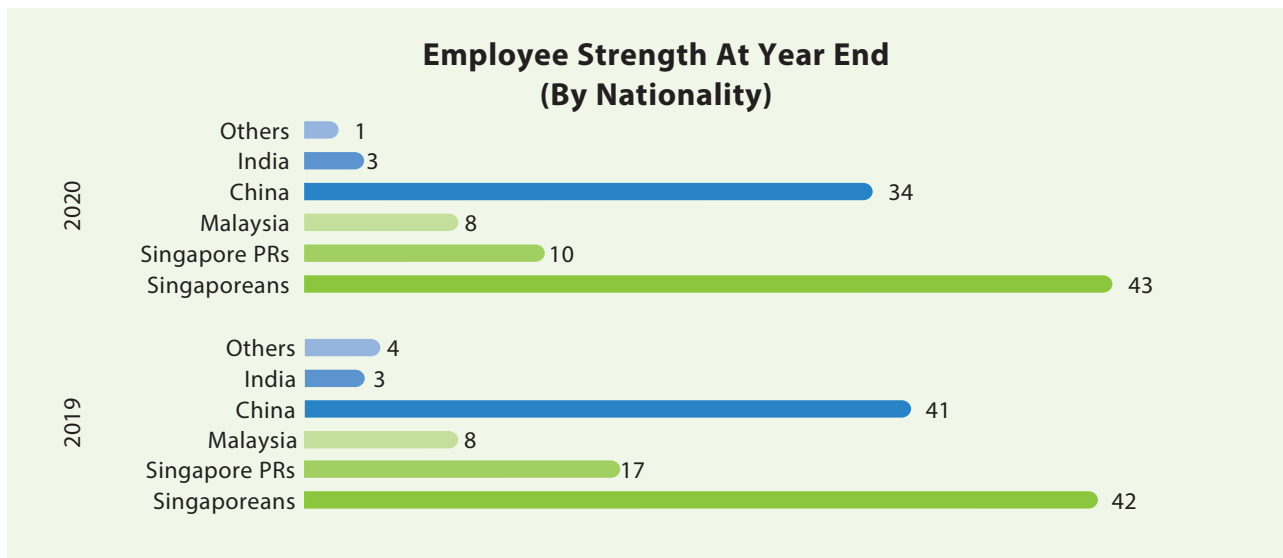


Figure 6: Employee Strength at year end

#### 6.7.2 Gender Diversity

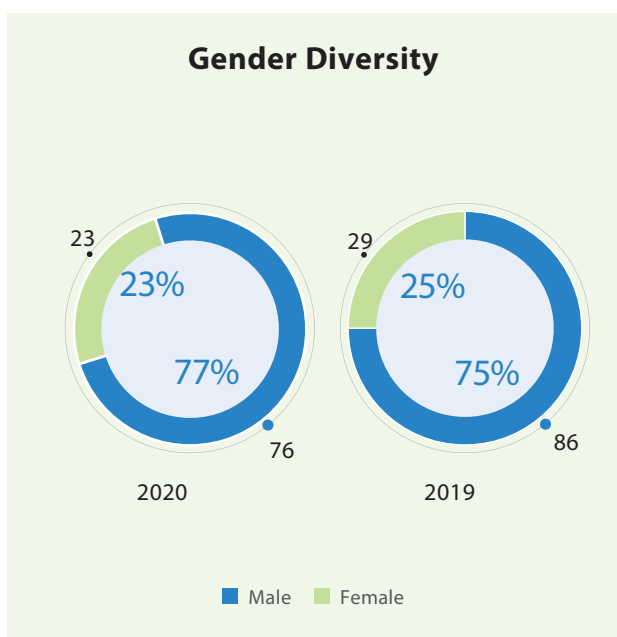


Figure 7: Gender Diversity

#### 6.7.3 Number of Senior Positions held by Males/Females

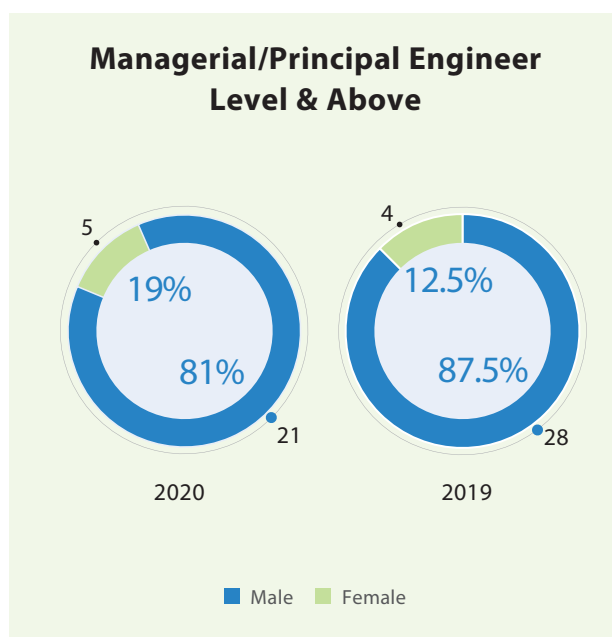


Figure 8: Senior positions held by Male/Female staff  
Our Executive Committee (EXCO) team is currently held by Singaporeans (male)

# SUSTAINABILITY REPORT

## 6. Social (cont'd)

### 6.7 Work Force characteristics and Diversity (cont'd)

#### 6.7.4 Age Distribution

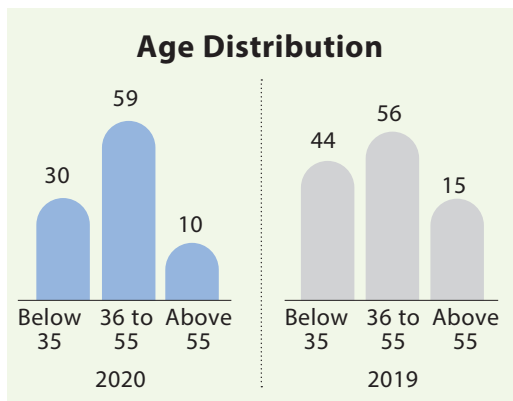


Figure 9: Age Distribution

#### 6.7.5 Employee Qualifications

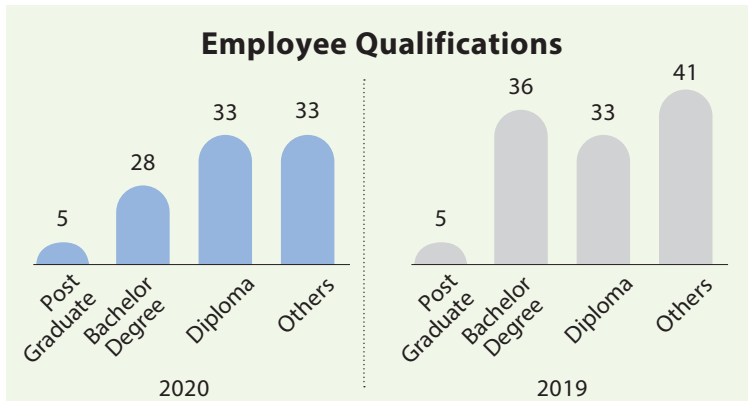


Figure 10: Employee Qualifications

#### 6.7.6 Attrition

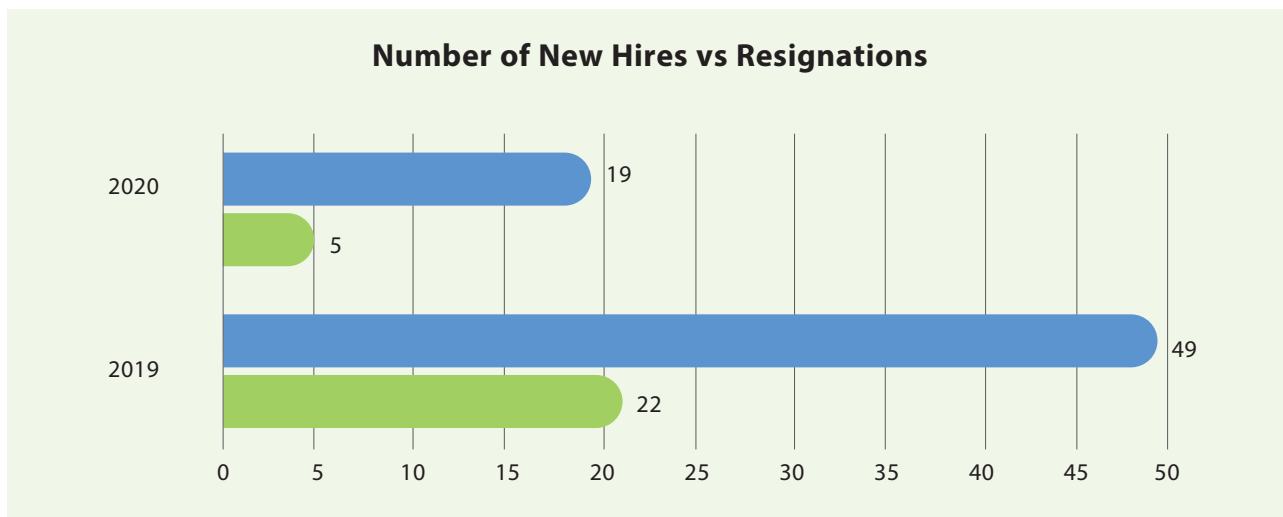


Figure 11: Number of new hires vs resignations

- Number of resignations
- Number of new hires

# SUSTAINABILITY REPORT

## 6. Social (cont'd)

### 6.7.7 Offering Re-Employment to the Silver Workforce

Recognizing the depth of knowledge and experience that our more senior colleagues bring to the workplace, we encourage them to continue working with us beyond the statutory retirement age. To-date, all eligible employees have been offered one to three years re-employment contracts.

## 6.8 Community Engagement

To support the community in which we operate, our employees are encouraged to contribute their personal time and experience meaningfully to benefit society. One of the ways is through charity work and to support causes for the needy or less fortunate in the spirit of volunteerism. MIT is also investing in our youths through internship programs and providing practical work experiences for these students.

We furthermore encourage graduating students to apply for suitable positions within our Group of Companies that they had become familiar with during their internship with us.

### 6.8.1 Industrial Visits

MIT as a corporate citizen also actively collaborates with tertiary institutions particularly with Singapore Polytechnic, Ngee Ann Polytechnic and Nanyang Polytechnic where we regularly organize factory visits for students. We also host teaching delegates from within and outside of the region to enable them to gain first-hand insights into our local home-grown capabilities in the high-tech engineering space.

### 6.8.2 Membership of Associations

- Singapore Business Federation

### 6.8.3 Social and Economic Laws and Regulations

MIT complies with all governmental laws and regulations in this area. There is no record of any non-compliance or management labour dispute lodged with the Ministry of Manpower to-date.

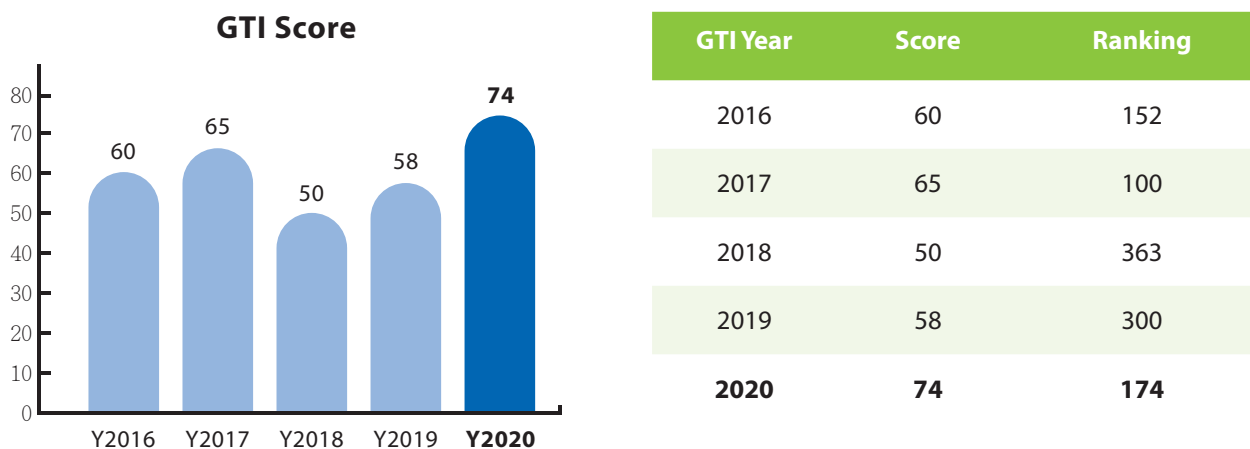


# SUSTAINABILITY REPORT

## 7. Governance

### 7.1 Corporate Governance

A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interest and maximizing long term shareholder value creation. We continually strive to ensure that the value of good corporate governance is deeply embedded into our corporate DNA. Our GTI <sup>(1)</sup> rankings are as follows :



**Figure 12: GTI Ranking and Scores**

<sup>(1)</sup> The GTI or Singapore Governance and Transparency Index is published annually by CPA Australia, the National University of Singapore (NUS) Business School's Centre for Governance, Institutions and Organisation (CGIO) and the Singapore Institute of Directors. It assesses companies on their corporate governance disclosures and practices, as well as timeliness, accessibility and transparency of their financial results announcements

### 7.2 Ethics and Integrity

MIT's Code of Conduct establishes an ethical framework for business practices and conduct to which all employees are required to adhere to without exceptions. Employees are expected to exercise good judgment, prudence and with clarity of intention and to seek to avoid even the appearance of any improper behavior in their daily interactions with their colleagues, customers, suppliers, business associates and with the general public. MIT expects the same high standards of business ethics and integrity to be upheld by our agents or partners and those that it does business with.

MIT's Code of Conduct covers ethical issues and guidance concerning:

- Outside employment and Personal Interest
- Conflict of interest
- Compliance with laws, rules and regulations
- Insider Trading prohibitions
- Disclosure requirements and Accuracy of records
- Investor Relations and Business Communications
- Social Media
- Discrimination and Harassment, and Privacy
- Workplace Violence
- Proper Use and Protection of Assets
- Competition and Fair Dealing
- Business Integrity and No improper Advantage
- Bribery and Corruption (Entertainment, Gifts and Gratuities)

# SUSTAINABILITY REPORT

## 7. Governance (cont'd)

### 7.2 Ethics and Integrity (cont'd)

- Purchasing Practices & Equal Business Opportunity
- Copyright and Licensing Compliance
- Confidential Information/Intellectual Property Protection

Awareness is created from the very first day of employment by way of basic ethics training at the time of on-boarding. Masterclasses on Business Ethics for senior staff are also being conducted periodically. As part of our internal audit compliance practices, all staff are required to sign an acknowledgement of their compliance to the Code and to declare any existing or potential conflict of interest on an annual basis. There are furthermore procedures to ensure that all transactions with interested parties are reported timely to the Audit Committee whilst ascertaining that transactions are being conducted on an arms-length basis and are not deemed prejudicial to the interests of the Group or its shareholders.

In dealing with MIT's securities, our Directors and Officers are also expected to strictly abide by internal Code of Best Practices on Securities Transaction established in compliance with SGX listing rule 1207(19) to ensure that they do not run afoul of securities regulations especially on insider-trading. The Securities Transaction Code furthermore enables MIT to monitor such shares transactions by requiring them to report within two (2) business days whenever they deal in its securities. To-date, there has been no incident of corruption (alleged or otherwise) and no legal cases brought against the Group or our employees by the authorities.

### 7.3 Whistle-Blowing Policy

Bribery or corruption or ethical violations in any form will not be tolerated in any circumstances and any incident report will be looked into very seriously. Our Board has established a direct whistle blowing channel that goes right up to the attention of the Audit Committee members (comprising Independent Directors) who will deal with these matters or any other serious acts of business impropriety. Whistle-blowers are assured of anonymity, confidentiality and non-retaliation. We are glad to report that since 2008 when our whistle-blowing policy was first introduced, there has been no official complaint or case lodged with the Committee.

### 7.4 Investor Relations

We welcome all stakeholders to approach us and support the sustainability of our business. You may also read the Group's latest announcements at [www.sgx.com](http://www.sgx.com) or participate in our AGM and other corporate events to keep apprised on more current developments. If you have any questions, comments, suggestions or feedback relating to this report, please send them to Mr Lim Chin Hong, CEO at [chlim@mitech-ltd.com.sg](mailto:chlim@mitech-ltd.com.sg).

# CORPORATE GOVERNANCE

The Board of Directors (the "Board") and management of Manufacturing Integration Technology Ltd. (the "Company") and its subsidiaries (the "Group") are committed to maintaining high standards of corporate governance.

The Company has adopted the Code of Corporate Governance 2018 ("the Code") for the financial year ended 31 December 2020 and is working to adopt the other changes where appropriate.

The Company has adhered to the principles of the Code as well as the listing rules in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), where appropriate. Where the Company's practices vary from any provisions of the Code, the Company has explained the reasons for the deviations and explained how the practices the Company has adopted are consistent with the intent of the relevant principle.

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2020 ("FY2020"), with specific reference to the principles and guidelines of the Code.

## **Board Matters**

### **Principle 1: The Board's Conduct of Affairs**

#### **The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company**

For FY2020, the Board comprises six Directors, three of whom are Independent Directors with two Non-Executive and Non-Independent Director and one Executive Director. The members of the Board have an appropriate mix of core competencies and diversity of experience, with extensive senior-level operational, business and corporate experience in relevant industries.

The Company adopted a Code of Business Conduct and Ethics for the Board which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arises, the concerned Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions relating to the matter.

## **Role of the Board of Directors**

All Directors are aware of their fiduciary duties and are committed to exercising due care and diligence in making their decisions and to objectively discharge their duties and responsibilities in the best interest of the Company.

Apart from its fiduciary duties under the Companies Act, Chapter 50 ("the Act"), and requirements pursuant to the SGX-ST Listing Manual and other relevant regulations, the Board sets the overall strategy of the Group and establishes policies on matters such as financial control, financial performance and risk management practices.

# CORPORATE GOVERNANCE

## Board Processes and Conduct of Affairs

To assist in the execution of its responsibilities, the Board has established several Board Committees namely; an Audit Committee ("AC"), a Nominating Committee ("NC"), a Remuneration Committee ("RC"), and an Investment Committee ("IC"). These Board Committees function within clearly defined terms of reference, which are reviewed on a regular basis. The terms of reference for the respective Board Committees have incorporated the changes under the Code. The overall effectiveness of the Board as a whole is also being assessed as part of the Group's continuing efforts to raise the level of corporate governance.

