

2023

ANNUAL REPORT



CORPORATE PROFILE

JEP Holdings Ltd. is a leading solution provider of precision machining and engineering services, with a primary focus on the aerospace industry. With over 30 years of operating history, we have built up a strong value chain to provide seamless manufacturing solutions to our clients. All of our operations are supported by an experienced and passionate workforce, strong networks of established customers and suppliers, and stringent quality systems.

The Group's main operating subsidiary, JEP Precision Engineering Pte. Ltd. ("JEPS"), was acquired by the Group in 2007. Accredited with AS9100, ISO 45001 and NADCAP, JEPS has built a track record as a reliable sub-contractor for aerospace components since beginning operations in 1990 and is now part

of the global supply chain for the world's leading aircraft manufacturers.

The Group is headquartered in Singapore, and operates out of three facilities equipped with state of the art machinery for manufacturing and the provision of secondary processes related to engineering services. The Group also owns a large format precision engineering company, Dolphin Engineering Pte. Ltd., and a trading business, JEP Industrades Pte. Ltd., which markets cutting tools used in manufacturing activities for various industries such as aerospace, mould and die.

The Group has been listed on SGX Catalyst since 2004.

OUR VISION

To be a leader in seamless manufacturing solution and be an integrated part of our customers' success.

OUR MISSION

To be the foremost strategic partner to our customers who demand the highest standards in terms of efficiency and effectiveness.



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This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made, or reports contained in this Annual Report.

The contact person for the Sponsor:

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E-mail : sponsor@rhtgoc.com

CHAIRMAN'S STATEMENT

// We continue expanding our Aerospace product portfolio to meet evolving customer needs and enhancing manufacturing processes, developing innovative solutions in the semiconductor business to align with market demands. //

ANDY LUONG
Executive Chairman and Chief Executive Officer



DEAR SHAREHOLDERS,

I am pleased to present JEP Holdings Ltd.'s ("JEP" or the "Group") Annual Report for the financial year ended 31 December 2023 ("FY2023"). Despite challenging macro-economic conditions and market uncertainties, the Group delivered a commendable performance, maintaining profitability across all business segments.

In FY2023, JEP achieved a net attributable profit of S\$1.7 million on revenue of S\$58.1 million. While these figures show a decline compared to the previous year, mainly due to the semiconductor market slowdown, it is crucial to note the stabilization in our performance during the second half of the year.

OUTLOOK AND STRATEGIES

In FY2023, all business segments remained profitable, with the Aerospace business experiencing a notable 51.7% increase in sales compared to FY2022. This positive trend, coupled with the anticipated recovery in the global aviation sector and the semiconductor market, instills confidence in our future prospects despite ongoing global challenges.

According to the International Air Transport Association (IATA), the industry is expected to further strengthen and become more profitable in 2024. An estimated 4.7 billion people are expected to travel by air in 2024, about 4% more than pre-pandemic levels.¹ We foresee a significant recovery in our Aerospace business, supported by volume production of complex and high-value-added parts from our strategic customers.

Despite these challenges, JEP remains committed to strategic objectives, especially in the Aerospace and Semiconductor sectors. We continue expanding our Aerospace product portfolio to meet evolving customer needs and enhancing manufacturing processes, developing innovative solutions in the semiconductor business to align with market demands.

In terms of strategies, the Group remains focused on cost reduction and operational efficiency. Our relocation to Penang, Malaysia, aims to lower operating costs, and we remain open to merger and acquisition opportunities to enhance capabilities, profitability, and market exposure.

APPROACH TO SUSTAINABILITY

At JEP, we prioritise sustainability, actively promoting corporate social responsibility through community initiatives. In FY2023, we installed solar panels at our Seletar plant, extending this initiative to our new plant in Malaysia in year 2024. Our commitment to sustainability includes good corporate governance, health and safety standards, environmental conservation, and resource efficiency. Through sustainable production practices, waste reduction, and fostering a positive workplace culture, we aim to create long-term value for stakeholders and contribute to a more sustainable future.

APPRECIATION

On behalf of the Board, we express gratitude to customers, shareholders, business partners, and suppliers for their ongoing support.

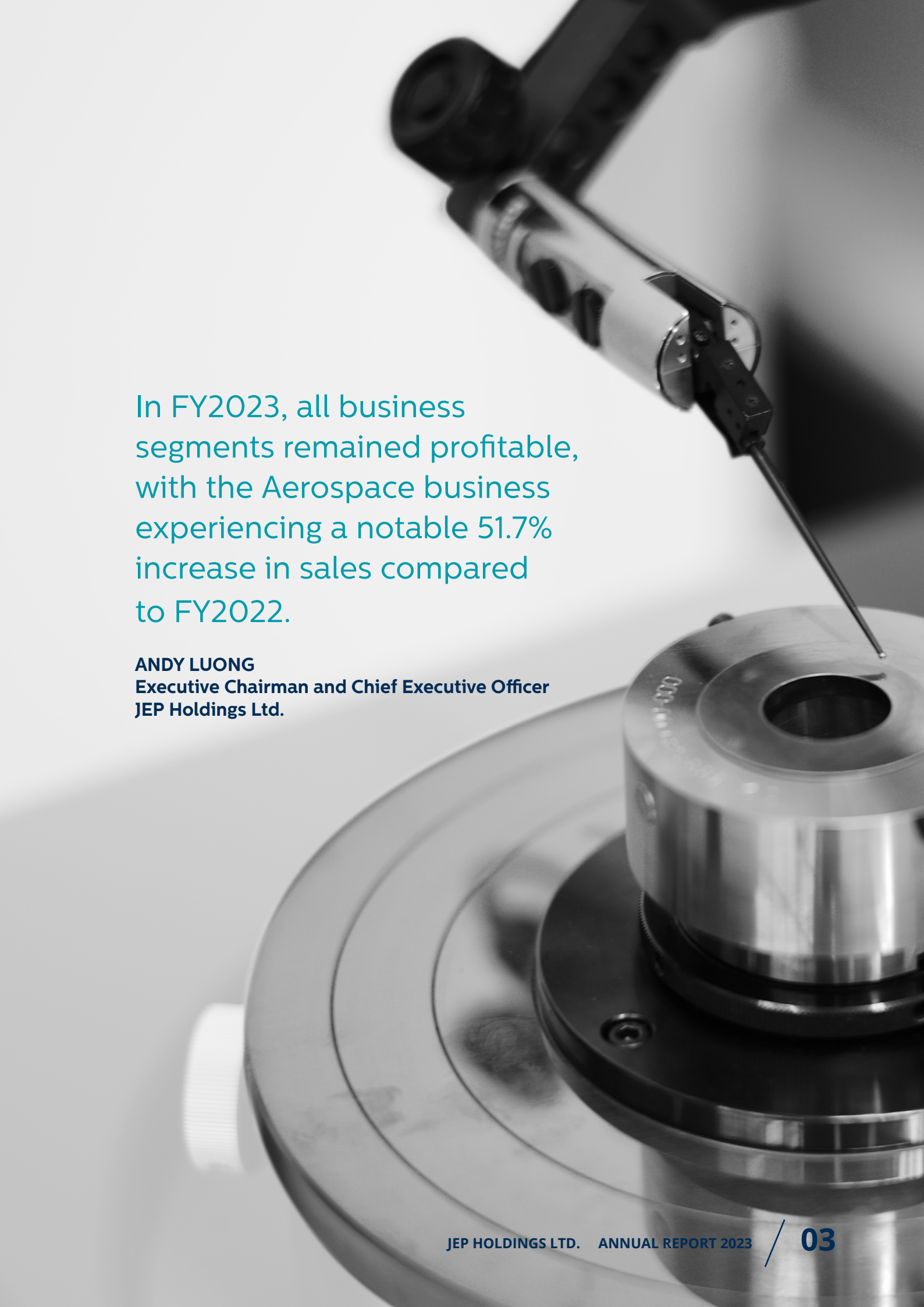
A warm welcome to Mr. Tan Wei Shyan, our newest Board member, leading the Remuneration Committee, and member of the Audit and Nomination Committee. Special thanks to Mr. Wong Gang, who will be stepping down before the Annual General Meeting, for his contributions.

Heartfelt appreciation goes to all staff and management for their hard work and dedication.

ANDY LUONG
Executive Chairman and Chief Executive Officer
JEP Holdings Ltd.

Source:

1 <https://www.straitstimes.com/world/47b-people-expected-to-travel-by-air-in-2024-about-4-more-than-pre-pandemic-levels-iata#:~:text=4.7b%20people%20expected%20to,levels%3A%20IATA%20%7C%20The%20Straits%20Times>

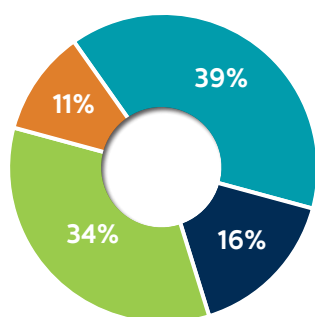


In FY2023, all business segments remained profitable, with the Aerospace business experiencing a notable 51.7% increase in sales compared to FY2022.

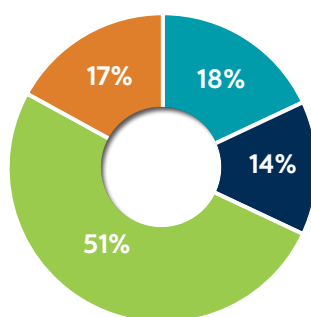
ANDY LUONG
Executive Chairman and Chief Executive Officer
JEP Holdings Ltd.