In addition to the scheduled meetings to release half yearly results and approve the annual budget, the Board also holds separate meetings and discussions at such other times as may be necessary to address any specific significant matters that may arise. Ad-hoc meetings are convened when circumstances require, such as discussions/brainstorming on Company direction and strategies. The Company's Constitution allows a Board meeting to be conducted by way of telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

## Matters Requiring Board Approval

The Board has direct approving and decision-making responsibilities for the following:

- approving broad policies, strategies and financial objectives of the Group and monitoring the performance of management;
- convening of shareholders' meetings;
- declaration of interim dividends and proposal of final dividends;
- reviewing the adequacy of internal controls, risk management and review of the Group's financial performance, compliance and resource allocation;
- establishing a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- approving half-year and full-year results announcements;
- approving the annual report and financial statements;
- providing oversight in the proper conduct of the Company's business and assuming responsibility for corporate governance;
- approving annual budgets, major funding proposals, material investments and divestment proposals, acquisitions and disposal of assets; and
- approving interested person transactions.

# CORPORATE GOVERNANCE

## Training of Directors

All directors receive appropriate training to develop their knowledge of the Company's business, industry environment and competence necessary to be effective in their roles. The Company is responsible for arranging and funding training for Company's Directors from time to time. The Company and Company Secretary also provides ongoing regulatory updates and briefings, particularly on relevant new laws, regulations and changing commercial risks, from time to time to enable them to make well-informed decisions.

Newly appointed Directors would be briefed on the Company's industry, business, organisation structure, strategic plans and objectives. Directors will be provided a formal letter setting out their duties and obligations and appropriate trainings to ensure that they are fully aware of their responsibilities and obligations. Orientation for new Directors includes visits to the Group's key premises to familiarise with the operations. Currently, the Company does not have any newly appointed Directors who have not been on a listed company. However, should there be, they will be required to attend the Listed Entity Director programme by the Singapore Institute of Directors in accordance with Rule 210(5)(a) of the Listing Manual of SGX-ST.

The Company provides opportunities to fund training for the Company's Directors from time to time particularly on changes in the relevant new laws, regulations and changing commercial risks to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

During the year, the Board was briefed and/or updated on the changes to the Code, SGX Listing Rules and other regulations. The external auditors regularly update the AC and the Board on the developments in the Singapore Financial Reporting Standards (International) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings. The Company encourages Directors to attend training and continuing education courses on new legislations and/or regulations.

The Management recognises that relevant, complete and accurate information needs to be provided to the Directors prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities effectively and efficiently. Prior to each Board meeting, the Board is supplied with relevant information such as management reports, budgets, financial statements, material events and transactions complete with background and explanations by the Management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational and financial performance of the Group.

The annual calendar of Board activities is set in advance. Board papers are dispatched to Directors at least a week in advance before Board meetings so that Directors have sufficient time to consider the background and explanatory information relating to matters to be tabled and discussed at relevant Board meetings. The Board is also provided with minutes of the previous Board meeting, and minutes of meetings of all Board Committees held. Senior management may attend the Board meetings to provide additional insights into matters to be discussed.

The Management will also inform the Board of all significant events as and when they occur and circulate Board papers and supporting information on major transactions to facilitate a robust discussion before the transactions are entered into.

## CORPORATE GOVERNANCE

In addition, the Board has separate and independent access to the Senior Management and the Company Secretary at all times. The appointment and removal of Company Secretary are subject to the Board's approval as a whole.

Should Directors, whether individually or as a group, need independent professional advice, the Board would appoint a professional advisor or individual and approved by the Chairman to render advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends most of the Board meetings and the AC meetings and is responsible to assist the Board to ensure that proper procedure and all other rules and regulations applicable to the Company are complied with.

### Directors' Meetings held in FY2020

In the course of the year under review, the number of meetings held and attended by each member of the Board is as follows:

Name of director	Number of Board Meetings held	Attendance
<i>Non-Executive and Non-Independent Director</i>		
Mr Kwong Kim Mone (Chairman)	3	3
Mr Lim Chin Tong <sup>(1)</sup>	3	3
<i>Executive Director</i>		
Mr Lim Chin Hong (Executive Director) <sup>(2)</sup>	3	3
<i>Independent Directors</i>		
Mr Lee Yong Guan	3	3
Mr Pow Tien Tee	3	3
Mr Kam Boon Cheong	3	3

<sup>(1)</sup> Re-designated as Non-Executive and Non-Independent Director on 1 July 2020

<sup>(2)</sup> Re-designated as Executive Director and Chief Executive Officer on 1 July 2020

### Principle 2: Board Composition and Guidance

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

As at the date of this Report, the Board has three independent members, representing 50% of the Board, namely Mr Lee Yong Guan, Mr Pow Tien Tee and Mr Kam Boon Cheong. Mr Lim Chin Hong was re-designated as Executive Director and Chief Executive Officer ("CEO") on 1 July 2020. There is one Non-Executive and Non-Independent Chairman, Mr Kwong Kim Mone and one Non-Executive and Non-Independent Director, Mr Lim Chin Tong.

The Independent Directors currently make up half of the Board. The Board deems the current Independent Directors competent whose core competencies, qualifications, skills and experiences are extensive and complementary to the Company. With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.

## CORPORATE GOVERNANCE

The NC has adopted the Code's definition of what constitutes an Independent Director in its review. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers, 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 with a view to the best interests of the Company. The Independent Directors are not employed by the Company or any of its related corporations for the current or any of the past three financial years. They also do not have any immediate family member who is employed by the Company or any of its related corporations for the past three financial years.

The independence of each Independent Director is reviewed by the NC annually in accordance with the Code. Each Independent Director is required annually to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code and the Listing Rules. The NC adopts the Code's definition of what constitutes an "independent" Director in its review.

Amongst its Independent Directors, Mr Lee Yong Guan, has served on the Board the longest, surpassing the nine years tenure. Whilst the NC acknowledges members' strong support for Board renewal, it also holds the view that Mr Lee Yong Guan's contributions and impartiality have not been in any way diminished by his long service. Instead, the Board has continued to profit immensely from his rich experience, contrarian views and steady hand that can only be gleaned through the rigors of time. In determining Mr Lee's independence, the NC has also taken into account his performance and contributions in his lead ID role and as Chairman of the AC (in addition to his participation in the other Board Committees); and the manner in which these roles are carried out, independently of Management. At the same time, the NC has also individually reviewed and affirmed the independence of the other Independent Directors with the concurrence of the Board.

An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The NC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and Listing Rules and noted that none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgement.

The NC conducts an annual review on the composition of the Board, so as to ensure that there is an appropriate balance of members from different backgrounds and whose core competencies in business, finance, accounting, investment, strategic planning and industry technology, qualifications, expertise, skills, experiences and industry knowledge, which the Group may tap for assistance in furthering its business objectives and shaping its business strategies. Having reviewed and considered the composition of the Board and its Board Committees, the NC has determined that the current Board size and structure are adequate for the existing business operations of the Company.

All appointments and re-elections of Directors are reviewed and recommended by the NC to the Board.

### **Board Diversity**

The Company recognises and embraces Board diversity as an essential element in supporting the achievement of business objectives and sustainable development in the ever-changing business environment. In reviewing the composition of the Board, the NC considers the benefits of Board diversity from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. The Board adopts a meritocratic approach to all appointments and candidates will be considered against a set of objective criteria, having due regard for the benefits of diversity on the Board.

## CORPORATE GOVERNANCE

The Company has a good balance of Directors with a wide range of skills, experiences and qualities in the fields of operations, management, financial and accounting. Each Director has been appointed on the strength of his calibre, experiences and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group strategy and the performance of its business.

The Independent Directors will meet without the presence of the Management, if circumstances require. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Non-Executive Chairman, as appropriate.

### **Principle 3: Chairman and Chief Executive Officer**

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

Mr Kwong Kim Mone is the Non-Executive and Non-Independent Chairman of the Company and Mr Lim Chin Hong was re-designated as the Company's Executive Director and CEO on 1 July 2020. Mr Lee Yong Guan was appointed as the Lead Independent Director since 20 March 2007.

The roles of the Non-Executive Non-Independent Chairman and the CEO have been clearly separated, each having their own areas of responsibilities. This is to ensure that there is a clear division of responsibilities between the leadership of the Board and the Management.

The Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with fellow directors and other executives, and if warranted, with professional advisors.

The CEO is responsible for the overall management of the Group and charting the corporate strategies for future growth with the support of the Management.

### **Principle 4: Board Membership**

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

The NC comprises five (5) Directors, a majority of whom, including the NC Chairman, are Independent Directors. The members of the NC at the date of this Report are:

Mr Kam Boon Cheong (Chairman)  
 Mr Kwong Kim Mone  
 Mr Lee Yong Guan  
 Mr Pow Tien Tee  
 Mr Lim Chin Hong

The terms of reference for NC are as follow:

- develops and maintains a formal and transparent process for the appointment and re-appointment of directors; having regard to the directors' contributions and performance;

## CORPORATE GOVERNANCE

- identifies candidates and reviews all nominations for appointment of new directors, determining whether or not such nominee has the requisite qualifications; sets up a process for the selection of such appointments and recommends all appointments of directors to the Board and Board Committees;
- decides how the Board's performance may be evaluated, and prepares objective performance criteria to assess the effectiveness of the Board as a whole and its Board Committees;
- identifies gaps in the mix of skill, gender, age, diversity, experience and other qualities required in an effective Board so as to nominate or recommend suitable candidates to fill the gaps;
- reviews the independence of each Director annually, decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations; and
- reviews training and professional development programmes for the Board.

The NC in carrying out its tasks under these terms of reference may obtain such outside or other independent professional advice, as it considers necessary to carry out its duties.

The NC is responsible for identifying and nominating candidates to fill Board vacancies as they occur.

Specifically, the NC shall consider candidates from a wide range of backgrounds, consider candidates on their own merits and evaluate against objective criteria such as their experience, knowledge, gender, age and skills in relation to the needs of the Board; and whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties.

The NC will also consider the composition and progressive renewal of the Board or Committees including recommending the membership of the Board Committees to the Board.

Before recommending an appointee to the Board, the NC shall ask him to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board. Following the Board's confirmation, the NC will send the newly-appointed Director a formal appointment letter which clearly sets out his roles and responsibilities, authority, and the Board's expectations in respect of his time commitment as a Director of the company.

The NC reviews the independent status of NEDs (in accordance with Listing Rule 210(5)(d)(i), (ii) and (iii) of the Listing Manual of SGX-ST and the Provision 2.1 of the Code) and that of the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest. If the NC considers that a Director who has one or more of the relationships mentioned under Listing Rule 210(5)(d)(i), (ii) and (iii) of the Listing Manual of SGX-ST and the Provision 2.1 of the Code, is nevertheless independent, the NC should provide its views to the Board for the Board's consideration. If the NC considers that a Director is not independent even if he does not fall within the circumstances mentioned under Listing Rule 210(5)(d)(i), (ii) and (iii) of the Listing Manual of SGX-ST and the Provision 2.1 of the Code, it shall also similarly provide its views to the Board for the Board's consideration.

## CORPORATE GOVERNANCE

The Company does not have any alternate Director.

The attendance, participation and contributions of each Director at Board, AC and other Board Committee meetings were also considered. The NC meets at least once annually.

In FY2020, the number of NC meetings held and attended by each member of the Committee is as follows:

<b>Name of director</b>	<b>Appointment</b>	<b>Number of meetings held</b>	<b>Attendance</b>
Mr Kam Boon Cheong (Chairman)	Independent	2	2
Mr Kwong Kim Mone	Non-Executive	2	2
Mr Lee Yong Guan	Independent	2	2
Mr Pow Tien Tee	Independent	2	2
Mr Lim Chin Hong <sup>(1)</sup>	Executive	2	2

<sup>(1)</sup> Re-designated as Executive Director and Chief Executive Officer on 1 July 2020 and resigned as NC member on 30 June 2020.

The NC, in considering the re-election of a Director, evaluates such Director's contribution and performance, such as his attendance at meetings of the Board and/or Board Committees, participation, candour and any special contribution.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

Article 91 of the Constitution of the Company requires one-third of the Board to retire by rotation at every Annual General Meeting ("AGM") and the retiring Directors are eligible to offer themselves for re-election respectively.

Mr Lim Chin Tong and Mr Kam Boon Cheong, who will be retiring at the forthcoming AGM pursuant to Article 91 of the Company's Constitution, had indicated their intentions to retire and not seeking for re-elections at the forthcoming AGM.

Mr Lee Yong Guan was re-elected as Director of the Company pursuant to Article 91 of the Company's Constitution at the AGM held on 21 May 2020. Mr Lee, who has served as Board member for more than nine years from the date of his appointment, will be seeking for shareholders' approvals at the forthcoming AGM for his continued appointment as independent director of the Company via separate resolution to be voted upon by shareholders pursuant to Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST which will come into effect on 1 January 2022.

Mr Lee Yong Guan will, upon re-election as Director of the Company, remain as Lead Independent Director, Chairman of the AC and member of the NC, RC and IC.

## CORPORATE GOVERNANCE

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 relating to the above Director to be put forward for continued appointment at the forthcoming AGM is disclosed below:

<b>Name of Director</b>	<b>Mr Lee Yong Guan</b>
Date of appointment	11 March 2005
Date of last re-appointment	21 May 2020
Age	64
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed Mr Lee's requisite knowledge and experiences to assume the responsibilities as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive Independent
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of Audit Committee and member of Nominating Committee, Remuneration Committee and Investment Committee.
Professional qualifications	Mr Lee, an FCA Singapore and a Fellow member with Association of Chartered Certified Accountants. He was awarded the Lee Foundation Prize by Singapore's Association of Chartered Certified Accountants (ACCA) in their professional examination. He has completed an Advanced Management Programme with the Harvard Business School in Boston and is a member of the Singapore Harvard Club.
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	None
Conflict of interest (including any competing business)	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes

## CORPORATE GOVERNANCE

Name of Director	Mr Lee Yong Guan
Working experience and occupation(s) during the past 10 years	<p>Mr Lee is currently a Board Member of MayBank Singapore Limited. Mr Lee is actively involved in Fintech and Start Up providing seed investment and advisory support. He spent more than five years in Shanghai as Special Advisor and Director of UnionPay International Co, a wholly owned subsidiary of China UnionPay Company. He was the past President of Visa Worldwide Pte Ltd overseeing the growth of Visa's business in the Asia Pacific region.</p> <p>Mr Lee joined the Board of Manufacturing Integration Technology Ltd. as Independent Director on 11 March 2005, he is also the Chairman of Audit Committee and member of the Remuneration Committee, Nominating Committee and Investment Committee.</p>
Shareholding interest in the listed issuer and its subsidiaries	Yes
Shareholding details	486,000 ordinary shares
Past (for the last 5 years)	– UnionPay International Co Ltd
Present	– MayBank Singapore Limited
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No.
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No.

## CORPORATE GOVERNANCE

Name of Director	Mr Lee Yong Guan
(c) Whether there is any unsatisfied judgment against him?	No.
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No.
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No.
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No.
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No.

## CORPORATE GOVERNANCE

Name of Director	Mr Lee Yong Guan
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No.
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No.
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: –	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No.
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No.
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No.

## CORPORATE GOVERNANCE

Name of Director	Mr Lee Yong Guan
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No.
<p>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.</p> <p>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).</p> <p>Note: N.A. – Not Applicable</p>	N.A.

Each Director shall not serve more than a maximum of five (5) Board Directorships in public listed companies at any one time and each Director is required to disclose to the Board his board representation(s). Based on the attendance and participation of the Directors for FY2020, the Board has reviewed and is satisfied that the directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as directors of the Company.

### Lead Independent Director

The Board concurs with the Code's recommendation and appointed Mr Lee Yong Guan as Lead Independent Director.

The major roles and responsibilities of the Lead Independent Director are as follows:

- To meet with shareholders if they have concerns which have not been resolved by the Chairman or the CEO or the Financial Controller ("FC") through the normal channels or for where such contact is inappropriate;
- To lead the Independent and Non-executive Director in providing and facilitating a non-executive perspective and contributing a balance of viewpoints to the Board in particular, acting as principal liaison between the Independent and Non-executive Director and the Chairman on sensitive issues;

## CORPORATE GOVERNANCE

- To coordinate the activities and schedule meetings of Independent and Non-executive Directors and to chair such meetings without the presence of the Executive Director, if necessary;
- To promote high standards of corporate governance; and
- To undertake such further responsibilities as may be determined by the Board from time to time

### **Principle 5: Board Performance**

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

The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing the Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management.

The NC assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

The NC also undertakes a process to assess the effectiveness of the AC, RC and NC.

The NC, in considering the re-appointment of any Director, evaluates the performance of the Director. The NC and the Chairman of the Board implemented a collective assessment process that required each Director to assess the performance of the Board as a whole for FY2020. The assessment process took into consideration, inter alia, Board structure, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with shareholders.

Although the Board's performance evaluation does not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director which includes questions covering the above-mentioned areas of assessment. The NC collates the results of these questionnaires and formally discusses the results collectively with other Board members to address any areas for improvement.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year. It is of the view that the performance of the Board as a whole has been satisfactory. The criteria include the level of participation in the Company such as his commitment of time to the Board and Board Committee meetings and his performance of tasks delegated to him. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for FY2020.

In view of the composition of our Board, the Board, in conducting the collective assessment of its effectiveness, also takes into account the performance and effective functioning of each Board Committee. The NC has also reviewed the performance of the AC, RC and NC in terms of their roles and responsibilities and the conduct of their affairs as a whole for FY2020. It is of the view that the performances of such Board Committees have been satisfactory.

## CORPORATE GOVERNANCE

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to exchange feedback on the strengths and shortcomings of the Board with a view to strengthening its effectiveness. The assessment exercise also assists the Board to focus on their key responsibilities and helps the NC in determining whether to re-nominate Directors who are due for retirement at the next AGM including determining whether Directors with multiple Board representatives are able to and have adequately discharge their duties as Directors of the Company.

### REMUNERATION MATTERS

#### **Principle 6: Procedures for Developing Remuneration Policies**

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

#### **Remuneration Committee ("RC")**

The RC consists of four (4) members, majority of whom including the RC Chairman, are Independent Directors. The members of the RC at the date of this Report are:

Mr Pow Tien Tee (Chairman)

Mr Lee Yong Guan

Mr Kam Boon Cheong

Mr Lim Chin Tong<sup>#</sup>

<sup>#</sup> Appointed as RC member on 1 July 2020

The terms of reference for RC are as follow:

- to review and recommend to the Board, a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each Executive Director. RC's recommendations will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. RC's review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- to function as "The Committee" referred to in the MIT Employees' Share Option Scheme ("the Scheme") and shall have all the powers as set out in the Scheme; and
- to administer the MIT Performance Share Plan upon the terms and conditions as defined in the MIT Performance Share Plan.