BUSINESS HIGHLIGHTS

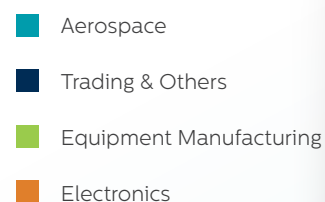
REVENUE BY INDUSTRY



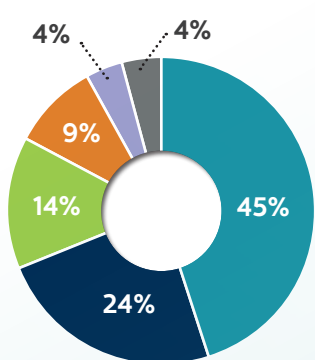
FY2023



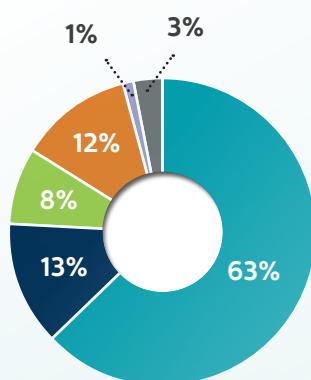
FY2022



REVENUE BY REGION



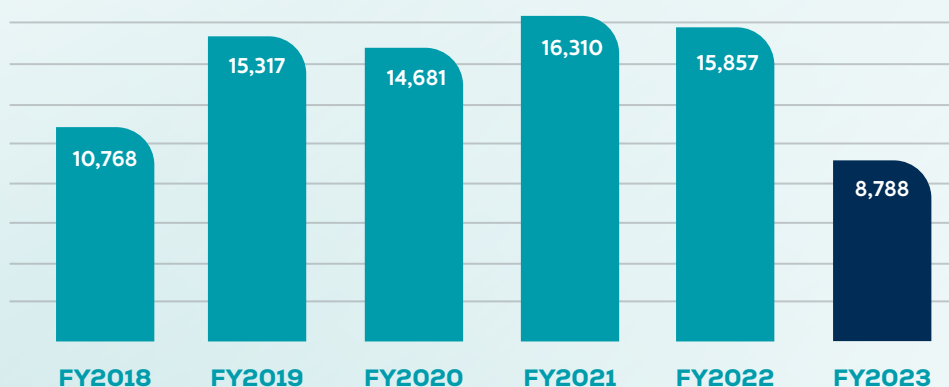
FY2023



FY2022



EBITDA S\$'000



FINANCIAL HIGHLIGHTS

\$76.5

MILLION

GROUP
TOTAL NET
ASSETS
VALUE



\$58.1

MILLION
REVENUE



\$8.8

MILLION
EBITDA



\$1.3

MILLION

PROFIT TO
EQUITY
OWNERS



0.406

CENTS
EARNINGS PER
SHARE



18.5

CENTS
NET ASSETS
VALUE
PER SHARE



OPERATION REVIEW



In FY2023, the Group encountered challenges arising from the global semiconductor demand slowdown and economic headwinds, leading to a lower overall performance for the year. However, despite these obstacles, the Group maintained profitability and a healthy financial position, reflecting its resilience and strength in the face of global market challenges and industry risks.

The Group posted a pre-tax profit of S\$2.1 million in FY2023, compared to S\$9.2 million in FY2022, with revenue decreasing by 29.6% to S\$58.1 million. Despite the decline in revenue, all business segments remained profitable. In FY2023, the Group invested S\$3.0 million in machinery and equipment, totaling approximately S\$10.1 million over the two-year period, aimed at improving its ability to provide additional complex manufacturing services to existing and potential customers.

The aerospace industry remained the primary revenue driver for the Group, generating S\$22.7 million in FY2023, up from S\$15.0 million in FY2022. This segment remains crucial to the Group's revenue stream, supported by the robust performance of the global aerospace industry. Furthermore, the aerospace sector is experiencing a strong rebound in global air travel, leading to a surge in demand for aircraft. This underscores its significance in driving the Group's growth.

PRECISION MACHINING

Revenue in the Precision Machining segment remained relatively stable at S\$29.1 million in FY2023 compared to S\$29.2 million in FY2022. Profit for this segment fell by 55.5% to S\$1.4 million, owing to higher production costs than in FY2022. This segment primarily comprises two sectors: electronic components and the aerospace sector. The performance of this segment was lifted by a stronger contribution from the Group's aerospace business.

In FY2023, aerospace sales grew by almost 51.7% to S\$22.7 million from S\$15.0 million in the previous year. The improved aerospace revenue was driven by the rise in global air travel, benefiting from increased sales to China, the USA, and Canada as these countries reopened their borders during the period. In contrast, revenue from electronic components dropped from S\$14.2 million in FY2022 to S\$6.3 million in FY2023 due to lower global demand for semiconductors.

OPERATION REVIEW

EQUIPMENT MANUFACTURING

The Equipment Manufacturing segment posted a profit of S\$0.6 million on sales of S\$19.9 million, a decrease of 52.4% compared to S\$41.7 million in FY2022. The decrease in revenue was impacted by the lower global demand for semiconductors.

According to SEMI, while there was a temporary contraction in 2023 due to the cyclical nature of the semiconductor market, semiconductor manufacturing equipment growth is expected to resume in 2024, with sales forecast to reach a new high of \$124 billion in 2025, supported by both the front-end and back-end segments.¹

Additionally, global semiconductor capacity is expected to increase 6.4% in 2024 to top the 30 million wafers per month (wpm) mark for the first time after rising 5.5% to 29.6 wpm in 2023, SEMI announced today in its latest quarterly World Fab Forecast report. The 2024 growth will be driven by capacity increases in leading-edge logic and foundry applications including generative AI and high-performance computing (HPC), and the recovery in end-demand for chips. The capacity expansion slowed in 2023 due to softening semiconductor market demand and the resulting inventory correction.²

TRADING AND OTHERS

In FY2023, the Trading & Others segment's profit decreased by 14.1% to S\$1.3 million on sales of S\$9.2 million, which declined by 20.9% from the previous year due to low demand for industrial manufacturing equipment globally. Despite encountering these challenges, the Group remains steadfast in its commitment to a proactive strategy, focusing on exploring and developing new markets, diversifying its trading segment's customer base, and expanding its product range.

These factors are expected to persist and continue to influence the business environment in the near term. In light of this, the Group remains vigilant and committed to implementing prudent measures to ensure sustainable growth in the coming year. With our healthy financial position, the Group is well-poised to capitalize on new market opportunities across all core business segments, thereby driving growth.



Source:

- 1 GLOBAL TOTAL SEMICONDUCTOR EQUIPMENT SALES FORECAST TO REACH RECORD \$124 BILLION IN 2025, SEMI REPORTS
<https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-total-semiconductor-equipment-sales-forecast-to-reach-record-%24124-billion-in-2025-semi-reports>
- 2 <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-semiconductor-capacity-projected-to-reach-record-high-30-million-wafers-per-month-in-2024-semi-reports>

FINANCIAL REVIEW



FINANCIAL PERFORMANCE

In FY2023, the Group achieved a net attributable profit of S\$1.7 million on sales of S\$58.1 million for the year – which were lower by 77.9% and 29.6% respectively, compared to FY2022. Group profit before tax dropped by 76.9% to S\$2.1 million from S\$9.2 million in FY2022.

Compared to FY2022, the Equipment Manufacturing segment posted a profit of S\$0.6 million (S\$5.8 million in FY2022) on sales of S\$19.9 million, down 52.4% from S\$41.7 million in FY2022. The Trading & Others segment's profit dipped 14.1% to S\$1.3 million on sales of S\$9.2 million, down 20.9% from the previous year due to low demand from industrial manufacturing equipment globally. Sales in the Precision Machining segment remained relatively stable at S\$29.1 million in FY2023 compared to S\$29.2 million in FY2022.

All the Group's key markets, except Singapore and Malaysia, reported higher sales. China's sales soared by 13.3% from S\$6.9 million in FY2022 to S\$7.8 million in FY2023. This increase is mainly attributable to the Precision Machining segment under the Aerospace sector, which grew by 169.2% from S\$1.5 million to S\$4.0 million. This growth was partially offset by the fall in sales in the Trading & Others segment, decreasing by S\$1.6 million from S\$5.4 million. Sales in the Canada increased by 142.5% from S\$1.1 million in FY2022 to S\$2.6 million in FY2023, driven by sales growth in the Precision Machining segment. Sales in the USA reported a 35.8% increase, rising from S\$10.4 million

to S\$14.1 million, mainly attributable to the increase in sales from the Precision Machining segments.

Sales in these three geographical markets were lifted by the robust recovery of the Aerospace industry during the period under review.

The cost of sales decreased by 25.0% from S\$66.1 million in FY2022 to S\$49.6 million in FY2023. The gross margin decreased 5.2% compared to 20.0% in FY2022. This decrease was attributed to the Group's product mix, with lower sales of higher-margin components and an increase in input costs.

Despite the lower revenue, attributable to various economic challenges and market uncertainties, the Group remained profitable in FY2023.

Other operating income remained relatively constant compared to FY2022. This was primarily due to the composition of grant amounts received, gains on the disposal of property, plant and equipment, interest income, and dormitory occupancy income, which were offset against foreign exchange losses.

Selling expenses mainly comprise staff costs of the Group's sales and marketing staff, outward freight, traveling and marketing expenses, and other related expenses. The expenses in FY2023 decreased by 23.4% compared to FY2022, primarily due to lower production volume during the year.

FINANCIAL REVIEW

Administrative expenses mainly comprise staff costs, directors' fee and compensation, depreciation charge in relation to non-production assets, amortisation of intangible assets, professional fees, and other office expenses. In FY2023, the decrease of 6.0% was mainly due to lower production volume during the year.

Finance costs decreased by S\$0.09 million from S\$0.74 million in FY2022 to S\$0.65 million in FY2023, mainly due to lesser borrowings made and repayment loan during the year.

The Group recorded a total income tax expense of S\$0.4 million in FY2023 compared to S\$1.6 million in FY2022, the decrease in the income tax expenses was due to lower profits made during the year.

Reflecting the Group's performance, earnings per share ("EPS") for FY2023 fell 77.8% to 0.406 cents from 1.832 cents in FY2022. Group net asset value ("NAV") per share increased slightly to 18.5 cents at the end of 31 December 2023 compared to 18.2 cents as of 31 December 2022.

BALANCE SHEET

Total non-current assets decreased by S\$0.9 million, mainly due to a net decrease of S\$0.9 million in property, plant, and equipment.

Inventories and trade and other receivables remained relatively constant compared to FY2022.

Trade and other payables decreased by S\$4.4 million from S\$15.9 million as at 31 December 2022 to S\$11.5 million as at 31 December 2023. This reduction was mainly due to fluctuations arising from the timing of payments made to creditors and lower purchases during the year.



The Group total lease liabilities decreased by S\$0.1 million from S\$6.1 million as at 31 December 2022 to S\$6.0 million as at 31 December 2023. The reduction was due to a repayment in relation of leased property, plant and equipment.

The Group total loans and borrowings decreased by S\$2.4 million from S\$20.9 million as at 31 December 2022 to S\$18.5 million as at 31 December 2023. This decrease was due to term loans repayment of S\$2.4 million.

Deferred tax liabilities increased by S\$0.2 million to S\$4.8 million in FY2023 from S\$4.6 million in FY2022 primarily due to deferred tax expenses arising from the origination and reversal of temporary differences.

CASH FLOWS

Net cash generated from operating activities decreased by S\$16.8 million from S\$20.2 million in FY2022 to S\$3.4 million in FY2023, mainly due to lower income generated from operating activities.