As part of its review, the RC shall ensure that:

- all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered;
- the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual executive directors' and key executives' performances; and

## CORPORATE GOVERNANCE

- the remuneration package of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

Each RC member refrains from voting on any resolutions in respect of the assessment of his remuneration and that no RC member is involved in determining his own remuneration.

In FY2020, the number of RC meetings held and attended by each member of the Committee is as follows:

Name of director	Appointment	Number of meetings held	Attendance
Mr Pow Tien Tee (Chairman)	Independent	2	2
Mr Lee Yong Guan	Independent	2	2
Mr Kam Boon Cheong	Independent	2	2
Mr Lim Chin Tong <sup>(1)</sup>	Non-Executive Non-Independent	2	1
Mr Lim Chin Hong <sup>(2)</sup>	Executive	2	1

<sup>(1)</sup> Re-designated as Non-Executive Non-Independent Director and appointed as RC member on 1 July 2020.

<sup>(2)</sup> Re-designated as Executive Director and CEO on 1 July 2020 and resigned as RC member on 30 June 2020.

During FY2020, the Company did not engage any remuneration consultant to seek advice on remuneration matters. Moving forward, the RC may consider the need to engage such external remuneration consultants and where applicable, it will review the independence of the external firm before engaging them.

### Principle 7: Level and Mix of Remuneration

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

The Group's remuneration policy is to provide compensation packages at market rates to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

The RC determines and reviews the remuneration packages for all Directors and key executives based on their job functions, the performance of the Group and their individual performance. Non-executive directors are being paid by directors' fees, which are determined by the full Board based on their contributions and scope of responsibilities. The payment of Directors' fees is subject to the approval of shareholders at each AGM. No director is involved in deciding his own remuneration.

Currently, only the Executive Director/CEO has a Service Agreement. The Service Agreement is for a renewable period of two years and may be terminated by either party giving not less than three months written notice. The RC shall review the terms of the Service Agreement at the appropriate time prior to its expiry and shall submit their recommendations to the Board.

## CORPORATE GOVERNANCE

The performance of the CEO and key executives are reviewed periodically by the RC to ensure that their remuneration commensurate with their scope of responsibilities, contributions and performance. Companies are encouraged to consider the use of contractual provisions to allow companies to reclaim incentive components of remuneration from executive directors and key management personnel, in exceptional circumstances of misstatement and misconduct resulting in financial loss to the Company. These provisions have been made in the service contract of our CEO. Independent Directors do not have service agreements with the Company. The Independent Directors receive Directors' fees and shares which are recommended by the Board for approval at the Company's AGM.

The Independent Directors are paid Directors' fees which take into consideration their contribution, effort, time spent and responsibilities. They are not overly remunerated to the extent that their independence may be compromised.

### Principle 8: Disclosure on Remuneration

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

In FY2020, the remuneration of the Directors of the Company and Key Management Personnel of the Group are as follows:

Directors of the Company	Total	Fee	Salary	AWS/			CPF	Total
	Remuneration (S\$'000)			Ex-gratia	Allowances			
Mr Kwong Kim Mone	46	100%	–	–	–	–	100%	
Mr Lim Chin Hong <sup>(1)</sup>	181	9%	70%	5%	13%	3%	100%	
Mr Lim Chin Tong <sup>(2)</sup>	206	7%	45%	35%	9%	4%	100%	
Mr Lee Yong Guan	36	100%	–	–	2%	–	100%	
Mr Pow Tien Tee	33	100%	–	–	3%	–	100%	
Mr Kam Boon Cheong	33	100%	–	–	3%	–	100%	

<sup>(1)</sup> Re-designated as Executive Director and Chief Executive Officer on 1 July 2020

<sup>(2)</sup> Re-designated as Non-Executive and Non-Independent Director on 1 July 2020

Key Executives of the Group	Fee	Salary	AWS/			CPF	Total
			Ex-gratia	Allowances			
<u>Below \$250,000</u>							
Mr Han Meng Kwang	–	73%	6%	14%	7%	100%	
Mr Dennis Foo Piau Yew	–	68%	6%	18%	8%	100%	
Mr Tommy Ng Fook Keong	–	72%	6%	12%	10%	100%	
Mr Boh Teck Keong*	–	55%	19%	5%	21%	100%	

\* Mr Boh Teck Keong has retired in May 2020

The Company has only three Key Management Personnel as at date of this report.

The total annual aggregate remuneration of the top four key management personnel (who are not directors or the CEO) including Mr Boh Teck Keong in FY2020 is S\$595,980. The RC and the Board are of the view that the remuneration of the Directors and key management personnel are adequate but not excessive in order to attract, retain and motivate them to run the Company successfully.

## CORPORATE GOVERNANCE

There are no employees who are immediate family members of the directors and whose remuneration exceeded S\$100,000 during FY2020.

There is no employee who is a substantial shareholder of the Company whose remuneration exceeds S\$100,000 for FY2020. There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Managing Director or the top four key management personnel in FY2020.

### **Long Term share incentives – MIT Performance Share Plan and Employees' Share Option Scheme**

As the Group seeks to foster a culture that aligns the interests of employees with those of shareholders, it has put in place share-based plans for employees. These plans allow employees to participate, contribute and share in the Group's growth and success.

The Company had adopted the MIT Employee Share Option Scheme ("ESOS") in 2020 and information on ESOS is set out in the Statement by Directors on page 56 and 57.

The MIT Performance Share Plan ("PSP") has been renewed for a further period of 10 years from 27 April 2017 to 26 April 2027 at the general meeting held on 21 April 2017. Information on PSP is set out in the Statement by Directors on page 57.

## **ACCOUNTABILITY AND AUDIT**

### **Principle 9: Risk Management and Internal Controls**

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

The Board has put in place an internal control and risk management system to safeguard shareholders' investment and company's assets.

To assist the Board in carrying out its responsibilities, Management has established an Enterprise Risk Management Committee ("ERMC"). The ERMC is chaired by Mr Lim Chin Hong, the CEO and comprises its key executives. It reports to the AC.

The system of internal control provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen in the light of current business environment and its inherent risks.

The Group's internal auditors have in the course of their audits carried out stringent reviews to identify weak links and potential risk areas. The AC reviews these reports and ensures that appropriate and timely counter-measures are taken by Management as part of its continuous improvement efforts to enhance further its internal control systems and practices.

During the financial year, the Group's internal auditors had conducted annual review of the adequacy and effectiveness of the Group's internal controls that address financial, operational, information technology and compliance risks. No significant weaknesses were noted.

## CORPORATE GOVERNANCE

The Board has received assurance from the CEO and Financial Controller as well as concurrence of the AC that:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2020 give a true and fair view of the Group's operations and finances; and
- (b) the Company has received assurance from other key management personnel of the Group confirming that the Company's and the Group's risk management and internal control systems including financial, operational, compliance and information technology controls adequate and effective as at 31 December 2020.

Based on the internal control and risk management systems established and maintained by the Group, work performed by external and internal auditors and periodic reviews by Management, the Board and various Board Committees, the Board with concurrence of the AC, is of the opinion that the Group's internal control and risk management systems were adequate and effective as at 31 December 2020 to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations.

### Internal Audits

The Company has outsourced the internal audit function to Baker Tilly Consultancy (Singapore) Pte Ltd.

The primary reporting line of the internal auditor is to the AC and administratively to the FC. The hiring, removal, evaluation of the internal auditor and compensation to be paid to them is recommended by the AC and approved by the Board. The internal audit team have unrestricted access to the Company's documents, records, properties and personnel. The internal audit team is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews. The AC is satisfied that the internal auditors have adequate resources to perform its functions and have appropriate standing within the Group.

The internal audit function is to review key business processes of the Company and its material subsidiaries with the primary objective of identifying significant control issues that the AC and the Management should focus their attention on.

The AC is satisfied that the internal audit is staffed by suitably qualified and experienced personnel. The internal audit function is independent, effective and adequately resourced.

In the discharge of its functions, the internal auditor reports directly to the Chairman of the AC on functional matters and to the FC on administrative matters. The AC reviews and approves the internal audit plans annually and ensures that resources are adequate to perform the function effectively.

# CORPORATE GOVERNANCE

## **Principle 10: Audit Committee**

### **The Board has an Audit Committee ("AC") which discharges its duties objectively.**

The AC comprises three (3) members, including the AC Chairman, all of whom are Independent Directors. The members of the AC at the date of this Report are:

Mr Lee Yong Guan (Chairman)  
Mr Pow Tien Tee  
Mr Kam Boon Cheong

The overall objective of the AC is to ensure that Management has created and maintained effective control mechanisms within the Company and that such controls are strictly adhered to by all levels of management and employees.

The AC has the explicit authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and the full discretion to invite any director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities efficiently.

As a sub-committee of the Board, the AC provides a channel of communication between the Board, Management, the internal and external auditors with regards to findings and recommendations arising from internal and external audits.

The terms of reference for AC are as follows:

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the financial and operating results and accounting policies of the Group;
- reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement before the submission to the Board for approval and inclusion in external auditors' report;
- reviews the adequacy of the Company's internal controls (financial, compliance and operational) and risk management policies and systems established by the management; considers and reviews the assistance given by Management of the Group to the auditors;
- reviews the external audit plans and reports as well as the results of the external auditors' examination and evaluation of the Group's internal accounting control systems; and considers the effectiveness of the actions taken by Management on the external auditors' recommendations;
- recommends the re-appointment of the external auditors, approves their compensation and their terms of engagement;
- reviews interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews the internal audit plans and findings of the internal audit;

## CORPORATE GOVERNANCE

- review annually to ensure that the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Group; and generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time;
- meets with the external and the internal auditors at least once a year without the presence of management.

The AC also meets with the internal auditors and external auditors, without the presence of management, once in FY2020. With the full co-operation of Management given to external auditors and internal auditors during their course of audit reviews, there was no significant issue which warranted to AC's attention.

In FY2020, the number of AC meetings held and attended by each member of the Committee is as follows:

<b>Name of director</b>	<b>Appointment</b>	<b>Number of meetings held</b>	<b>Attendance</b>
Mr Lee Yong Guan (Chairman)	Independent	2	2
Mr Pow Tien Tee	Independent	2	2
Mr Kam Boon Cheong	Independent	2	2
Mr Lim Chin Hong <sup>(1)</sup>	Executive	2	2

<sup>(1)</sup> Resigned as AC member on 30 June 2020 and re-designated as Executive Director and Chief Executive Officer on 1 July 2020

The Group has complied with Listing Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditors.

In addition to the activities undertaken to fulfill its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

The amount of audit and non-audit fees for FY2020 paid to the external auditors, RSM Chio Lim LLP, were S\$70,527 and S\$10,000 respectively. The AC confirms that it has undertaken a review of all the non-audit services provided by the external auditors, RSM Chio Lim LLP, during the year and is satisfied that such services, would not affect the independence of the external auditors. No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

# CORPORATE GOVERNANCE

## Key Audit Matters

Refer to the key audit matters highlighted by the external auditor on pages 60 to 62 of the Annual Report, AC's view and responses are as follows:

<b>Key audit matters</b>	<b>AC's view and responses</b>
Impairment of trade receivables	<p>The carrying amount of trade receivables, net of allowance for expected credit loss ("ECL") of S\$1.3 million, amounted to S\$2.6 million, which represents approximately 8% of the group's total assets as at the reporting year end.</p> <p>The AC considered the management's assessment and justification used to estimate for allowance taking into consideration of past good business relationship with the customers. The AC also considered the observations and findings presented by the external auditor on the historical repayments trend of trade receivables and adequacy of its impairment allowance.</p> <p>The above procedures provided the AC with the assurance to concur with the management's conclusion on the measurement and estimation made as well as the appropriateness of the related disclosures made.</p>
Adequacy of inventory impairment allowance	<p>The carrying amount of inventories amounted to S\$2.1 million, which accounted for approximately 7% of the group's total assets as at the reporting year end.</p> <p>The AC considered the management's formula and justification used for estimates for allowance. The AC also considered the observations and findings presented by the external auditor on the inventory aging and adequacy of its impairment allowance.</p> <p>The above procedures provided the AC with the assurance to concur with the management's conclusion on the adequacy of impairment allowance as well as the appropriateness of the related disclosures made.</p>

# CORPORATE GOVERNANCE

## Key audit matters

## AC's view and responses

Impairment of investment in subsidiaries and other receivables from subsidiaries

The carrying amount of the cost of investment in subsidiaries amounted to S\$0.9 million, which accounted for approximately 4% of the company's total assets as at the reporting year-end. The company has other receivables from a subsidiary of S\$9.8 million at the end of the reporting year and it has been fully impaired in the current reporting year.

The AC considered the management's assessment and justification used to estimate for impairment. The AC also considered the observations and findings presented by the external auditor on the impairment assessment and adequacy of its impairment allowance.

The above procedures provided the AC with the assurance to concur with the management's conclusion on the adequacy of impairment allowance as well as the appropriateness of the related disclosures made.

## Whistle-Blowing Policy

The Company has put in place a whistleblowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other legal or ethical issues whilst ensuring that comprehensive procedures are in place to address them. The details of the whistle blowing policy and reporting mechanisms have been made available to all employees.

The whistleblowing officers are all members of the AC. Any whistleblowing officer to whom a concern has been raised, is obliged to make a report to the Board of the substance of the concern without breaching employee confidentiality. The AC is obliged to review all reports received and take or approve the appropriate actions.

There was no whistleblowing complaints received during FY2020.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11: Shareholder Rights and Conduct of General Meetings

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

In line with the continuous disclosure obligations of the Company pursuant to Listing Manual of the SGX-ST and the Act, the Board's policy is that all shareholders should be equally informed of all major developments that impact the Group.

Any major or material development is first disseminated via SGXNet followed by a press release, whenever necessary. Price sensitive information is first publicly released, either before the Group meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within the mandatory period. The Company does not practice selective disclosure of information.

## CORPORATE GOVERNANCE

The Company has adopted a Dividend Policy that aims to provide shareholders of the Company with a target annual dividend payout of at least 25% of the net profit attributable to shareholders in any financial year. Such declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account the Company's financial performance, retained earnings and distributable reserves, working capital requirements and future expansion plans, and any other factors that the Board deemed appropriate. Any dividend payments are clearly communicated to shareholders via announcements on SGXNet.

This section describes usual practice for the conduct of general meetings prior to the onset of the COVID-19 pandemic in early 2020

All shareholders of the Company will receive the Annual Report and Notice of AGM. The AGM of the Company provides a principal forum for dialogue and interaction with shareholders. At each AGM, the Board encourages shareholders to participate in the question-and-answer session. Board Committees' Chairpersons, Members of the Board and the external auditors of the Company are present to answer questions raised at the AGM.

Shareholders have the opportunity to participate effectively in and to vote at all general meetings. In addition, shareholders will also be provided with instructions on voting during general meetings, where voting is conducted by poll.

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Company also provides separate resolutions at general meetings on each substantially separate issue (where applicable) as recommended by the Code. Minutes of the general meeting which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and response from the Committees' Chairpersons and Members of the Board were taken. Minutes of general meetings would be available to shareholders upon written requests.

The Company's Constitution does not allow for absentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. However, the Constitution does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A shareholder of a company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), the Company allows a shareholder who is a relevant intermediary to appoint more than 2 proxies to attend and vote in his stead at the forthcoming AGM.

Voting at general meetings would be conducted by way of poll pursuant to Rule 730A (2) of the Listing Manual of the SGX-ST. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentage) will be released after each of the meeting via SGXNet.

The Company will review its Constitution from time to time and make amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the continuing obligations.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and the Management. These are available to shareholders upon their request.

## CORPORATE GOVERNANCE

The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5 of the Code. There are potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting. The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

In presenting the annual financial statements and half-yearly result announcements to shareholders, it is the responsibility of the Board to provide shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. News releases and half-yearly results announcements are published through SGXNet. For interim financial statements, it is released within 45 days from the end of the period whereas for full-year results it is released within 60 days from the financial year end. For interim financial statements, the Board has provided negative assurance confirmation to the shareholders. The Company's Annual Reports, results announcements and other announcements released via SGXNet are also made available on the Company's website at [www.mitech-ltd.com.sg](http://www.mitech-ltd.com.sg).

Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

### **Conduct of AGM in 2020 amidst current COVID-19 pandemic**

The Company has issued its Annual Report 2019 on 15 April 2020. In view of the COVID-19 pandemic, the Company has released the Notice of 2020 AGM on 29 April 2020 to notify shareholders that the 2020 AGM will be held via electronic means complying with the requirement of COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("the Order").

The Company had held the 2020 AGM by electronic means on 21 May 2020 pursuant to the Order. Shareholders were invited to participate in the virtual 2020 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the 2020 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2020 AGM. The Chairman and CEO were present in person at the virtual 2020 AGM proceedings, while the rest of the Directors joined the 2020 AGM by way of video conference. The Company has disclosed, on the Company's website and SGXNet, the minutes of 2020 AGM including responses to questions raised by shareholders in advance of the 2020 AGM.

### **Principle 12: Engagement with Shareholders**

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

The Company uses various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. In addition to general meetings and where the opportunities arise, the senior Management of the Company will also meet with investors, analysts and the media, as well as participate in investor relations activities to solicit and understand the views of the investment community.

## CORPORATE GOVERNANCE

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

The Company's half-year and full year results announcements, corporate presentations, announcements and press releases are issued via SGXNet. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly.

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the Board Committees will be present at the AGM to answer questions relating to matters overseen by the respective Board Committees.

### MANAGING STAKEHOLDERS RELATIONSHIPS

#### **Principle 13: Engagement with Stakeholders**

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

The Company takes pride in meeting and exceeding the expectations of our stakeholders. Our engagement with material stakeholder groups, including key areas of focus and engagement channels are disclosed in the "Sustainability Report" section of the Annual Report.

The Group takes opportunities to engage our stakeholders and welcomes feedback on our sustainability report. For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report.

#### **Investment Committee ("IC")**

As at the date of this Report, the IC comprises all six (6) Directors: One (1) Executive Director, two (2) Non-Executive and Non-Independent Directors and three (3) Independent Directors. The members of the IC as at the date of this Report are:

Mr Kwong Kim Mone (Chairman)  
Mr Lim Chin Tong  
Mr Lee Yong Guan  
Mr Pow Tien Tee  
Mr Kam Boon Cheong  
Mr Lim Chin Hong

## CORPORATE GOVERNANCE

The duties of the IC include:

- to implement and review the Group's investment strategies and policies;
- to evaluate the investment decisions of a non-operating and non-revenue nature for the Group and/or its subsidiary companies;
- to review deployment of financial resources with a view to ensure efficient allocation to the various businesses of the Group;
- to review the incorporation of new subsidiary companies, corporate finance activities including joint ventures, mergers and acquisition; and
- to undertake any responsibilities relating to investment policy and procedures as determined by the Board.