Net cash used in investing activities was mainly related to capital expenditure incurred for the purchase of machinery, equipment and the progressive construction cost of a new factory in Penang, Malaysia.

Net cash used in financing activities was for the repayment of term loans and lease liabilities.

The Group's financial position remained healthy with net cash and cash equivalents of S\$19.2 million at the end of December 2023.

BOARD OF DIRECTORS



MR. ANDY LUONG
Executive Chairman and Chief Executive Officer

Date of first appointment as a Director:
22 February 2018

Date of last re-election as a Director:
19 April 2023

Mr. Andy Luong was appointed as Executive Chairman and Chief Executive Officer of the Company on 22 February 2018 and 1 June 2018 respectively.

As the leader of the Group, he has more than 20 years of experience in manufacturing front-end semiconductor components. He acquired his machining skills through his experience in working in his family machining business in Vietnam. He emigrated to the USA from Vietnam in 1979 and shortly after college, started a precision business called Long's Manufacturing, Inc.

Mr. Andy Luong currently is also the Executive Chairman and Chief Executive Officer of the UMS Holdings Limited, a SGX Mainboard-listed company.



MR. ZEE HOONG HUAY
Executive Director

Date of first appointment as a Director:
27 August 2015

Date of last re-election as a Director:
26 April 2022

Mr. Zee Hoong Huay, the co-founder and Managing Director of JEP Industrades Pte. Ltd. ("JEPI") joined the Company as Executive Director on 27 August 2015.

Mr. Zee is a veteran and proven personnel in the metal tooling and precision engineering industries with over 30 years of industrial experience and capabilities. He co-founded JEPI in 1986 as a trading company that markets cutting tools and spearheads its overall direction, sales and marketing strategies. JEPI is now a leading distributor for cutting tool solutions and distributes its manufactured products to the aerospace, mould and die, and oil and gas segments across the Southeast Asia Pacific regions.

Mr. Zee holds a Diploma in Industrial Management, Manufacturing Engineering.

BOARD OF DIRECTORS



MR. WONG GANG Lead Independent Director

Chairman of Remuneration Committee
Member of Audit Committee
Member of Nominating Committee

Date of first appointment as a Director:
1 November 2006

Date of last re-election as a Director:
19 April 2023

Graduated from the National University of Singapore in 1995 with Bachelor of Law (Hons) and was admitted as advocate and solicitor to the Supreme Court of Singapore in 1996. Mr. Wong Gang joined the Company as an Independent Director on 1 November 2006.

A partner since 2002 at Shook Lin & Bok LLP, a law firm in Singapore, with more than 20 years' experience advising on a wide range of corporate finance and securities transactions, stock market flotation, securities regulation, corporate governance and compliance for public listed companies, mergers and acquisitions, as well as general corporate legal advisory work.

Head of Shook Lin & Bok LLP's China practice group and has advised multinational corporations and Singapore companies on cross border transactions in China, as well as on public offerings of securities in Singapore by companies from China, Hong Kong and South-East Asia.



MR. KONG CHEE KEONG Independent Director

Chairman of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

Date of first appointment as a Director:
25 April 2018

Date of last re-election as a Director:
22 April 2021

Mr. Kong is a Chartered Accountant of Singapore with over three decades of corporate development, accounting, and governance experience across various industries. He holds a Bachelor of Accountancy from the National University of Singapore and a MBA from the University of Manchester. He is a member of the Institute of Singapore Chartered Accountants and a fellow member of the Singapore Institute of Directors.

His career commenced at Ernst & Young LLC in 1991, culminating in the role of Audit Manager by 1997. He then progressed through the private equity arm of ING Barings at Baring Communications Equity Asia Pte Ltd until 2004 when he was a Senior Investment Manager. Following this, he transitioned into leadership roles at NewBiomed Pte Ltd, a biotech development start-up, as its Director and CFO, and at Top Global Limited as CFO in 2006. In 2007, he took on similar responsibilities at HealthTrends Medical Investments Pte Ltd, a group specializing in medical aesthetics and specialty treatments, serving as its Director, Senior Vice President of corporate development, and CFO. He started Penvest Co Pte Ltd in 2011, where he owned and developed several clean energy projects. He then led Darco Water Technologies Limited as Executive Director and CEO from 2021 to 2022.

Currently, Mr. Kong also serves as an Independent Director at Ever Glory United Holdings Limited where he chairs the remuneration committee and is a member of its audit and nominating committee.



MS. LEE SOOK WAI, IRENE Independent Director

Chairperson of Nominating Committee
Member of Audit Committee
Member of Remuneration Committee

Date of first appointment as a Director:
8 July 2019

Date of last re-election as a Director:
26 April 2022

Ms. Irene Lee has many years of experience in the technology industry and has held leadership positions at numerous technology companies. Since 2020, she has been an Investment Officer at Singapore-based family office Little Rain Pte Ltd, participating in Technology Investment & Due Diligence. Ms. Lee also holds director positions at Key Point (S) Pte Ltd and Amethyst Micrometric (S) Pte Ltd, starting in 2022. She has been a board member at Comet Holding AG since 2023.

Ms. Lee has 39 years of professional experience. She started her career in 1980 at Varta Singapore. She then worked as the only female engineer in the design, installation, set-up and commissioning of pressure vessels for oil and gas exploration on new platforms for Hughes Offshore. In 1987, Ms. Lee joined Seagate Technology International Inc. where she held various management positions for 24 years including Vice President of Quality. She joined Kulicke & Soffa Inc as Chief Quality Officer in 2012 and expanded her role to SVP Global Operations till 2019.

Ms. Lee holds a Master of Business Administration (MBA) from the University of Leeds, UK and an Executive MBA from Harvard Business School, in addition to a Diploma in Mechanical Engineering from Singapore Polytechnic.

KEY EXECUTIVES



MS. PANG SU CHUN
Group Financial Controller
JEP Holdings Ltd.

Ms. Pang Su Chun joined the Group on 7 August 2021 as Group Financial Controller. She is responsible for the overall financial, accounting, taxation, treasury, and compliance matters of the Group.

Prior to joining JEP Holdings Ltd., Ms. Pang was the Group Finance Manager at UMS Holdings Limited, since November 2009. Ms. Pang started her career as an auditor and held various finance positions in other listed corporation in Singapore. She has over 20 years of experience in the areas of financial and management reporting, taxation, compliance, risk management, audit, acquisitions & corporate secretarial.

Ms. Pang holds a Bachelor of Accountancy Degree with distinction from RMIT University of Australia.



**MR. DARREN
ZEE YU LIANG**
Managing Director
Dolphin Engineering Pte. Ltd.

Mr. Darren Zee joined JEP Industrades Pte. Ltd., subsidiary of the Group in June 2011 as a Sales Engineer. He was promoted as Deputy Managing Director of Dolphin Engineering Pte. Ltd. in March 2017 and re-designated as Managing Director in January 2019. Mr. Darren Zee's background is in the cutting tools industry selling tools to the manufacturing industry with 6 years' experience. His operational experience includes holding key roles in the sales and operational department in the company. He has worked in Japan with Mitsubishi Materials and visited various Japanese manufacturing companies and understands how manufacturing is done in Japan.

He holds a Bachelor of Business Studies (Hons) in Business from University College Dublin and a Diploma in Mechatronics.



**MR. EDDIE
GOH KUAN TECK**
General Manager
JEP Precision Engineering Pte. Ltd.

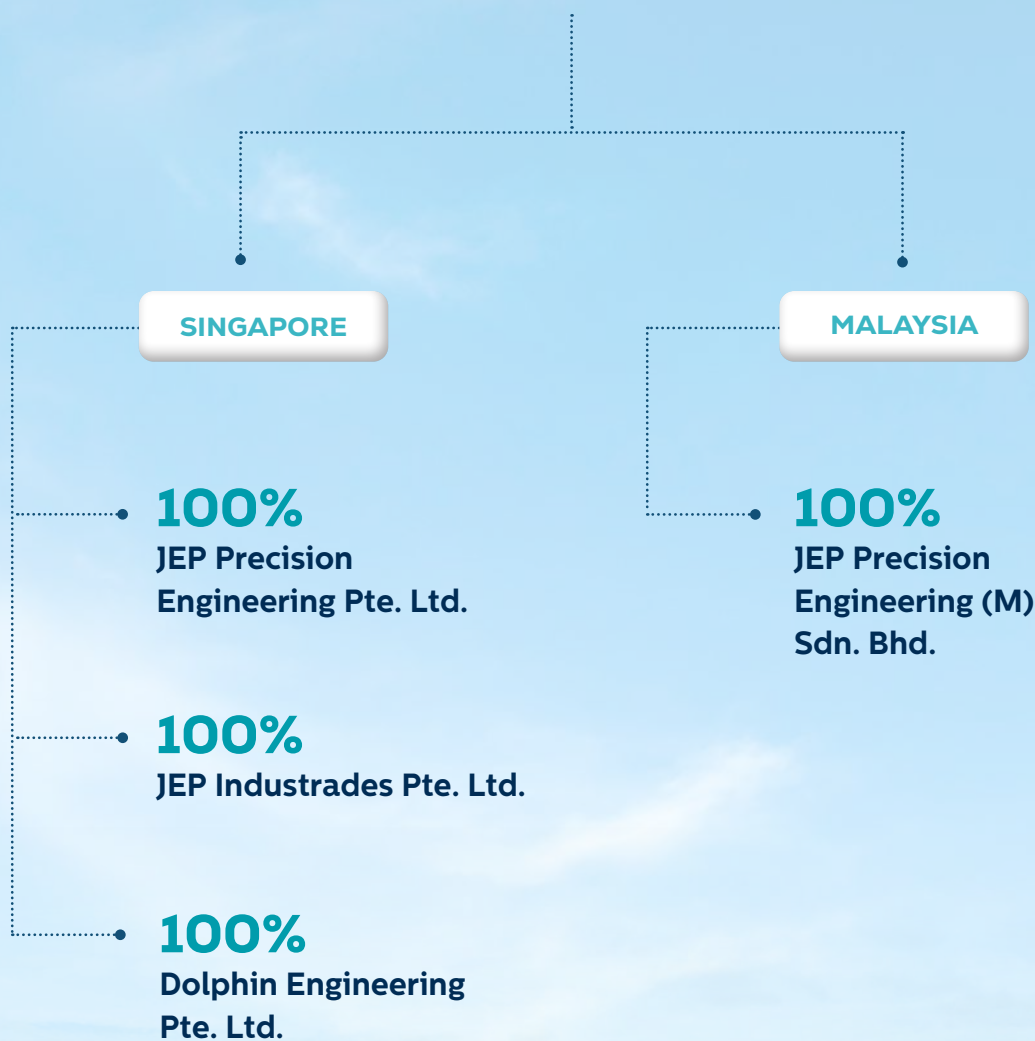
Mr. Eddie Goh joined JEP Precision Engineering Pte. Ltd., subsidiary of the Group in May 2013 as General Manager. Mr. Eddie Goh's background is in precision machining, where he has more than 20 years' extensive experience, progressing from a craftsman to various managerial positions during his service in Singapore Aerospace Manufacturing Pte. Ltd., a fully-owned subsidiary of Singapore Technology. His operational experience includes holding key roles in the shipping and logistics, supply chain management, production and engineering department within the organization.