In FY2020, the number of IC meetings held and attended by each member of the Committee is as follows:

<b>Name of director</b>	<b>Appointment</b>	<b>Number of meetings held</b>	<b>Attendance</b>
Mr Kwong Kim Mone	Non-Executive	2	2
Mr Lim Chin Tong <sup>(1)</sup>	Non-Executive	2	2
Mr Lee Yong Guan	Independent	2	2
Mr Pow Tien Tee	Independent	2	2
Mr Kam Boon Cheong	Independent	2	2
Mr Lim Chin Hong <sup>(2)</sup>	Executive	2	2

<sup>(1)</sup> Re-designated as Non-Executive and Non-Independent Director on 1 July 2020

<sup>(2)</sup> Re-designated as Executive Director and Chief Executive Officer on 1 July 2020

### Material Contracts

There are no material contracts or loans of the Company or its subsidiaries involving the interests of any Director or Controlling Shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions. All Interested Person Transactions are subject to review by the Board and the AC.

## CORPORATE GOVERNANCE

During FY2020, save for the Disposal as described in the preceding section titled "Material Contracts" which was deemed by the Directors to be an "interested person transaction", the aggregate value of all interested person transactions during FY2020 was as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
MIT Semiconductor Pte Ltd	74 9 53	Sales Shared Service Income Shared IT Services Expenses	N.A.

Nature of Relationship:

Mr Kwong Kim Mone is a director of MIT Semiconductor Pte Ltd and also a Non-executive and non-independent Director and Chairman of the Company.

### Securities Transactions

The Company has a clear policy on the trading of its shares by directors and executives within the Group. The Company has adopted its own internal Code of Best Practices on Securities Transactions ("the 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 shares. It emphasises that the law on insider trading is applicable at all times, notwithstanding the window periods for dealing in the shares. 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 shares.

The Group issues circulars to its directors and officers 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. In compliance with Rule 1207(19)(b) of the Listing Manual of SGX-ST, directors and executives of the Group 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 (2) 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.

## ***FINANCIAL CONTENTS***

<b>54</b>	Statement by Directors
<b>60</b>	Independent Auditor's Report
<b>65</b>	Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>66</b>	Statements of Financial Position
<b>67</b>	Statements of Changes in Equity
<b>69</b>	Consolidated Statement of Cash Flows
<b>71</b>	Notes to the Financial Statements



# STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2020.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## 2. Directors

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

Kwong Kim Mone	(Non-Executive and Non-Independent Chairman)
Lim Chin Hong	(Executive Director and Chief Executive Officer)
Lim Chin Tong	(Non-Executive and Non-Independent Director)
Lee Yong Guan	(Lead Independent Director)
Pow Tien Tee	(Independent Director)
Kam Boon Cheong	(Independent Director)

# STATEMENT BY DIRECTORS

### 3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares or in debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act"), except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in the name of the directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year

**The company:**  
**Manufacturing Integration Technology Ltd.**

**Number of ordinary shares of no par value**

Kwong Kim Mone	6,734,118	6,734,118	120,627,910	120,627,910
Lim Chin Tong	2,096,000	2,096,000	–	–
Lee Yong Guan	486,000	486,000	–	–
Pow Tien Tee	175,000	175,000	9,000	9,000
Kam Boon Cheong	1,295,000	1,295,000	–	–
Lim Chin Hong	25,000	25,000	–	–

**Ultimate parent company:**  
**MIT Technologies Pte Ltd**

**Number of ordinary shares of no par value**

Kwong Kim Mone	260,000	260,000	–	–
----------------	---------	---------	---	---

By virtue of section 7 of the Act, Mr. Kwong Kim Mone is deemed to have an interest in the company and in all the related body corporates of the company.

The directors' interests as at 21 January 2021 were the same as those at the end of the reporting year.

# STATEMENT BY DIRECTORS

## 4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate except for the options and other rights mentioned below.

## 5. Share options

Employees' Share Option Scheme ("ESOS") of Manufacturing Integration Technology Ltd.:

- (i) enables directors and selected full-time employees of the company and/or its subsidiary companies to acquire unissued ordinary shares of the company.
- (ii) is administered by the Remuneration Committee (the "Committee") comprising 4 independent directors of the company. It shall continue to be in force at the discretion of the Committee based on details as stated below. However, the period may be extended with the approval of shareholders at a general meeting of the company and any relevant approval which may then be required.

At the end of the reporting year, there were 534,000 (2019: 559,000) unissued ordinary shares of the company under options granted pursuant to the ESOS.

Details of the options to subscribe for ordinary shares of no par value in the capital of the company, pursuant to the ESOS are as follows:

Date of grant	Balance as at 1.1.2020	Granted	Lapsed	Exercised	Balance as at 31.12.2020	Exercise price \$	Expiry date	
Options to subscribe number of unissued ordinary shares of no par value:								
20 May 2016	39,000	–	(25,000)	–	14,000	0.1940*	19 May 2026	#
20 May 2016	20,000	–	–	–	20,000	0.1550**	19 May 2026	#
5 June 2017	200,000	–	–	–	200,000	0.2450*	4 June 2022	#
5 June 2017	300,000	–	–	–	300,000	0.1960**	4 June 2022	#
	559,000	–	(25,000)	–	534,000			

During the current reporting year, there was no employees exercised share options under ESOS.

\* Market price

\*\* 20% discount to the market price of the company's shares

# Includes options granted to directors

# STATEMENT BY DIRECTORS

## 5. Share options (Continued)

The following are details of options granted to the directors of the company under the scheme:-

Name of directors	Options granted during the reporting year	Aggregate options granted since commencement of scheme to end of the reporting year	Aggregate options exercised since commencement of scheme to end of the reporting year	Aggregate options cancelled since commencement of scheme to end of the reporting year	Aggregate options outstanding as end of the reporting year	Exercise Price
Lim Chin Hong	-	125,000	-	-	125,000	\$0.196 – \$0.245
Lee Yong Guan	-	125,000	-	-	125,000	\$0.196 – \$0.245
Pow Tien Tee	-	125,000	-	-	125,000	\$0.196 – \$0.245
Kam Boon Cheong	-	125,000	-	-	125,000	\$0.196 – \$0.245

The terms of the share options under the ESOS to the directors of the company are the same as those granted to the employees of the group.

The market price refers to average of the last three dealt prices for the three consecutive market days immediately preceding the grant date. No share options have been granted at a discount of more than 20% during the reporting year. Other than disclosed above, there is presently no other options scheme on unissued shares in respect of the company and of the group.

During the reporting year, there was no employee of the group and or the ultimate parent company, MIT Technologies Pte Ltd, who was granted 5% or more of the total options available under the scheme.

## 6. Performance share plans

During the year, the company has granted 1,000,000 ordinary shares awards to the Chief Executive Officer of the Company, Lim Chin Hong, under Performance Share Plans ("PSP"). As at 31 December 2020, the number of outstanding performance shares held under PSP was 1,000,000 (2019: NIL).

## 7. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

# STATEMENT BY DIRECTORS

## 8. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Lee Yong Guan	(Chairman of Audit Committee and Lead Independent Director)
Pow Tien Tee	(Independent Director)
Kam Boon Cheong	(Independent Director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, they performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational, compliance controls and risk management) and the assistance given by the management to the internal auditors;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

## 9. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2020.

## STATEMENT BY DIRECTORS

### 10. Subsequent developments

There are no other significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 25 February 2021, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

.....  
Kwong Kim Mone  
Director

.....  
Lim Chin Hong  
Director

25 March 2021

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANUFACTURING INTEGRATION TECHNOLOGY LTD.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying financial statements of Manufacturing Integration Technology Ltd. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, 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 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 company 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 reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANUFACTURING INTEGRATION TECHNOLOGY LTD.

## KEY AUDIT MATTERS (CONTINUED)

### Impairment of trade receivables

Refer to Note 2A for the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Notes 19 and 32D for the breakdown in trade receivables and credit risk of the group respectively. Also refer to the audit committee report in the annual report.

The carrying amount of trade receivables, net of allowance for expected credit loss ("ECL") of \$1.3 million, amounted to \$2.6 million, which represents approximately 8% of the group's total assets as at the reporting year end.

The group determines the ECL of trade receivables by making specific assessment of expected impairment loss for overdue trade receivables. The remaining balances of trade receivables were assessed based on the historical credit loss experience, debtors' ability to pay and forward-looking information specific to debtors and economic environment. This assessment requires management to exercise significant judgement.

We performed procedures to understand management's process over the monitoring of trade receivables and the assessment of loss allowance for trade receivables. We discussed with management and assessed the reasonableness of management's assumptions by comparing to historical credit loss. We also recomputed management's calculation for the loss allowance and tested the adequacy of prior year allowance by comparing against actual loss incurred in the current year.

For loss allowance recognised for individually identified debtors, we evaluated and reviewed management's assessment on credit quality and recoverability by considering factors such as subsequent receipts, payment history, settlement agreements and/or the ongoing business relationship with the debtors involved.

We have also assessed the adequacy of the disclosures made in the financial statements.

### Adequacy of inventory impairment allowance

Refer to Note 2A for the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; Note 18 for the breakdown in inventory for the reporting year end. Also refer to the audit committee report in the annual report.

The carrying amount of inventories amounted to \$2.1 million, which accounted for approximately 7% of the group's total assets as at the reporting year end.

We have reviewed the group's inventory aging as at the reporting year end, as well as the group's computation for inventory allowance and found them to be reasonable. We also reviewed the inventory turnover days and aging of the inventories to assess if there were any significant build-up of aged inventories. We have compared the carrying values of the inventories to the recent sales invoices and price lists and past sales prices where there are no recent sales to assess the reasonableness of the level of allowance recorded.

We have also assessed the adequacy of the disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF

### MANUFACTURING INTEGRATION TECHNOLOGY LTD.

#### KEY AUDIT MATTERS (CONTINUED)

##### **Impairment of investment in subsidiaries and other receivables from subsidiaries**

Please refer to Note 2A for the relevant accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties and Notes 17 and 19 on investments in subsidiaries and other receivables from subsidiaries respectively. Also refer to the audit committee report in the annual report.

The carrying amount of the cost of investment in subsidiaries amounted to \$0.9 million, which accounted for approximately 4% of the company's total assets as at the reporting year-end. The company has other receivables from a subsidiary of \$9.8 million at the end of the reporting year and it has been fully impaired in the current reporting year.

Management determines at the end of each reporting year, whether there is any objective evidence indicating that the company's cost of investment in subsidiary and other receivables from subsidiaries are impaired. The net liabilities of certain subsidiaries were identified as an indicator of potential impairment in the carrying value of the cost of investment in the investees and their receivables owed to the company.

We assessed the key assumptions such as revenue, margin and operating costs applied in the discounted cash flow projections prepared by the company for its impairment assessment by collaborating key market related assumptions to external data and the approved budgets to secured contracts and historical performance. We engaged our internal valuation specialists to independently review the appropriateness of the discount rates applied in the discounted cash flow projection. We also assessed the sensitivity of key inputs to the impairment assessment in order to understand the impact of a reasonably possible change in key assumptions on the overall assessment.

We have also assessed the adequacy of the disclosures made in the financial statements.

#### **OTHER INFORMATION**

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANUFACTURING INTEGRATION TECHNOLOGY LTD.

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF

### MANUFACTURING INTEGRATION TECHNOLOGY LTD.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Uthaya Chandrika D/O Ponnusamy.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

25 March 2021

Engagement partner – effective from year ended 31 December 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2020

	Notes	Group	
		2020 \$'000	2019 \$'000
<b>Revenue</b>	4	<b>10,004</b>	9,823
Cost of sales		<b>(10,514)</b>	(11,054)
<b>Gross loss</b>		<b>(510)</b>	(1,231)
Other income and gains	5	<b>2,108</b>	1,200
Marketing and distribution costs		<b>(300)</b>	(543)
Administrative expenses	6	<b>(4,079)</b>	(7,714)
Finance costs	7	<b>(142)</b>	(204)
Other losses	5	<b>(270)</b>	(1,532)
<b>Loss before tax from continuing operations</b>		<b>(3,193)</b>	(10,024)
Income tax benefit	10	-	88
<b>Loss from continuing operations, net of tax</b>		<b>(3,193)</b>	(9,936)
Profit from discontinued operations, net of tax	11	<b>8,027</b>	51,402
<b>Profit net of tax</b>		<b>4,834</b>	41,466
<b>Other comprehensive income (loss):</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax		<b>35</b>	(40)
<b>Other comprehensive income (loss) for the year, net of tax</b>		<b>35</b>	(40)
<b>Total comprehensive income for the year</b>		<b>4,869</b>	41,426
<b>(Loss) Earnings per share</b>			
(Loss) Earnings per share currency unit		<b>Cents</b>	<b>Cents</b>
<b>Basic</b>	12		
Continuing operations		<b>(1.33)</b>	(4.17)
Discontinued operations		<b>3.34</b>	21.56
Total		<b>2.01</b>	17.39
<b>Diluted</b>	12		
Continuing operations		<b>(1.33)</b>	(4.17)
Discontinued operations		<b>3.34</b>	21.56
Total		<b>2.01</b>	17.39

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

Notes	Group		Company		
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
<b>Assets</b>					
<b><u>Non-current assets</u></b>					
Plant and equipment	13	549	1,124	292	444
Right-of-use assets	14	1,740	2,344	315	101
Investment properties	15	8,194	8,383	8,192	8,383
Intangible assets	16	–	–	–	–
Investments in subsidiaries	17	–	–	856	851
<b>Total non-current assets</b>		<b>10,483</b>	11,851	<b>9,655</b>	9,779
<b><u>Current assets</u></b>					
Inventories	18	2,124	3,088	–	–
Trade and other receivables	19	3,026	2,360	664	8,392
Other non-financial assets	20	336	255	228	40
Cash and cash equivalents	21	15,550	8,920	14,249	8,077
<b>Total current assets</b>		<b>21,036</b>	14,623	<b>15,141</b>	16,509
<b>Total assets</b>		<b>31,519</b>	26,474	<b>24,796</b>	26,288
<b>Equity and liabilities</b>					
<b><u>Equity</u></b>					
Share capital	22	28,294	28,294	28,294	28,294
Other reserves	25	(115)	(151)	32	31
Accumulated losses		(2,263)	(7,098)	(4,727)	(2,675)
<b>Total equity</b>		<b>25,916</b>	21,045	<b>23,599</b>	25,650
<b><u>Non-current liability</u></b>					
Lease liabilities	26	1,229	1,802	206	–
<b>Total non-current liability</b>		<b>1,229</b>	1,802	<b>206</b>	–
<b><u>Current liabilities</u></b>					
Other non-financial liabilities	27	823	511	178	–
Lease liabilities	26	674	645	111	97
Trade and other payables	28	2,675	2,085	702	541
Other financial liabilities	29	202	386	–	–
<b>Total current liabilities</b>		<b>4,374</b>	3,627	<b>991</b>	638
<b>Total liabilities</b>		<b>5,603</b>	5,429	<b>1,197</b>	638
<b>Total equity and liabilities</b>		<b>31,519</b>	26,474	<b>24,796</b>	26,288

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2020

Group	Total equity \$'000	Share capital \$'000	Accumulated losses \$'000	Translation reserve \$'000	Share option reserve \$'000
<b>Current year:</b>					
<b>Opening balance at 1 January 2020</b>	<b>21,045</b>	<b>28,294</b>	<b>(7,098)</b>	<b>(182)</b>	<b>31</b>
<b>Changes in equity:</b>					
Total comprehensive income for the year	<b>4,869</b>	–	<b>4,834</b>	<b>35</b>	–
Expiry of share options (Note 25B)	–	–	<b>1</b>	–	<b>(1)</b>
Share based payment expenses (Note 25B)	<b>2</b>	–	–	–	<b>2</b>
<b>Closing balance at 31 December 2020</b>	<b>25,916</b>	<b>28,294</b>	<b>(2,263)</b>	<b>(147)</b>	<b>32</b>
<b>Previous year:</b>					
<b>Opening balance at 1 January 2019</b>	44,007	47,742	(3,826)	(142)	233
<b>Changes in equity:</b>					
Total comprehensive income for the year	41,426	–	41,466	(40)	–
Exercise of share options (Note 25B)	–	–	255	–	(255)
Expiry of share options (Note 25B)	–	–	2	–	(2)
Issuance of shares pursuant to employee share option scheme	961	961	–	–	–
Share based payment expenses (Note 25B)	55	–	–	–	55
Dividends paid (Note 24)	(44,995)	–	(44,995)	–	–
Capital reduction (Note 22)	(20,409)	(20,409)	–	–	–
<b>Closing balance at 31 December 2019</b>	<b>21,045</b>	<b>28,294</b>	<b>(7,098)</b>	<b>(182)</b>	<b>31</b>

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2020

Company	Total equity \$'000	Share capital \$'000	Accumulated Losses \$'000	Share option reserve \$'000
<b>Current year:</b>				
<b>Opening balance at 1 January 2020</b>	<b>25,650</b>	<b>28,294</b>	<b>(2,675)</b>	<b>31</b>
<b>Changes in equity:</b>				
Total comprehensive income for the year	(2,053)	–	(2,053)	–
Exercise of share options (Note 25B)	–	–	1	(1)
Share based payment expenses (Note 25B)	2	–	–	2
<b>Closing balance at 31 December 2020</b>	<b>23,599</b>	<b>28,294</b>	<b>(4,727)</b>	<b>32</b>
<b>Previous year:</b>				
<b>Opening balance at 1 January 2019</b>	44,733	47,742	(3,242)	233
<b>Changes in equity:</b>				
Total comprehensive income for the year	45,305	–	45,305	–
Exercise of share options (Note 25B)	–	–	255	(255)
Expiry of share options (Note 25B)	–	–	2	(2)
Issuance of shares pursuant to employee share option scheme	961	961	–	–
Share based payment expenses (Note 25B)	55	–	–	55
Dividends paid (Note 24)	(44,995)	–	(44,995)	–
Capital reduction (Note 22)	(20,409)	(20,409)	–	–
<b>Closing balance at 31 December 2019</b>	<b>25,650</b>	<b>28,294</b>	<b>(2,675)</b>	<b>31</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2020

	<b>Group</b>	
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b><u>Cash flows used in operating activities</u></b>		
Loss before tax from continuing operations	<b>(3,193)</b>	(10,024)
Profit before tax from discontinued operations	<b>8,027</b>	51,402
	<b>4,834</b>	41,378
Adjustments for:		
Depreciation of plant and equipment	<b>590</b>	514
Depreciation of investment properties	<b>189</b>	189
Depreciation of right-of-use assets	<b>741</b>	749
Interest income	<b>(304)</b>	(383)
Interest expense	<b>30</b>	61
Interest on lease liabilities	<b>112</b>	143
Gain on disposal of semiconductor business (Note 11)	<b>(8,027)</b>	(52,510)
Gain on termination of lease	<b>(22)</b>	-
Loss on disposal of plant and equipment	<b>16</b>	-
Share based payment expenses	<b>2</b>	55
Loss on disposal of development projects	<b>-</b>	83
Allowance for inventories	<b>153</b>	1,384
Reversal of impairment loss on inventories	<b>(25)</b>	-
Allowance for impairment loss on trade receivables	<b>-</b>	65
Reversal of impairment loss on trade receivables	<b>(12)</b>	(243)
Net effect of exchange rate changes in consolidating foreign operations	<b>23</b>	(113)
Operating cash flows before changes in working capital	<b>(1,700)</b>	(8,628)
Trade and other receivables	<b>(597)</b>	2,459
Other non-financial assets	<b>(77)</b>	159
Inventories	<b>856</b>	(1,529)
Other non-financial liabilities	<b>312</b>	511
Trade and other payables	<b>539</b>	(310)
Net cash flows used in operation	<b>(667)</b>	(7,338)
Income tax refund	<b>-</b>	14
Net cash flows used in operating activities	<b>(667)</b>	(7,324)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2020

	<b>Group</b>	
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b><u>Cash flows from investing activities</u></b>		
Proceeds on disposal of subsidiaries	<b>8,027</b>	68,817
Proceeds on disposal of plant and equipment	<b>2</b>	–
Purchase of plant and equipment	<b>(33)</b>	(605)
Interest received	<b>304</b>	383
Net cash flows from investing activities	<b>8,300</b>	68,595
<b><u>Cash flows used in financing activities</u></b>		
Decrease in borrowings	<b>(199)</b>	(6,614)
Interest paid	<b>(30)</b>	(61)
Dividend paid	–	(44,995)
Capital reduction	–	(20,409)
Lease payments paid	<b>(774)</b>	(787)
Issue of shares	–	961
Net cash flows used in financing activities	<b>(1,003)</b>	(71,905)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,630</b>	(10,634)
Cash and cash equivalents, statement of cash flows, beginning balance	<b>8,920</b>	19,554
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 21)</b>	<b>15,550</b>	8,920

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are that of designing, developing, manufacturing and distributing automated equipment for the semiconductor and other industries and an investment holding company.

The company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

The registered office is: 5004, Ang Mo Kio Avenue 5, #05-01, Techplace II, Singapore 569872. The company is situated in Singapore.

### **Uncertainties relating to the Covid-19 pandemic**

The Covid-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the reporting entity’s business, including affecting its relationships with its existing and future customers, suppliers and employees, and which had and will continue to have an effect on its financial position, financial performance of operations, cash flows and prospects for the foreseeable future. There is significant uncertainty around the medium to long term impact of the Covid-19 pandemic. These uncertainties gave rise to difficulties in making an accurate assessment by management of the future financial impacts on the reporting entity. Management will continue to closely monitor the further economic development and its impact. It is however reasonably probable that the Covid-19 pandemic will have an impact on the reporting entity’s revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts.

### **Statement of compliance with financial reporting standards**

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related interpretations SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. GENERAL (CONTINUED)

### Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

### Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial statements.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Distinct goods or services created over time – For long-term service contracts and projects for manufacturing or developing an asset, the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The revenue is recognised over time by using the output method. For the output method, the revenue is recognised on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as milestones reached. For the output method, as a practical expedient for a performance obligation satisfied over time, if the entity has a right to invoice the customer at an amount that corresponds directly with the value to the customer of the entity's performance to date, revenue is recognised at that amount (for example, in a goods or services contract an entity may have the right to bill a fixed amount for each unit of goods or service provided).

#### Other income

Rental income is recognised from operating leases on a straight-line basis. Interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiary in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary in the PRC is required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the group.

#### Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Income tax (Continued)

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovations	–	33%
Plant and equipment	–	10% to 100%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 28 on provisions in which relates to dismantling and removing the items and to restore the site.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as plant and equipment. The annual rates of depreciations are as follows:

Building	–	Over the remaining terms of the lease of 43 months
Office and production premises	–	Over the remaining terms of lease which range from 10 months to 46 months

#### Investment properties

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs, the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis at least once in three years by external independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The annual rates of depreciation are as follows:

Investment properties	–	2%
-----------------------	---	----

#### Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Patents	–	3 years
---------	---	---------

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity 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. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

#### Business combinations

There were no business combinations during the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments (Continued)

At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

- a. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables and cash and cash equivalents are classified in this category.
- b. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
- c. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
- d. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2B. OTHER EXPLANATORY INFORMATION

#### Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

#### Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

#### Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

### 2C. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2C. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONTINUED)

#### Allowance for trade receivables:

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 19 on trade and other receivables.

#### Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 18 on inventories.

#### Income tax amounts:

The entity recognises tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10 on income tax.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

### 2C. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONTINUED)

Assessment of impairment of right-of-use asset:

Significant judgment is applied by management when determining impairment of the right-of-use asset. Impairment is assessed for leased buildings used in operation. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Judgement is also involved when determining whether sub-lease contracts are financial or operational, as well as when determining lease term for contracts that has extension or termination options. The carrying amounts are disclosed in Note 14 on right-of-use asset.

Assessment of impairment of subsidiaries and receivables from subsidiaries:

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment and whether receivables can be recovered. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is approximately \$856,000 (2019: \$851,000).

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mr. Kwong Kim Mone.

### 3A. MEMBERS OF A GROUP:

Name	Relationship	Country of incorporation
MIT Technologies Pte Ltd	Parent company	Singapore

Related companies in these financial statements include the members of the above group of companies.

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

#### 3B. RELATED PARTY TRANSACTIONS:

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following significant related party transactions:

	Related party	
	2020	2019
	\$'000	\$'000
Sale of goods	(74)	(155)
Shared service income (Note 5)	(9)	(58)
Shared IT service expenses	53	135

#### 3C. KEY MANAGEMENT COMPENSATION:

	Group	
	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	1,074	1,718
Post-employment benefits	57	71
Share-based payments	-	16

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2020	2019
	\$'000	\$'000
Remuneration of directors of the company	356	468
Remuneration of directors of subsidiaries	181	327
Fees to directors of the company	179	226
Share-based payments	-	13

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and key executives.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### 3D. OTHER RECEIVABLES FROM AND OTHER PAYABLES TO RELATED PARTIES:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to subsidiaries are as follows:

Company	Subsidiaries	
	2020 \$'000	2019 \$'000
Other receivables:		
At beginning of the year – net debit	8,144	2,453
Amounts paid in and payment made on behalf of company	–	10,714
Amounts paid out and payment made on behalf of the subsidiaries	1,616	(6,661)
Allowance for impairment	(9,760)	–
Reclassified to related party	–	1,638
At end of the year	–	8,144
Presented in Note 19 as follows:		
Subsidiaries	12,690	11,074
Less: allowance for impairment	(12,690)	(2,930)
At end of the year	–	8,144

Related party	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Other receivables/(other payables):				
At beginning of the year	193	–	(8)	–
Reclassified from subsidiary	–	(1,638)	–	(1,638)
Amounts paid out and payment made on behalf of the group/company	(43)	(2,827)	(45)	(2,759)
Amounts paid in and payment made on behalf of related party	127	4,658	–	4,389
At end of the year – net debit (credit)	277	193	(53)	(8)
Presented in the statement of financial position as follows:				
Other receivables (Note 19)	351	209	21	8
Other payables (Note 28)	(74)	(16)	(74)	(16)
At end of the year – net debit (credit)	277	193	(53)	(8)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 4. REVENUE

Group	Continuing operations		Discontinued operations		Total	
			1.1.2019 to			
	2020 \$'000	2019 \$'000	2020 \$'000	20.2.2019 \$'000	2020 \$'000	2019 \$'000
Sale of goods						
– Point in time	<b>7,505</b>	9,823	–	2,364	<b>7,505</b>	12,187
– Over time	<b>2,499</b>	–	–	–	<b>2,499</b>	–
	<b>10,004</b>	9,823	–	2,364	<b>10,004</b>	12,187

Revenue classified by duration of contract:

	Group	
	2020 \$'000	2019 \$'000
Short-term contracts – less than 12 months	<b>9,317</b>	12,187
Long-term contracts – over 12 months	<b>687</b>	–
Total revenue	<b>10,004</b>	12,187

The distribution of revenue by geographical region are disclosed in Note 31F.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 5. OTHER INCOME AND GAINS AND (OTHER LOSSES)

Group	Continuing operations		Discontinued operations		Total	
			1.1.2019 to			
	2020 \$'000	2019 \$'000	2020 \$'000	20.2.2019 \$'000	2020 \$'000	2019 \$'000
Amortisation of development projects	-	-	-	(104)	-	(104)
Foreign exchange adjustment (losses) gains – net	(117)	23	-	(17)	(117)	6
Gain on disposal of development projects	-	(83)	-	-	-	(83)
Gain on termination of lease	22	-	-	-	22	-
Reversal of impairment loss on inventories (Note 18)	25	-	-	-	25	-
Interest income from financial institutions	304	383	-	-	304	383
Allowance for inventories (Note 18)	(153)	(1,384)	-	-	(153)	(1,384)
Allowance for impairment loss on trade receivables (Note 19)	-	(65)	-	-	-	(65)
Reversal of impairment loss on trade receivables (Note 19)	12	243	-	-	12	243
Shared service income (Note 3)	9	58	-	-	9	58
Rental income – investment properties (Note 15)	486	451	-	-	486	451
Other rental income	29	-	-	-	29	-
Other grant income	212	12	-	-	212	12
Government grant from job support scheme <sup>#a</sup>	821	-	-	-	821	-
Covid-19 related rent concessions from lessor	69	-	-	-	69	-
Other income	119	30	-	15	119	45
Net	<b>1,838</b>	<b>(332)</b>	<b>-</b>	<b>(106)</b>	<b>1,838</b>	<b>(438)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 5. OTHER INCOME AND GAINS AND (OTHER LOSSES) (CONTINUED)

Group	Continuing operations		Discontinued operations		Total	
			1.1.2019 to 20.2.2019			
	2020 \$'000	2019 \$'000	2020 \$'000	20.2.2019 \$'000	2020 \$'000	2019 \$'000
Presented in profit or loss as:						
Other income and other gains	<b>2,108</b>	1,200	–	15	<b>2,108</b>	1,215
Other losses	<b>(270)</b>	(1,532)	–	(121)	<b>(270)</b>	(1,653)
Net	<b>1,838</b>	(332)	–	(106)	<b>1,838</b>	(438)

#a The purpose of the Job Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19.

## 6. ADMINISTRATIVE EXPENSES

The major components and other selected components include the following:

Group	Continuing operations		Discontinued operations		Total	
			1.1.2019 to 20.2.2019			
	2020 \$'000	2019 \$'000	2020 \$'000	20.2.2019 \$'000	2020 \$'000	2019 \$'000
Employee benefits expense (Note 8)	<b>1,612</b>	5,071	–	248	<b>1,612</b>	5,319
Depreciation expense (Notes 13, 14 and 15)	<b>1,335</b>	828	–	118	<b>1,335</b>	946
Professional fees	<b>272</b>	400	–	10	<b>272</b>	410

## 7. FINANCE COSTS

Group	Continuing operations	
	2020 \$'000	2019 \$'000
Interest expense on lease liabilities	<b>112</b>	143
Interest expense	<b>30</b>	61
Total finance costs	<b>142</b>	204

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 8. EMPLOYEE BENEFITS EXPENSE

Group	Continuing operations		Discontinued operations		Total	
			1.1.2019 to			
	2020 \$'000	2019 \$'000	2020 \$'000	20.2.2019 \$'000	2020 \$'000	2019 \$'000
Short term employee benefits expense	4,552	4,462	–	1,443	4,552	5,905
Contributions to defined contribution plans	462	1,211	–	159	462	1,370
Share-based payment expenses (Note 25B)	2	55	–	–	2	55
Other benefits	160	3,032	–	25	160	3,057
<b>Total employee benefits expense</b>	<b>5,176</b>	<b>8,760</b>	<b>–</b>	<b>1,627</b>	<b>5,176</b>	<b>10,387</b>

The employee benefits expense is classified as follows:

Group	Continuing operations		Discontinued operations		Total	
			1.1.2019 to			
	2020 \$'000	2019 \$'000	2020 \$'000	20.2.2019 \$'000	2020 \$'000	2019 \$'000
Cost of sales	3,300	3,321	–	1,021	3,300	4,342
Marketing and distribution costs	264	368	–	358	264	726
Administrative expenses (Note 6)	1,612	5,071	–	248	1,612	5,319
<b>Total</b>	<b>5,176</b>	<b>8,760</b>	<b>–</b>	<b>1,627</b>	<b>5,176</b>	<b>10,387</b>

## 9. ITEMS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the income statement includes the following charges:

	Group	
	2020 \$'000	2019 \$'000
Audit fees to the independent auditor of the company	58	55
Audit fees to the other independent auditor	13	14
Other fees to the independent auditor of the company	10	20

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 10. INCOME TAX EXPENSE

### 10A. COMPONENTS OF TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDE:

Group	Continuing operations		Discontinued operations 1.1.2019 to 20.2.2019		Total	
	2020	2019	2020	20.2.2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current tax benefit:						
Overprovision adjustment in respect of prior periods	-	(88)	-	-	-	(88)
Total income tax benefit	-	(88)	-	-	-	(88)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2019: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2020 \$'000	2019 \$'000
Loss before income tax from continuing operations	(3,193)	(10,024)
Profit before income tax from discontinued operations	8,027	51,402
Profit before income tax	4,834	41,378
Income tax expense at the above rate	822	7,034
Expenses not deductible for tax purposes	83	839
Income not subject to tax	(1,517)	(8,829)
Overprovision adjustment in respect of prior periods	-	(88)
Effect of different tax rates in different country	(14)	(111)
Deferred tax assets not recognised	579	982
Others	47	85
Total income tax benefit	-	(88)

There are no tax consequences of dividends to owners of the company.

### 10B. DEFERRED TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDES:

	Group	
	2020 \$'000	2019 \$'000
Excess of tax values over net book value of plant and equipment	1	-
Tax loss carryforwards	565	1,003
Wear & tear allowance carryforwards	1	68
Provisions	12	(89)
Unrecognised deferred tax assets	(579)	(982)
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 10. INCOME TAX EXPENSE (CONTINUED)

### 10C. DEFERRED TAX ASSETS RECOGNISED IN STATEMENT OF FINANCIAL POSITION:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Deferred tax assets:</u>				
Excess of tax values over net book value of plant and equipment	202	201	69	92
Tax loss carryforwards	4,767	4,202	694	638
Wear & tear allowance carryforwards	96	95	70	70
Unrecognised deferred tax assets	(5,099)	(4,520)	(841)	(802)
Provisions	34	22	8	3
Net balance	-	-	-	-

Included in unrecognised tax losses are losses that will expire as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Chinese company</u>				
Expiring in year				
2021	1,740	1,740	-	-
2022	1,699	1,699	-	-
2023	1,586	1,586	-	-
2024	1,178	1,058	-	-
2025	360	-	-	-
<u>Singapore companies</u>				
Unlimited period	20,319	17,562	4,082	3,753
	<b>26,882</b>	<b>23,645</b>	<b>4,082</b>	<b>3,753</b>

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences is available for an unlimited future period subject to agreement by tax authority and conditions imposed by law including the retention of majority shareholders as defined. For the Chinese company, the realisation of the future income tax benefits from tax loss carryforwards is available for a period of 5 years subject to the conditions imposed by China laws.

No deferred tax assets for the tax losses (including deductible temporary difference and unused tax losses) have been recognised the future profit streams are not probable for the relevant entities.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 11. DISCONTINUED OPERATIONS

On 8 January 2018, the company entered into a non-binding term sheet and a supplemental term sheet (collectively the "Term Sheet") with a purchaser in relation to the proposed disposal by the company of its entire interest in certain of its subsidiaries undertaking the group's semiconductor business (the "Target Companies") (the "Proposed Disposal").

The semiconductor business was undertaken by the company together with two of its wholly owned subsidiaries, namely, i.Pac Manufacturing Pte. Ltd. ("i.Pac") and Generic Power Pte Ltd ("GP").

On 18 July 2018, the company had entered into an agreement to dispose the semiconductor business segment of the group.

On 20 February 2019, the sale of the Target Companies had been completed. From that date, control of Target Companies was passed to the acquirer. As a result of the disposal, the entire semiconductor business was presented as discontinued operations.

Analysis of the result of discontinued operations and the results recognised on the re-measurement of disposal group is as follows:

	<b>Group</b>	
	<b>1.1.2020 to 31.12.2020 \$'000</b>	<b>1.1.2019 to 20.2.2019 \$'000</b>
Revenue	–	2,364
Cost of sales	–	(2,377)
Gross loss	–	(13)
Other income and gains	–	15
Marketing and distribution costs	–	(463)
Administrative expenses	–	(526)
Other losses	–	(121)
Finance costs	–	–
Loss before tax	–	(1,108)
Income tax benefit	–	–
Loss after tax before disposal gain for the year	–	(1,108)
Gain on disposal	<b>8,027</b>	52,510
Total profit on discontinued operations	<b>8,027</b>	51,402

The gain arose on the disposal of subsidiaries, being the consideration received on disposal less the carrying amount of the subsidiaries' net assets and other adjustments. No tax charge or credit arose from the transaction.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 11. DISCONTINUED OPERATIONS (CONTINUED)

The following table is a summary of the carrying value assets and liabilities of the subsidiaries that were sold on 20 February 2019.