He led a project to redefine and implement the manufacturing processes of the aero-engine compressor vane and transferring the manufacturing technology to Suzhou in the late nineties as part of the group's expansion plan.

He holds a Bachelor of Science (Hons) in Business from University of London and a Diploma in Mechanical Engineering.

GROUP STRUCTURE

JEP HOLDINGS LTD



CORPORATE OFFICES

**JEP HOLDINGS LTD.**

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Singapore 507098
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Email: sales_enquiry@dolphin.com.sg
: info@dolphin.com.sg
Website: <http://www.dolphin.com.sg>

JEP PRECISION ENGINEERING (M) SDN. BHD.

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Penang Science Park North, Mukim 13,
14100, Seberang Perai Tengah,
Pulau Pinang, Malaysia
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Fax: (65) 6545 2823
Website: <http://www.jep-holdings.com>

SUSTAINABILITY REPORT



BOARD STATEMENT

JEP Holdings Ltd. believes that sustainability is integral to our business and is critical to achieving long-lasting value creation for all our stakeholders. We embarked on our sustainability journey to address material Environmental, Social, and Governance (“ESG”) issues to create a sustainable future with all our stakeholders. To manage stakeholder engagement, we have cultivated relationships through regular and systematically planned forms of dialogue as well as open channels of communication.

We are proud on delivering top-notch manufacturing solutions evidently. From our customer satisfaction survey results, we have achieved an outstanding score of 90% customer satisfaction. These results stand as a testament to our skilled and professional workforce that exists within our organisation to produce manufacturing quality and high-precision components. To continue our stellar performance and deliver manufacturing solutions to our customers, we have also recognised the importance of attracting, developing and retaining a high-quality workforce.

To strengthen and achieve results that go beyond, we place heavy emphasis on good corporate governance as the core belief of our business. The belief in good corporate governance enables us to achieve our

sustainability goals. We thus uphold this belief as it lays a solid foundation for the establishment of a sound organisation. Furthermore, operating in an ethical environment will safeguard the interests of all our stakeholders. Therefore, we strive to put in place a robust governance framework to maintain integrity, transparency, accountability, and discipline in all our business activities. At the corporate level, we fully supports Management’s abiding commitment to enhance the way we operate our businesses, and to bring transformations to our businesses and our daily lives towards a low-carbon and sustainable world for our stakeholders and future generations.

In FY2023, the management together with key stakeholders reviewed and assessed the materiality of ESG. The management was satisfied with the achievement attained in FY2023 and there are no major changes in the Group business model and portfolio in the current fiscal year, the management are of the opinion to continue to focus on the identified targets to strengthen sustainability performance. We will make efforts to improve the overall sustainability performance across our business portfolio, as well as improve upon our communications to all stakeholders. We aim to create a virtuous cycle that benefits both our business operations and future sustainability pursuits.

SUSTAINABILITY REPORT



ABOUT JEP HOLDINGS LTD.

JEP Holdings Ltd. (the “Group” or “JEP”) is a public limited company listed on the Catalist Board of the Singapore Stock Exchange since 2004. JEP is Singapore’s leading solution provider of precision machining and engineering services, with a primary focus on the aerospace industry.

The Group’s subsidiaries are accredited with AS9100D, ISO 9001, ISO 13485, ISO 14001, ISO 45001 and NADCAP and has built a record of accomplishment as a reliable sub-contractor for aerospace and semiconductor components since beginning operations in 1990. Including it is now part of the global supply chain for the world’s leading aircraft manufacturers.