	<b>Disposal group 20.2.2019 \$'000</b>
Plant and equipment	1,133
Intangible assets	14
Development projects	4,862
Inventories	12,537
Trade and other receivables	7,959
Other non-financial assets	319
Cash and cash equivalents	4,789
Provisions	(58)
Trade and other payables	(5,111)
Net assets of disposal group	26,444
Gain on disposal	52,510
Directly attributed expenses	3,855
Other adjustments	(95)
Total consideration	<u>82,714</u>

The remaining 10% of the purchase consideration that amounted to \$8,450,000 was subject to adjustment on claims made by the purchaser prior to the expiry of the Escrow Claim Period on 19 August 2020. Management had sought legal advice on their entitlement of this amount and was advised not to take any position that the entitlement of the entire or any part of remaining consideration for the disposal prior to the expiry date of the Escrow Claim Period is certain. Accordingly, \$8,450,000 had been excluded from the estimated purchase consideration in prior year. The company has received the full amount of \$8,450,000 from Escrow account on 24 August 2020.

	<b>Group</b>	
	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Net cash inflow on disposal:		
Cash consideration	<b>8,450</b>	82,714
Commission expenses	<b>(423)</b>	-
Settlement of advances required by purchaser injected as share capital in disposal group	-	(8,000)
Cash balance disposed of	-	(4,789)
Net loss of disposal group as at disposal date	-	(1,108)
Net cash inflow	<b>8,027</b>	<u>68,817</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 11. DISCONTINUED OPERATIONS (CONTINUED)

The cash flows of subsidiaries, MIT Semiconductor Pte. Ltd. and its subsidiaries for the previous year were as follows:

	<b>Group Period ended 20.2.2019 \$'000</b>
Operating cash flows	(4,592)
Investing activities	(257)
Total cash flows	<u>(4,849)</u>

## 12. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	<b>Group</b>	
	<b>2020 \$'000</b>	<b>2019 \$'000</b>
A. Numerators: (loss) earnings attributable to equity:		
Continuing operations: attributable to equity holders	<b>(3,193)</b>	(9,936)
Discontinued operations: earnings for the year	<b>8,027</b>	51,402
	<b>No: '000</b>	<b>No: '000</b>
B. Denominators: weighted average number of equity shares		
Basic	<b>240,112</b>	238,483
Dilutive share options effect	-	3
C. Diluted	<b>240,112</b>	238,486

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

The dilutive effect derives from transactions such as share options. The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the reporting year and (2) shares of ordinary share issuable upon assumed exercise of share options which (if any) would have a dilutive effect.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 13. PLANT AND EQUIPMENT

Group	Renovations \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2019	1,278	6,394	7,672
Foreign exchange adjustments	(19)	(141)	(160)
Additions	46	559	605
Disposal	–	(133)	(133)
At 31 December 2019	1,305	6,679	7,984
Foreign exchange adjustments	35	277	312
Additions	–	33	33
Disposal	(112)	(93)	(205)
At 31 December 2020	<b>1,228</b>	<b>6,896</b>	<b>8,124</b>
<u>Accumulated depreciation and impairment:</u>			
At 1 January 2019	954	5,725	6,679
Foreign exchange adjustments	(19)	(189)	(208)
Depreciation for the year	148	366	514
Disposal	–	(125)	(125)
At 31 December 2019	1,083	5,777	6,860
Foreign exchange adjustments	35	277	312
Depreciation for the year	155	435	590
Disposal	(111)	(76)	(187)
At 31 December 2020	<b>1,162</b>	<b>6,413</b>	<b>7,575</b>
<u>Carrying value:</u>			
At 1 January 2019	324	669	993
At 31 December 2019	222	902	1,124
At 31 December 2020	<b>66</b>	<b>483</b>	<b>549</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 13. PLANT AND EQUIPMENT (CONTINUED)

Allocation of the depreciation expense:

	<b>Group</b>	
	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Cost of sales	9	15
Administrative expenses	<b>581</b>	499
<b>Total</b>	<b>590</b>	514

<b>Company</b>	<b>Renovations</b> <b>\$'000</b>	<b>Plant and equipment</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
<u>Cost:</u>			
At 1 January 2019	73	336	409
Additions	28	377	405
At 31 December 2019	101	713	814
Additions	–	24	24
At 31 December 2020	<b>101</b>	<b>737</b>	<b>838</b>
<u>Accumulated depreciation:</u>			
At 1 January 2019	73	202	275
Depreciation for the year	7	88	95
At 31 December 2019	80	290	370
Depreciation for the year	9	167	176
At 31 December 2020	<b>89</b>	<b>457</b>	<b>546</b>
<u>Carrying value:</u>			
At 1 January 2019	–	134	134
At 31 December 2019	21	423	444
At 31 December 2020	<b>12</b>	<b>280</b>	<b>292</b>

The depreciation expense is recorded under administrative expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. RIGHT-OF-USE ASSETS

The details of right-of-use assets in the statement of financial position are as follows:

Group	Building \$'000	Office and production premises \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2019	–	–	–
Impact of adoption of SFRS(I) 16	1,741	1,396	3,137
Foreign exchange adjustments	(44)	–	(44)
At 31 December 2019	1,697	1,396	3,093
Addition	–	339	339
Modification	–	(43)	(43)
Termination of lease	–	(355)	(355)
Disposal	–	(229)	(229)
Foreign exchange adjustments	79	–	79
At 31 December 2020	<b>1,776</b>	<b>1,108</b>	<b>2,884</b>
<u>Accumulated depreciation:</u>			
At 1 January 2019	–	–	–
Depreciation for the year	374	375	749
At 31 December 2019	374	375	749
Depreciation for the year	391	350	741
Termination of lease	–	(134)	(134)
Disposal	–	(229)	(229)
Foreign exchange adjustments	17	–	17
At 31 December 2020	<b>782</b>	<b>362</b>	<b>1,144</b>
<u>Carrying value:</u>			
At 1 January 2019	–	–	–
At 31 December 2019	1,323	1,021	2,344
At 31 December 2020	<b>994</b>	<b>746</b>	<b>1,740</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. RIGHT-OF-USE ASSETS (CONTINUED)

Allocation of the depreciation expense:

<b>Group</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of sales	<b>176</b>	491
Administrative expenses	<b>565</b>	258
<b>Total</b>	<b>741</b>	749
		<b>Office and production premises \$'000</b>
<b>Company</b>		
<u>Cost:</u>		
At 1 January 2019		–
Impact of adoption of SFRS(I) 16		229
At 31 December 2019		229
Addition		339
Disposal		(229)
At 31 December 2020		<b>339</b>
<u>Accumulated depreciation:</u>		
At 1 January 2019		–
Depreciation for the year		128
At 31 December 2019		128
Depreciation for the year		125
Disposal		(229)
At 31 December 2020		<b>24</b>
<u>Carrying value:</u>		
At 1 January 2019		–
At 31 December 2019		101
At 31 December 2020		<b>315</b>

The depreciation expense is recorded under administrative expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. RIGHT-OF-USE ASSETS (CONTINUED)

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

<b>Group</b>	<b>Building 2020</b>	<b>Office and production premises 2020</b>
Number of right-of-use assets	1	2
Remaining term – range	–	2.80 years
Remaining term – average	2.60 years	2.80 years
Number of leases with termination options	1	2
<b>Company</b>		<b>Office and production premises 2020</b>
Number of right-of-use assets		1
Remaining term		2.80 years
Number of leases with termination options		1

The leases are for rentals payable for the factories and offices. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 15. INVESTMENT PROPERTIES

	<b>Group and company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>At cost:</u>		
At beginning of the year and at end of the year	<b>9,471</b>	9,471
<u>Accumulated depreciation:</u>		
At beginning of the year	<b>1,088</b>	899
Depreciation for the year	<b>189</b>	189
At end of the year	<b>1,277</b>	1,088
<u>Carrying value:</u>		
At end of the year	<b>8,194</b>	8,383
Fair value for disclosure purposes only:		
Fair value at end of the year	<b>11,676</b>	12,210
Rental income from investment properties (Note 5)	<b>486</b>	451

Details of leasehold properties:

<b>Description/Location</b>	<b>Tenure of Land/ (Gross floor area)</b>	<b>Last valuation date</b>
Singapore:		
(A) 7 Yishun Industrial Street 1, #07-38, Singapore 768162	Property: 60 years from 2011 (1,062 square metres)	Commercial property. Revalued in October 2018.
(B) 7 Yishun Industrial Street 1, #06-38/39, Singapore 768162	Property: 60 years from 2011 (2,290 square metres)	Commercial property. Revalued in October 2018.

The investment properties are leased out under operating leases. Also see Note 30 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

The depreciation expense is recorded under administrative expenses.

The fair value of each investment property as at end of the reporting year is based on a valuation made by CKS Property Consultants Pte Ltd, a firm of independent professional valuers on 24 October 2018 adjusted with fluctuation of Industrial Property price index published by Singapore Government. The valuation method was based on market comparison method, a comparison with recent transactions of similar properties, preferably in vicinity, and adjusted to take into account certain factors and circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 15. INVESTMENT PROPERTIES (CONTINUED)

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Assets:	(A) 7 Yishun Industrial Street 1, #07-38, Singapore 768162 (B) 7 Yishun Industrial Street 1, #06-38/39, Singapore 768162
Fair value and fair value hierarchy – Level:	(A) \$4,045,000 (2019: \$4,230,000), Level 3 (2019: Level 3); (B) \$7,631,000 (2019: \$7,980,000), Level 3 (2019: Level 3).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent offer to sell prices for similar properties.
Significant unobservable (2020 and 2019: observable) inputs and range:	Price per square meters. (A) \$3,809 (2019: \$3,983) (B) \$3,332 (2019: \$3,485)
Relationship of unobservable inputs to fair value:	Favourable (adverse) change in the latest selling price in the market will increase (decrease) fair value
Sensitivity on management's estimates – 10% variation from estimate	2020 Impact (A) – lower by \$405,000; higher by \$405,000 (B) – lower by \$763,000; higher by \$763,000

## 16. INTANGIBLE ASSETS

	<b>Group and company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Cost:</u>		
At 1 January and 31 December	<b>86</b>	86
<u>Accumulated amortisation and impairment:</u>		
At 1 January and 31 December	<b>86</b>	86
<u>Carrying value:</u>		
At 1 January 2019	–	–
At 31 December 2019	–	–
At 31 December 2020	–	–

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Movements during the year. At cost:		
At beginning of the year	<b>851</b>	30,440
Additions	<b>1,989</b>	–
Disposals of subsidiaries	–	(26,984)
Reduction of quasi-equity loans	<b>(2,331)</b>	(316)
Reversal (Allowance) for impairment	<b>347</b>	(2,289)
Cost at the end of the year	<b>856</b>	851
Carrying value in the books of the company comprising:		
Unquoted equity shares at cost	<b>2,424</b>	2,424
Quasi-equity loans (Note A)	<b>19,666</b>	20,008
Allowance for impairment on unquoted equity shares	<b>(2,424)</b>	(2,424)
Allowance for impairment on quasi-equity loans	<b>(18,810)</b>	(19,157)
Total at cost	<b>856</b>	851
Movements in allowance for impairment:		
Balance at beginning of the year	<b>21,581</b>	19,292
(Reversal of impairment) Impairment on quasi-equity loans	<b>(347)</b>	2,289
Balance at end of the year	<b>21,234</b>	21,581

### Note A:

These are interest free quasi-equity loans provided by the company to the following wholly-owned subsidiaries:

- (i) Semiconductor Precision Technology Pte Ltd, which in turn holds 100% equity interest in MIT (Shanghai) Co., Ltd; and
- (ii) Casem (Asia) Pte Ltd.

The company does not expect repayment of the above interest free quasi-equity loans in the foreseeable future. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

The decreasing performance of certain subsidiaries was considered sufficient evidence to trigger the impairment test. As detailed in this note the impairment test resulted in the recognition of a loss. Accordingly it has been written down to the recoverable amount.

During the year, the company has reversed \$346,766 (2019: \$Nil) of impairment on quasi-equity loans due to repayment from the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost		Effective percentage of equity held	
	2020 \$'000	2019 \$'000	2020 %	2019 %
<u>Held by the company:</u>				
Casem (Asia) Pte Ltd <sup>(a)</sup> Singapore Design and manufacturing of automated equipment	100	100	100	100
Semiconductor Precision Technology Pte Ltd <sup>(a)</sup> Singapore Investment holding	1,500	1,500	100	100
Automated Manufacturing Solutions Pte. Ltd. <sup>(a)</sup> Singapore Manufacturing and repair of lifting and handling equipment	824	824	100	100
	<b>2,424</b>	<b>2,424</b>		
<u>Held by Semiconductor Precision Technology Pte Ltd:</u>				
MIT (Shanghai) Co., Ltd. <sup>(b)</sup> People's Republic of China Design, manufacture and distribution of automated equipment and components for electronic and semiconductor industries			100	100

(a) Audited by RSM Chio Lim LLP, a member of RSM International.

(b) Audited by SBA Stone Forest CPA Co., Ltd., an affiliated firm of RSM Chio Lim LLP.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 18. INVENTORIES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Raw materials	285	285	-	-
Work-in-progress	1,755	2,506	-	-
Finished goods	84	297	-	-
	<b>2,124</b>	<b>3,088</b>	-	-

Inventories are stated after allowance. Movement in allowance:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At beginning of the year	2,438	2,020	-	768
Reversed to profit or loss and included in other income and gains (Note 5)	(25)	-	-	-
Charged to profit or loss and included in other losses (Note 5)	153	1,384	-	-
Inventories previously impaired now written off	(68)	(926)	-	(768)
Foreign exchange adjustments	4	(40)	-	-
At end of the year	<b>2,502</b>	<b>2,438</b>	-	-
(Decrease) Increase in inventories of finished goods and work-in-progress	<b>(964)</b>	941	-	-
Raw materials and consumables used	<b>8,910</b>	8,516	<b>1,951</b>	1,834

Due to usage of certain raw materials, the group made a reversal of \$25,083 (2019: \$Nil) in the current year profit or loss.

There are no inventories pledged as security for liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade receivables:</u>				
Outside parties	<b>3,815</b>	3,218	<b>707</b>	219
Less: allowance for impairment	<b>(1,268)</b>	(1,228)	<b>(90)</b>	(102)
Related party (Note 3)	<b>8</b>	13	-	-
	<b>2,555</b>	2,003	<b>617</b>	117
<u>Other receivables:</u>				
Advances to employees	<b>1</b>	-	-	-
Subsidiaries (Notes 3 and 17)	-	-	<b>12,690</b>	11,074
Less: allowance for impairment	-	-	<b>(12,690)</b>	(2,930)
Related party (Note 3)	<b>351</b>	209	<b>21</b>	8
Other receivables	<b>119</b>	148	<b>26</b>	123
	<b>471</b>	357	<b>47</b>	8,275
Total trade and other receivables	<b>3,026</b>	2,360	<b>664</b>	8,392
<u>Movements in above allowance:</u>				
At beginning of the year	<b>1,228</b>	1,430	<b>3,032</b>	2,999
Foreign exchange adjustments	<b>52</b>	(24)	-	-
Reversal for trade receivables and included in other gains (Note 5)	<b>(12)</b>	(243)	<b>(12)</b>	-
Charge for trade receivables and included in other losses (Note 5)	-	65	-	33
Charge for other receivables and included in other (gains) losses	-	-	<b>9,760</b>	-
At end of the year	<b>1,268</b>	1,228	<b>12,780</b>	3,032

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These trade receivables are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

The group has few customers and which can be graded as low risk individually. These trade receivables are individually assessed and are considered to have low credit risk. At the end of the reporting year, a loss allowance is recognised at an amount equal to life time expected credit losses because there has not been a significant financing component and significant increase in credit risk since initial recognition. There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the trade receivable's credit risk at initial recognition (based on original, unmodified cash flows) with the credit risk at the reporting date. As the credit risk is low, no loss allowance is recognised based on the lifetime expected credit losses on the amount.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2019: 30 to 90 days). However some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivables amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables:				
61 to 90 days	113	20	-	-
91 to 180 days	-	24	-	-
Over 180 days	322	57	322	-
Total	435	101	322	-

- (b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables:				
Over 180 days	1,268	1,228	90	102
Total	1,268	1,228	90	102

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Concentration of trade receivable customers as at end of reporting year:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Top 1 customer	<b>1,183</b>	1,030	<b>364</b>	107
Top 2 customers	<b>1,548</b>	1,808	<b>544</b>	116
Top 3 customers	<b>1,828</b>	2,255	<b>617</b>	116

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are regarded as low credit risk as if they have a low risk of default and the debtor has strong capacity to meet the contractual cash flows obligation in near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

## 20. OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deposits to secure services	<b>323</b>	93	<b>187</b>	3
Prepayments	<b>13</b>	162	<b>41</b>	37
	<b>336</b>	255	<b>228</b>	40

## 21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not restricted in use	<b>15,550</b>	8,920	<b>14,249</b>	8,077
Interest earning balances maturing within 1 to 2 months	<b>12,702</b>	7,193	<b>12,500</b>	7,000

During the year, the rate of interest for the cash on interest earning accounts is between 0.01% and 0.15% (2019: 0.30% and 1.77%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 21. CASH AND CASH EQUIVALENTS (CONTINUED)

### 21A. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

	2019 \$'000	Cash flows \$'000	Non-cash changes \$'000	2020 \$'000
Other financial liabilities	386	(199)	15 <sup>(a)</sup> 339 <sup>(b)</sup> (243) <sup>(c)</sup> (43) <sup>(d)</sup>	202
Lease liabilities	2,447	(774)	177 <sup>(e)</sup>	1,903
Total liabilities from financing activities	2,833	(973)	245	2,105

(a) Includes translation difference of \$15,000.

(b) There were lease liabilities of \$339,000 arising from right-of-use assets.

(c) Includes a termination of lease in a subsidiary during the year of lease liabilities amounting to \$243,000. The group recognised a gain on termination of lease of \$22,000 (Note 5) after accounting for the carrying value of the right-of-use assets.

(d) Includes an adjustment of \$43,000 due to a modified lease arrangement in a subsidiary during the year.

(e) Includes interest expense on lease liabilities of \$112,000 (Note 7) and translation difference of \$65,000 as at 31 December 2020.

## 22. SHARE CAPITAL

Company	Number of ordinary shares issued '000	Share capital \$'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2019	233,917	47,742
Exercise of share options	6,045	928
Issuance of shares under performance share plan	150	33
Capital reduction	–	(20,409)
Balance at 31 December 2019 and 31 December 2020	240,112	28,294

During the financial year, the company returned \$Nil (2019: \$20,409,560) in cash pursuant to a capital reduction under Section 78G of the Companies Act.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 22. SHARE CAPITAL (CONTINUED)

### Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Net debt:				
All current and non-current borrowings including leases	2,105	2,833	317	97
Less: Cash and cash equivalents	(15,550)	(8,920)	(14,249)	(8,077)
Net debt	<b>(13,445)</b>	(6,087)	<b>(13,932)</b>	(7,980)
Adjusted capital:				
Total equity	25,916	21,045	23,599	25,650
Adjusted capital	<b>25,916</b>	21,045	<b>23,599</b>	25,650
Debt-to-adjusted capital ratio	<b>N/M</b>	N/M	<b>N/M</b>	N/M

N/M – Not meaningful

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 23. SHARE-BASED PAYMENTS

### Employees' Share Option Scheme ("ESOS")

As at the end of the reporting year, share options granted to selected full-time employees and full-time executive directors under the Manufacturing Integration Technology Ltd. ESOS to take up 534,000 (2019:559,000) unissued ordinary shares in the company as at the end of the reporting year were outstanding as follows:-

Date of grant	Balance as at 1.1.2020	New	Lapsed	Exercised	Balance as at 31.12.2020	Exercise Price \$	Expiry date
20 May 2016	39,000	-	(25,000)	-	14,000	0.1940*	19 May 2026
20 May 2016	20,000	-	-	-	20,000	0.1550**	19 May 2026
5 June 2017	200,000	-	-	-	200,000	0.2450*	4 June 2022
5 June 2017	300,000	-	-	-	300,000	0.1960**	4 June 2022
	<u>559,000</u>	-	<u>(25,000)</u>	-	<u>534,000</u>		

#### Options to subscribe number of unissued ordinary shares of no par value:

\* Market price  
\*\* 20% discount to the market price of company's shares

During the current reporting year, no options were exercised under ESOS.

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

	Year 2020	WAEP (\$) 2020	Year 2019	WAEP (\$) 2019
Outstanding at beginning of year	559,000	0.15	6,654,500	0.13
Exercised during the year	-	0.09	(6,045,500)	0.15
Expired during the year	(25,000)	0.09	(50,000)	0.15
	<u>534,000</u>	<u>0.09</u>	<u>559,000</u>	<u>0.15</u>
Exercisable at end of year	<u>534,000</u>	<u>0.09</u>	<u>559,000</u>	<u>0.15</u>

The options granted have a contractual life up to 10 years and there are no cash settlement alternatives.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 23. SHARE-BASED PAYMENTS (CONTINUED)

During the current reporting year, the fair value of share options amounting to \$32,000 (2019: \$31,000) was estimated by the management, using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense in the profit or loss during the reporting year is approximately \$2,000 (2019: \$55,000) (Note 8).

### Performance Share Plan ("PSP")

During the year, the company has granted 1,000,000 ordinary share awards under the PSP to the Chief Executive Officer, Mr. Lim Chin Hong. As at 31 December 2020, the number of outstanding performance shares held under PSP was 1,000,000 (2019: NIL).

## 24. DIVIDENDS ON EQUITY SHARES

	Group and Company			
	Rate per shares – cents			
	2020	2019	2020	2019
		\$'000	\$'000	
Final tax exempt (1-tier) dividend paid	–	18.8	–	44,995

## 25. OTHER RESERVES

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve (Note 25A)	(147)	(182)	–	–
Share option reserve (Note 25B)	32	31	32	31
At end of the year	(115)	(151)	32	31

All reserves classified on the face of the statements of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 25. OTHER RESERVES (CONTINUED)

### 25A. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2020 \$'000	2019 \$'000
At beginning of the year	(182)	(142)
Exchange differences on translating foreign operations	35	(40)
At end of the year	<b>(147)</b>	(182)

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the financial statements.

### 25B. SHARE OPTION RESERVE

	Group and Company	
	2020 \$'000	2019 \$'000
At beginning of the year	31	233
Exercise of share options	–	(255)
Expiry of share options	(1)	(2)
Share based payment expenses (Note 8)	2	55
At end of the year	<b>32</b>	31

## 26. LEASE LIABILITIES

Lease liabilities are presented in the statements of financial position as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Lease liabilities, current	674	645	111	97
Lease liabilities, non-current	1,229	1,802	206	–
	<b>1,903</b>	2,447	<b>317</b>	97

The reporting entity has two leases relating to office and production premises and one lease relating to a building. Other information about the leasing activities relating to the right-of-use assets are summarised as follows: remaining term ranged from 10 months to 46 months; there are no variable payments linked to an index; there is no option to extend the lease for a further term.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 26. LEASE LIABILITIES (CONTINUED)

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is disclosed in Note 32E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 14.

## 27. OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Contract liabilities	<b>823</b>	511	<b>178</b>	–

The contract liabilities represents consideration receivable during the reporting year that are unsatisfied as of the end of the reporting year. The contract liabilities are expected to be recognised within one year.

## 28. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Trade payables:</u>				
Outside parties	<b>1,415</b>	1,030	<b>49</b>	36
	<b>1,415</b>	1,030	<b>49</b>	36
<u>Other payables:</u>				
Related party (Note 3)	<b>74</b>	16	<b>74</b>	16
Outside parties and accrued liabilities*	<b>1,186</b>	1,039	<b>579</b>	489
	<b>1,260</b>	1,055	<b>653</b>	505
Total trade and other payables	<b>2,675</b>	2,085	<b>702</b>	541

\* Provision for restoration amounted to \$14,000 (2019: \$14,000) and is included as part of other payable.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 29. OTHER FINANCIAL LIABILITIES

	<b>Group</b>	
	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<u>Financial instruments with fixed interest rates:</u>		
Short-term bank loan	<b>202</b>	386

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:-

1. Corporate guarantee from the company.

The total outstanding for the short-term bank loan of \$202,000 (approximately RMB1,000,000) bears interest at a fixed rate of 5.44% per annum. The short-term bank loan is repayable on 7 December 2021. The fair value was a reasonable approximation of the carrying amount. The fair value of the bank loan was estimated by discounting the future cash flows payable under the terms of the loan using the year-end market interest rate applicable to loans of similar credit risk, terms and conditions (Level 2).

## 30. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Group and company</u>		
Not later than one year	<b>598</b>	319
Between one to two years	<b>598</b>	-
Between two to three years	<b>415</b>	-
	<b>1,611</b>	-
Rental income for the year (Note 5)	<b>486</b>	451

Operating lease income commitments are for the investment properties. The lease rental income terms are negotiated for an average term of three years.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 31. FINANCIAL INFORMATION BY OPERATING SEGMENTS

### 31A. INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR LOSS, ASSETS AND LIABILITIES

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standards on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the group is organised into the following major strategic operating segments that offer different products and services: (1) build-to-print and (2) customised automation within the non-semiconductor business. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting systems. This form the basis on management reports and the primary segment information that is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance.

The revised segments and the types of products and services are as follows:

The built-to-print segment is mainly engaged in contract equipment manufacturing activities.

The customised automation segment is mainly engaged in designing, developing, and manufacturing of automated equipment.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is the earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 31. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

### 31B. PROFIT OR LOSS FROM CONTINUING OPERATIONS AND RECONCILIATIONS

Segment information about these businesses is presented below:

	Built-to-print \$'000	Customised automation \$'000	Unallocated \$'000	Group \$'000
<b>Continuing operations 2020</b>				
<b>Revenue by segment</b>				
Total revenue by segment	7,395	4,850	–	12,245
Inter-segment sales	(591)	(1,650)	–	(2,241)
<b>Total revenue</b>	<b>6,804</b>	<b>3,200</b>	<b>–</b>	<b>10,004</b>
<b>Recurring EBITDA</b>				
Interest income	154	150	–	304
Finance costs	(112)	(30)	–	(142)
Depreciation	(653)	(678)	(189)	(1,520)
(Loss) Profit before tax from continuing operations	(533)	(2,879)	219	(3,193)
Income tax benefit				–
<b>Loss from continuing operations</b>				<b>(3,193)</b>
<b>Continuing operations 2019</b>				
<b>Revenue by segment</b>				
Total revenue by segment	9,522	2,235	–	11,757
Inter-segment sales	(977)	(957)	–	(1,934)
<b>Total revenue</b>	<b>8,545</b>	<b>1,278</b>	<b>–</b>	<b>9,823</b>
<b>Recurring EBITDA</b>				
Interest income	194	189	–	383
Finance costs	(119)	(43)	(43)	(204)
Depreciation	(464)	(798)	(189)	(1,452)
Loss before tax from continuing operations	(3,143)	(4,176)	(2,705)	(10,024)
Income tax benefit				88
<b>Loss from continuing operations</b>				<b>(9,936)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 31. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

### 31C. ASSETS AND RECONCILIATIONS

	Built-to-print \$'000	Customised automation \$'000	Unallocated \$'000	Group \$'000
<u>2020:</u>				
Total assets for reportable segments	12,267	11,058	8,194	31,519
<b>Total group assets</b>	<b>12,267</b>	<b>11,058</b>	<b>8,194</b>	<b>31,519</b>
<u>2019:</u>				
Total assets for reportable segments	9,318	8,773	8,383	26,474
<b>Total group assets</b>	<b>9,318</b>	<b>8,773</b>	<b>8,383</b>	<b>26,474</b>

### 31D. LIABILITIES AND RECONCILIATIONS

	Built-to-print \$'000	Customised automation \$'000	Unallocated \$'000	Group \$'000
<u>2020:</u>				
Total liabilities for reportable segments	3,548	2,055	–	5,603
<b>Total group liabilities</b>	<b>3,548</b>	<b>2,055</b>	<b>–</b>	<b>5,603</b>
<u>2019:</u>				
Total liabilities for reportable segments	3,324	2,105	–	5,429
<b>Total group liabilities</b>	<b>3,324</b>	<b>2,105</b>	<b>–</b>	<b>5,429</b>

### 31E. OTHER MATERIAL ITEMS AND RECONCILIATIONS

	Built-to-print \$'000	Customised automation \$'000	Unallocated \$'000	Group \$'000
Capital expenditure				
2020	14	19	–	33
2019	336	269	–	605

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 31. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

### 31F. GEOGRAPHICAL INFORMATION

The group's geographical segments 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. The group's operations are located in Singapore and China.

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
China	4,068	5,635	1,015	1,383
Singapore	1,605	338	9,468	10,468
Europe and USA	4,322	3,791	-	-
Asia excluding China and Singapore	9	59	-	-
Total continuing operations	<b>10,004</b>	9,823	<b>10,483</b>	11,851

	2020 \$'000	2019 \$'000
<b>Capital Expenditure:</b>		
China	-	14
Singapore	33	591
	<b>33</b>	605

### 31G. INFORMATION ABOUT MAJOR CUSTOMERS

	2020 \$'000	2019 \$'000
Top 1 customer in built-to-print segment	3,177	5,137
Top 2 customers in built-to-print segment	<b>5,390</b>	7,168
Top 1 customer in customised automation segment	1,650	956*
Top 2 customer in customised automation segment	<b>2,352</b>	-

\* There are no customers in this segment with revenue transactions of over 10% of the group revenue.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 32A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The following table categorises the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Financial assets:</u>				
Financial assets at amortised costs	<b>18,576</b>	11,280	<b>14,913</b>	16,471
At end of the year	<b>18,576</b>	11,280	<b>14,913</b>	16,471
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<b>4,780</b>	4,918	<b>1,019</b>	638
At end of the year	<b>4,780</b>	4,918	<b>1,019</b>	638

Further quantitative disclosures are included throughout these financial statements.

### 32B. FINANCIAL RISK MANAGEMENT

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market price risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines includes the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate enter into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risks.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## **32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)**

### **32C. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

### **32D. CREDIT RISK ON FINANCIAL ASSETS**

Financial assets are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables.

On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process. For purpose of impairment assessment, the deferred consideration and other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 32E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than		Total
	1 year \$'000	1 – 3 years \$'000	
Non-derivative financial liabilities:			
<u>2020:</u>			
Gross lease liabilities	748	1,276	2,024
Gross borrowings commitments	219	–	219
Trade and other payables	2,675	–	2,675
At end of the year	<b>3,642</b>	<b>1,276</b>	<b>4,918</b>
<u>2019:</u>			
Gross lease liabilities	755	1,927	2,682
Gross borrowings commitments	394	–	394
Trade and other payables	2,085	–	2,085
At end of the year	<b>3,234</b>	<b>1,927</b>	<b>5,161</b>
Company	Less than		Total
	1 year \$'000	1 – 3 years \$'000	
Non-derivative financial liabilities:			
<u>2020:</u>			
Gross lease liabilities	118	211	329
Trade and other payables	702	–	702
At end of the year	<b>820</b>	<b>211</b>	<b>1,031</b>
<u>2019:</u>			
Gross lease liabilities	98	–	98
Trade and other payables	541	–	541
At end of the year	<b>639</b>	<b>–</b>	<b>639</b>

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Financial guarantee in favour of a bank to secure bank facilities for subsidiaries – At the end of the reporting year no claims on the financial guarantees are expected to be payable.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 32E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS (CONTINUED)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 60 days (2019: 30 to 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year, no claims on the financial guarantees are expected.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Corporate guarantees in favour of financial institutions for facilities extended to:		
– Subsidiary	<b>1,313</b>	1,255

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Undrawn borrowing facilities	<b>3,028</b>	2,818	<b>1,918</b>	1,949

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 32F. INTEREST RATE RISK

Interest rate risk arises on interest-bearing financial instruments recognised in statements of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial liabilities with interest:				
Fixed rate	<b>2,105</b>	2,833	<b>317</b>	97
At end of the year	<b>2,105</b>	2,833	<b>317</b>	97
Financial assets with interest:				
Fixed rate	<b>12,702</b>	7,193	<b>12,500</b>	7,000
At end of the year	<b>12,702</b>	7,193	<b>12,500</b>	7,000

Sensitivity analysis: The effect on pre-tax profit is not significant.

### 32G. FOREIGN CURRENCY RISKS

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 32G. FOREIGN CURRENCY RISKS (CONTINUED)

Analysis of significant amounts denominated in major non-functional currencies.

Group	US dollar \$'000	Euro \$'000	Singapore dollar \$'000	Total \$'000
<u>2020:</u>				
<u>Financial assets:</u>				
Cash and cash equivalents	1,022	335	8	1,365
Trade and other receivables	683	–	8	691
Total financial assets	<b>1,705</b>	<b>335</b>	<b>16</b>	<b>2,056</b>
<u>Financial liabilities:</u>				
Trade and other payables	(22)	(47)	–	(69)
Total financial liabilities	(22)	(47)	–	(69)
Net financial assets at end of the year	<b>1,683</b>	<b>288</b>	<b>16</b>	<b>1,987</b>
<u>2019:</u>				
<u>Financial assets:</u>				
Cash and cash equivalents	704	1	–	705
Trade and other receivables	428	–	67	495
Total financial assets	1,132	1	67	1,200
<u>Financial liabilities:</u>				
Trade and other payables	–	(102)	–	(102)
Total financial liabilities	–	(102)	–	(102)
Net financial assets (liabilities) at end of the year	1,132	(101)	67	1,098

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 32G. FOREIGN CURRENCY RISKS (CONTINUED)

Company	US dollar \$'000	Euro \$'000	Total \$'000
<u>2020:</u>			
<u>Financial assets:</u>			
Cash and cash equivalents	576	–	576
Trade and other receivables	438	–	438
Total financial assets	1,014	–	1,014
<u>Financial liabilities:</u>			
Trade and other payables	–	(46)	(46)
Total financial liabilities	–	(46)	(46)
Net financial assets (liabilities) at end of the year	1,014	(46)	968
<u>2019:</u>			
<u>Financial assets:</u>			
Cash and cash equivalents	630	1	631
Trade and other receivables	116	–	116
Total financial assets	746	1	747
<u>Financial liabilities:</u>			
Trade and other payables	–	(102)	(102)
Total financial liabilities	–	(102)	(102)
Net financial assets (liabilities) at end of the year	746	(101)	645

There is exposure to foreign currency risk as part of its normal business. In particular, there is significant exposure to US dollars currency risk due to a significant portion of sales denominated in the US dollars. In this respect, the group enters into foreign currency contracts on a rollover basis for the purpose of hedging the excess of anticipated sales in US dollar over purchases in US dollars, when required.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the US\$ with all other variables held constant would have an unfavourable effect on pre-tax profit of	(168)	(113)	(101)	(75)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 32. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

### 32G. FOREIGN CURRENCY RISKS (CONTINUED)

The effect of Euro and Singapore dollar is not significant.

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction on the profit or loss.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

## 33. EVENTS AFTER THE END OF THE REPORTING YEAR

On 5 January 2021, the company's issued and paid up share capital was reduced from \$28,283,014 comprising 240,112,470 shares to \$20,314,302 comprising 240,112,470 shares.

Pursuant to the capital reduction, the company will make a cash distribution of \$7,923,712 to the qualifying shareholders of the company based on \$0.033 for each ordinary share in the capital of the company. Payment of the cash distribution arising from the capital reduction was made to the shareholders on 8 January 2021.

## 34. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS (I) 3	Definition of a Business – Amendments
SFRS (I) 1-1 and 1-8	Definition of Material – Amendments to
SFRS (I) PS 2	SFRS(I) Practice Statement 2 Making Materiality Judgements
SFRS (I) 16	Covid-19 Related Rent Concessions – Amendment to (effective from 30 June 2020)

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 35. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS (I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments to	1 Jan 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022

# SHAREHOLDERS' INFORMATION

As at 25 March 2021

I	Class of shares	:	Ordinary
	Number of ordinary shares in issue (excluding treasury shares)	:	240,112,470
	Voting rights	:	One vote per share

## STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
1 – 99	3	0.09	204	0.00
100 – 1,000	899	26.60	880,245	0.37
1,001 – 10,000	1,784	52.78	8,142,377	3.39
10,001 – 1,000,000	675	19.97	53,103,034	22.11
1,000,001 AND ABOVE	19	0.56	177,986,610	74.13
<b>TOTAL</b>	<b>3,380</b>	<b>100.00</b>	<b>240,112,470</b>	<b>100.00</b>

II Treasury Shares and Subsidiary Holdings – NIL

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MIT TECHNOLOGIES PTE LTD	120,627,910	50.24
2	RAFFLES NOMINEES (PTE.) LIMITED	20,484,500	8.53
3	KWONG KIM MONE	6,734,118	2.80
4	DBS NOMINEES (PRIVATE) LIMITED	4,054,300	1.69
5	CHAN KOK TUNG TOM	3,039,726	1.27
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,681,762	1.12
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,523,800	1.05
8	PHILLIP SECURITIES PTE LTD	2,515,200	1.05
9	LIM CHIN TONG	2,096,000	0.87
10	LIM & TAN SECURITIES PTE LTD	1,672,400	0.70
11	LOW BOON YONG	1,527,400	0.64
12	SEOW MING LIANG	1,485,000	0.62
13	KWONG KAM SENG	1,379,147	0.57
14	CHUA SOK KHIM	1,350,000	0.56
15	CITIBANK NOMINEES SINGAPORE PTE LTD	1,282,100	0.53
16	TAN ENG CHUA EDWIN	1,210,000	0.50
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,171,900	0.49
18	ESTATE OF KONG KIM YIT, DECEASED	1,139,147	0.47
19	IFAST FINANCIAL PTE. LTD.	1,012,200	0.42
20	LIM CHIN HUAT (LIN JINFA)	1,000,000	0.42
	<b>TOTAL</b>	<b>178,986,610</b>	<b>74.54</b>

# SHAREHOLDERS' INFORMATION

As at 25 March 2021

## TWENTY LARGEST SHAREHOLDERS

### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Kwong Kim Mone <sup>1</sup>	6,734,118	2.80	120,627,910	50.24
Kwong Kim Ho <sup>2</sup>	–	–	120,627,910	50.24
MIT Technologies Pte Ltd	120,627,910	50.24	–	–
Teo Ee Nam (Zhang Dailan) <sup>3</sup>	700,000	0.29	21,277,300	8.86

1 Kwong Kim Mone holds a total of 127,362,028 shares, of which 6,734,118 shares are held in his own name and 120,627,910 shares held in the name of MIT Technologies Pte Ltd ("MITT"). Kwong Kim Mone is deemed interested in the shares of MITT by virtue of section 7 of the Companies Act, Cap. 50.

2 Kwong Kim Ho is deemed interested in the shares of MITT by virtue of section 7 of the Companies Act, Cap. 50.

3 Teo Ee Nam (Zhang Dailan) is deemed to be interested in 19,246,700 Shares held in SCB trading account under the name of Raffles Nominees (Pte.) Limited, 1,035,100 Shares held in Citibank Nominees Singapore Pte Ltd and 995,500 Shares held in UOB SRS.

### PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

42.02% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **MANUFACTURING INTEGRATION TECHNOLOGY LTD.** (the “Company”) will be convened and held by way of electronic means on Wednesday, 28 April 2021 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 31 December 2020 together with the Independent Auditor’s Report thereon.  
**(Resolution 1)**
2. To note the retirements of the following Directors of the Company, who are retiring pursuant to Article 91 of the Company’s Constitution:  
  
Mr Lim Chin Tong  
Mr Kam Boon Cheong
3. To approve the payment of Directors’ Fees up to S\$150,000 for the financial year ending 31 December 2021, to be paid yearly in arrears (FY2020: up to S\$180,000).  
**(Resolution 2)**
4. To re-appoint Messrs RSM Chio Lim LLP as the Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.  
**(Resolution 3)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

### 6. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, 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 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), 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 twenty per centum (20%) 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 exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of Singapore Exchange Securities Trading Limited; 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 Listing Manual of the Singapore Exchange Securities Trading Limited 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 4)**

# NOTICE OF ANNUAL GENERAL MEETING

## 7. **Authority to issue shares under the MIT Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant awards in accordance with the provisions of the prevailing MIT Performance Share Plan (the "Plan") and (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) to allot and issue and/or deliver such number of fully-paid shares in the form of the existing shares held as treasury shares and/or the new shares as may be required to be delivered pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of shares (comprising new shares and/or treasury shares) to be delivered pursuant to the Plan, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 (ii)]

**(Resolution 5)**

## 8. **Authority to issue shares under the MIT Employee Share Option Scheme 2019**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing MIT Employee Share Option Scheme 2019 (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and MIT Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 (iii)]

**(Resolution 6)**

# NOTICE OF ANNUAL GENERAL MEETING

## 9. Proposed Renewal of the Share Buy Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “Companies Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the “Shares”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchases (each a “Market Purchase”) transacted on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) through the SGX-ST’s ready market trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) off-market purchases (each an “Off-Market Purchase”) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Buy Back Mandate”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; and
  - (ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buy Back Mandate are carried out in full to the Prescribed Limit mandated;
- (c) in this Ordinary Resolution:

“Prescribed Limit” means that number of issued Shares representing ten per centum (10%) of the total number of issued Shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of its issued share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any subsidiary holdings and Shares which are held as treasury shares will be disregarded for purposes of computing the ten per centum (10%) limit;

## NOTICE OF ANNUAL GENERAL MEETING

“Relevant Period” means the period commencing from the date of the Annual General Meeting at which the renewal of the Share Buy Back Mandate is approved and expiring on the date on which the next Annual General Meeting of the Company is held or required by law to be held, whichever is earlier; and

“Maximum Price”, in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as hereinafter defined) of the Shares; and
- (ii) in the case of an Off-Market Purchase, one hundred and twenty per centum (120%) of the Average Closing Price (as hereinafter defined) of the Shares,

where:

“Average Closing Price” means the average of the closing market prices of a Share traded on the SGX-ST over the last five (5) market days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs during the relevant five-day period and the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

- (d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Buy Back Mandate, in any manner as they think fit, which is permissible under the Companies Act; and
- (e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

[See Explanatory Note (iv)]

**(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed continued appointment of Mr Lee Yong Guan as Independent Director of the Company for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That contingent upon the passing of Ordinary Resolution 9 below, and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited which will take effect on 1 January 2022, shareholders to approve Mr Lee Yong Guan's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Lee Yong Guan's retirement or resignation as Director of the Company; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 9 below.

[See Explanatory Note (v)]

**(Resolution 8)**

11. **Proposed continued appointment of Mr Lee Yong Guan as Independent Director of the Company for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That contingent upon the passing of Ordinary Resolution 8 above, and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited which will take effect on 1 January 2022, shareholders (excluding Directors, Chief Executive Officer, and their associates) to approve Mr Lee Yong Guan's continued appointment as an Independent Director of the Company, this Resolution to remain in force until the earlier of Mr Lee Yong Guan's retirement or resignation as Director of the Company; or the conclusion of the third Annual General Meeting following the passing of Ordinary Resolution 8 above.

[See Explanatory Note (v)]

**(Resolution 9)**

By Order of the Board

Wong Yoen Har  
Company Secretary  
Singapore, 13 April 2021

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolution 4, 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, fifty per centum (50%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings), of which up to twenty per centum (20%) 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 in the capital of the Company (excluding treasury shares and subsidiary holdings) 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 and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 5, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting of the Company until 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 in the Company pursuant to the vesting of awards granted or to be granted under the Plan, provided always that the aggregate number of shares to be issued in respect of the Plan and Scheme collectively shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (iii) The Ordinary Resolution 6, 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 in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (iv) The Ordinary Resolution 7, if passed, will empower the Directors of the Company to buyback issued Shares from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued Shares (excluding subsidiary holdings and treasury shares) at the prices of up to but not exceeding the Maximum Price, in accordance with the terms and subject to the conditions set out in the Appendix to Shareholders dated 13 April 2021 (the "Appendix"), the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited. This authority will, unless revoked or varied at general meeting, continue in force until the earlier of (i) the date that the next Annual General Meeting of the Company is held or required by law to be held and (ii) the date on which the purchases or acquisitions of Shares are carried out in full to the Prescribed Limit mandated.

# NOTICE OF ANNUAL GENERAL MEETING

The Company may use internal sources of funds and/or external borrowings to finance the purchases or acquisitions of its Shares pursuant to the Share Buy Back Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of Annual General Meeting as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital and/or profits, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Purely for illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 December 2020, based on certain assumptions, are set out in paragraph 2.7 of the Appendix. Please refer to the Appendix for more details.

- (v) Ordinary Resolutions 8 and 9 are to seek approvals from the shareholders via a Two-Tier Voting process for Mr Lee Yong Guan to continue in office as Independent Director of the Company for a three-year term, with effect from the passing of these resolutions proposed at the Annual General Meeting, until the conclusion of the third annual general meeting of the Company following the passing of these resolutions. The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such Directors who have, over time, gained valuable insights into the Group, its market and the industry.

The Nominating Committee and the Board have determined that Mr Lee Yong Guan remains objective and independent minded in Board deliberations. His vast experience enable him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any way interfere with his exercise of independent judgment nor hinder his ability to act in the best interests of the Company. Additionally, Mr Lee Yong Guan fulfils the definition of Independent Director of the Listing Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance 2018. More importantly, the Board trusts that Mr Lee Yong Guan is able to continue to discharge his duties independently with integrity and competency.

Mr Lee Yong Guan will, upon re-election as Director of the Company, remain as Lead Independent Director, Chairman of the Audit Committee and member of the Nominating Committee, Remuneration Committee and Investment Committee. There are no relationships (including family relationships) between Mr Lee Yong Guan and the other Directors, the Company, its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr Lee Yong Guan to be independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**Printed copies of the following documents will not be sent to members. Instead, these documents can be assessed at the Company website (<https://www.mitech-ltd.com.sg>) or on the SGX website (<https://www.sgx.com/securities/company-announcements>):-**

1. **Annual Report 2020**
2. **Appendix to Shareholders**
3. **Notice of Annual General Meeting**
4. **Proxy Form**

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

- (1) The Annual General Meeting (“AGM”) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- (2) The Company is arranging for a live webcast and live audio feed of the AGM proceedings (the “**Live AGM Webcast**” or “**Live AGM Audio Feed**”) which will take place on Wednesday, 28 April 2021 at 10.00 a.m. in place of the physical AGM. Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed, and the Company will not accept any physical attendance by members.
- (3) Members will be able to participate in the AGM in following manner set out in the paragraphs below.

### Live AGM Webcast and Live AGM Audio Feed:

- (a) Members may watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed. To do so, members will need to pre-register at <http://bit.ly/MITAGM2021> (the “**Registration Link**”) by 10.00 a.m. on 25 April 2021 (the “**Registration Deadline**”) to enable the Company to verify their status.
- (b) Following verification, authenticated members will receive an email by 10.00 a.m. on 27 April 2021 containing a link to access the Live AGM Webcast of the AGM proceedings or a toll-free telephone number to access the Live AGM Audio Feed of the AGM proceedings, according to their preferred mode of accessing the AGM proceeding selected during the pre-registration process.
- (c) Members must not forward the abovementioned link or telephone number to other persons who are not members of the Company and who are not entitled to attend the AGM.
- (d) Members who have registered by the Registration Deadline but did not receive an email response by 10.00 a.m. on 27 April 2021 may contact the Company by email at [meeting@mitech-ltd.com.sg](mailto:meeting@mitech-ltd.com.sg). Members will need to identify themselves by providing the following details:
  - (i) The member’s full name as it appears in the share records;
  - (ii) The member’s NRIC/Passport/UEN Number;
  - (iii) The member’s contact number and email address; and
  - (iv) The manner in which the member holds the shares in the Company (e.g. via CDP/CPF/SRS).

### Submission of Proxy Forms to Vote:

- (a) Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of AGM to cast votes on their behalf.
- (b) Members (whether individual or corporate) appointing the Chairman of AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of AGM as proxy for that resolution will be treated as invalid.
- (c) The Chairman of AGM, as proxy, need not be a member of the Company.
- (d) The proxy form, duly completed and signed, must be submitted by:
  - (i) mail to the registered office of the Company at Block 5004 Ang Mo Kio Ave 5, #05-01, TECHplace II, Singapore 569872; or
  - (ii) email to [meeting@mitech-ltd.com.sg](mailto:meeting@mitech-ltd.com.sg),

in either case, by no later than 10.00 a.m. on 26 April 2021, being 48 hours before the time fixed for the AGM.

**Members are strongly encouraged to submit completed proxy forms electronically via email in view of the current COVID-19 situation.**

# NOTICE OF ANNUAL GENERAL MEETING

- (e) Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act, including investors under the Central Provident Fund and the Supplementary Retirement Scheme (the “**CPF and SRS Investors**”), who wish to exercise their votes by appointing the Chairman of AGM as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on 16 April 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of AGM to vote on their behalf by 10.00 a.m. on 26 April 2021.

## **Submission of Questions in Advance:**

- (a) **Please note that members will not be able to ask questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the AGM.**
- (b) Members may submit questions relating to the agenda of the AGM from now till 10.00 a.m. on 25 April 2021, via email to [meeting@mitech-ltd.com.sg](mailto:meeting@mitech-ltd.com.sg) or via the Registration Link.
- (c) The Company will endeavour to address the substantial and relevant questions before or during the AGM. The responses to questions from members will be posted on the SGXNet soonest possible before the AGM, or if answered during the AGM.

## **Investors who hold Shares through Relevant Intermediaries (as defined in Section 181 of the Companies Act):**

- (a) Such investors (including CPF and SRS Investors) who wish to participate in the AGM by:
  - (i) observing or listening to the AGM proceedings contemporaneously via the Live AGM Webcast or the Live AGM Audio Feed;
  - (ii) submitting questions in advance of the AGM; and/or
  - (iii) voting by appointing the Chairman of AGM as proxy at the AGM,

should contact the relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

**IMPORTANT REMINDER: Members should also note that the Company may be required to make further changes to its AGM arrangements at short notice, the members should keep abreast of the Company’s announcements that may be made from time to time on SGXNet.**

The Company wishes to thank all members for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

## **Personal data privacy:**

By submitting an instrument appointing the Chairman of 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of AGM as proxy appointed 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 or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

# MANUFACTURING INTEGRATION TECHNOLOGY LTD.

Company Registration No. 199200075N  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT

1. The Annual General Meeting will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the Annual General Meeting by way of electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the Notice of Annual General Meeting dated 13 April 2021.
3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 16 April 2021.
4. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2021.

*Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. A printed copy of this proxy form will not be despatched to members.*

I/We \_\_\_\_\_

of \_\_\_\_\_  
being a member/members of **MANUFACTURING INTEGRATION TECHNOLOGY LTD.** (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be convened and held by way of electronic means on Wednesday, 28 April 2021, at 10.00 a.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	Number of Votes For <sup>(1)</sup>	Number of Votes Against <sup>(1)</sup>	Number of Votes Abstain <sup>(1)</sup>
Ordinary Business				
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2.	Approval of Directors' Fees up to S\$150,000 for the financial year ending 31 December 2021			
3.	Re-appointment of Messrs RSM Chio Lim LLP as Independent Auditor			
Special Business				
4.	Authority to issue new shares			
5.	Authority to issue shares under the MIT Performance Share Plan			
6.	Authority to issue shares under the MIT Employee Share Option Scheme 2019			
7.	Proposed Renewal of the Share Buy Back Mandate			
8.	Approval of Mr Lee Yong Guan's continued appointment as Independent Director in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited which takes effect on 1 January 2022			
9.	Approval of Mr Lee Yong Guan's continued appointment as Independent Director by shareholders (excluding Directors, Chief Executive Officer, and their associates) in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited which takes effect on 1 January 2022			

(1) If you wish the Chairman of the Meeting as your proxy to cast all your votes For or Against a resolution, please tick within the box in respect of that resolution. Alternatively, please indicate the number of votes For or Against in the For or Against box in respect of that resolution.

If you wish the Chairman of the Meeting as your proxy to Abstain from voting on a resolution, please tick in the Abstain box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the Abstain box in respect of that resolution.

In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

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

**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.  
A member will not be able to vote online or through the live webcast and live audio-feed on the resolutions to be tabled for approval at the Meeting. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of the Meeting to cast votes on their behalf. Member (whether individual or corporate) appointing the Chairman of the Meeting as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
2. The Chairman of the Meeting, as a proxy, need not be a member of the Company.
3. 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 common seal or under the hand of its attorney or a duly authorised officer.

(1) Fold along this line

Affix  
Postage  
Stamp

**Manufacturing Integration Technology Ltd.**  
Block 5004 Ang Mo Kio Ave 5  
#05-01 TECHplace II  
Singapore 569872

(2) Fold along this line

4. Where an instrument appointing Chairman of the Meeting as proxy is signed and authorised on behalf of the appointor by an attorney, the letter of power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. The instrument appointing Chairman of the Meeting as proxy, duly executed, must be deposited at the Company's registered office at Block 5004 Ang Mo Kio Ave 5, #05-01, TECHplace II, Singapore 569872; or emailed to [meeting@mitech-ltd.com.sg](mailto:meeting@mitech-ltd.com.sg), not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.  
A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.  
**Members are strongly encouraged to submit completed proxy forms via email to the email address provided above in view of the current COVID-19 situation.**
6. 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. In addition, in the case of the members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE

LIM CHIN HONG  
(Executive Director and  
Chief Executive Officer)

### NON-EXECUTIVE

KWONG KIM MONE  
(Non-Executive and  
Non-Independent Chairman)

LIM CHIN TONG  
(Non-Executive and  
Non-Independent Director)

LEE YONG GUAN  
(Lead Independent Director)

POW TIEN TEE  
(Independent Director)

KAM BOON CHEONG  
(Independent Director)

## BOARD OF COMMITTEES

### AUDIT COMMITTEE

LEE YONG GUAN  
(Chairman)

POW TIEN TEE  
KAM BOON CHEONG

### NOMINATING COMMITTEE

KAM BOON CHEONG  
(Chairman)

KWONG KIM MONE  
LEE YONG GUAN  
POW TIEN TEE  
LIM CHIN HONG

### REMUNERATION COMMITTEE

POW TIEN TEE  
(Chairman)

LEE YONG GUAN  
KAM BOON CHEONG  
LIM CHIN TONG

### INVESTMENT COMMITTEE

KWONG KIM MONE  
(Chairman)

LIM CHIN HONG  
LEE YONG GUAN  
POW TIEN TEE  
KAM BOON CHEONG  
LIM CHIN TONG

## COMPANY SECRETARY

WONG YOEN HAR

### REGISTERED OFFICE

Blk 5004 Ang Mo Kio Ave 5  
#05-01, TECHplace II,  
Singapore 569872  
Tel: +65 6867 8052  
Fax: +65 6261 3181  
Website: [www.mitech-ltd.com.sg](http://www.mitech-ltd.com.sg)  
Co. Registration No.: 199200075N

### SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte. Ltd.  
50 Raffles Place, #32-01  
Singapore Land Tower  
Singapore 048623  
Tel: +65 6536 5355  
Fax: +65 6536 1360

### AUDITORS

RSM Chio Lim LLP  
Public Accountants and Certified  
Public Accountants  
8 Wilkie Road, #03-08 Wilkie Edge  
Singapore 228095

### AUDIT PARTNER-IN-CHARGE

Uthaya C Ponnusamy  
Partner-in-charge since financial  
year ended 31 December 2020

### PRINCIPAL BANKER

United Overseas Bank Limited



**Manufacturing Integration Technology Ltd**

BLK 5004, ANG MO KIO AVE 5 #05-01 TECHPLACE II,  
SINGAPORE 569872

TEL +65 68678052 FAX +65 62613181  
[www.mitech-ltd.com.sg](http://www.mitech-ltd.com.sg)