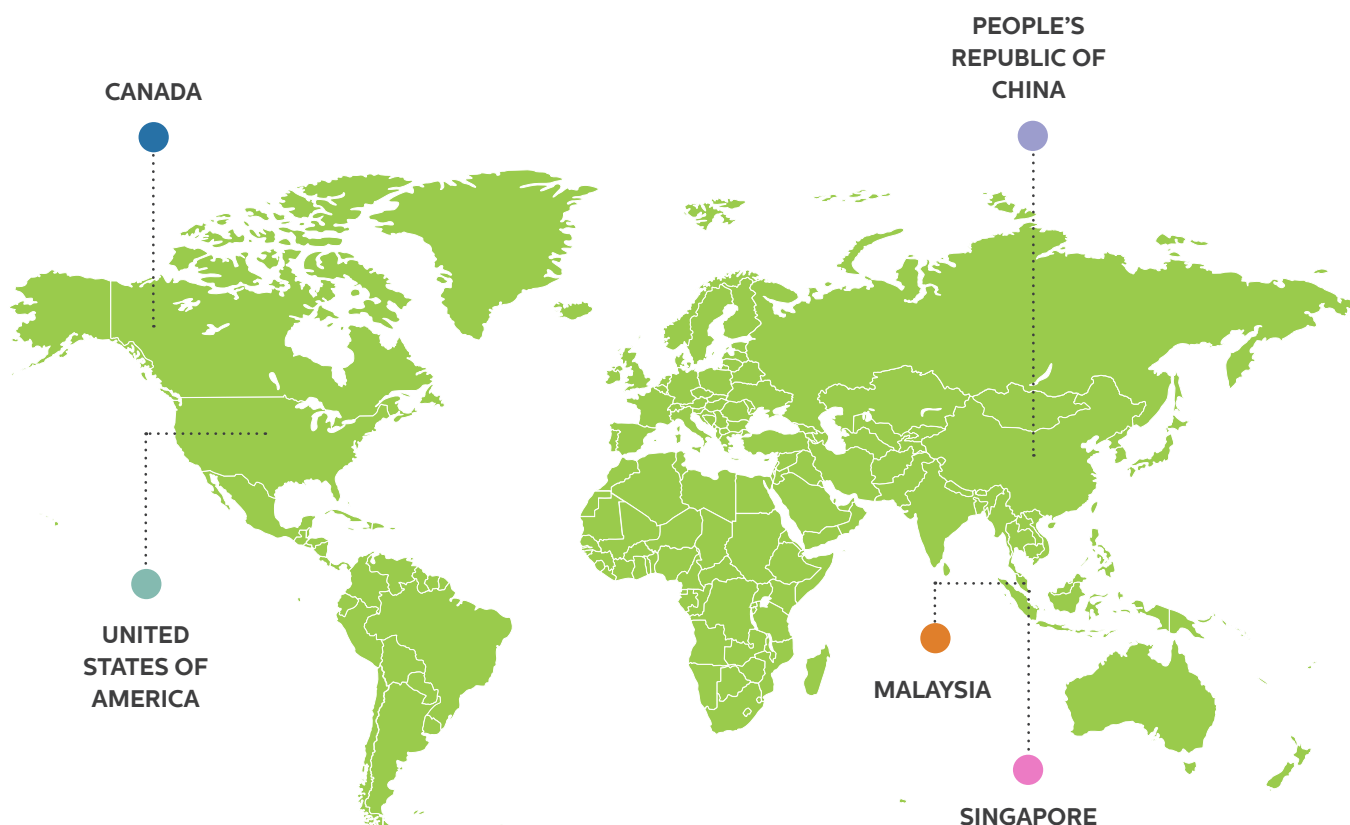
The Group’s customer base spans across Singapore, Malaysia, China, United States of America, and Canada. This has allowed JEP to build and establish a strong value chain that provides seamless manufacturing solutions. The Group’s business operations not only span across different regions globally but also provides complete turnkey services for aerospace, electronics, equipment manufacturing and machine tooling industries. The Group’s headquarters and significant location of operations are situated in Singapore.

The Group also believes in providing precision manufacturing services that excel in quality and delivers unprecedented customer satisfaction whilst carrying out our operations in a manner that is both environmentally sustainable and socially responsible.

Therefore, the Group follows strict procedures of identifying, selecting, qualifying and monitoring to assess the performance and capabilities of the vendors for raw materials supply, standard items, special process services and fixture as well as gauge fabrication.

SUSTAINABILITY REPORT

LOCATION OF CUSTOMER BASE



OUR CUSTOMER BASE INCLUDES:

- Canada
- United States of America
- Malaysia
- Singapore
- People's Republic of China
- Others*

*United Kingdom, Switzerland, Middle East, Southeast Asia

SUSTAINABILITY REPORT

EXTERNAL CHARTERS AND PRINCIPLES

As an entity regulated by the Securities and Futures Act (Cap 289) (“SFA”), the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Manual”) and other regulations, the Board is committed to upholding good standards of corporate governance at JEP.

The Board of Directors of JEP (the “Board”) is committed to upholding high standards of corporate governance practices throughout JEP that are in line with the Code of Corporate Governance 2018 (the “2018 Code”). The Board will also ensure that JEP complies with the other regulations, notices, circulars, and guidelines that may be released by Monetary Authority of Singapore (“MAS”) from time to time and should there be deviations, explanations will be provided.

JEP’s leadership has combined more than 30 years of experience in the manufacturing of aviation and semiconductor components. With such experience, JEP’s leadership competently drives all operational matters of the Group. JEP’s leadership has directed the Group to hold membership in the Singapore Business Federation to develop strategic relationships within the industry to drive value creation for all stakeholders.

AWARDS

The Group has been in business since the 1980s. Over the years, JEP has accumulated a wealth of experience, expertise and an established record of accomplishment. Below is a list of some of the awards:



**Awarded by
Eaton Corporation**
The Best Supplier in
Aerospace Asia Pacific 2011



**Awarded by
Aker Solutions**
Certificate of
Accreditation 2018



**Awarded by
Safran**
Performance Excellence
Award 2019



**Awarded by
Kulicke & Soffa**
Outstanding Supplier
Award 2021



**Awarded by
HP Inc.**
Commitment and Partnership
to HP Award 2022

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This report is prepared in accordance with the Global Reporting Initiative (“GRI”) Standards, as it provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting. This report aims to disclose our Environmental, Social and Governance (“ESG”) performance against the issues that are considered most material to our company’s stakeholders. This includes shareholders, suppliers, customers, regulators, management and employees. The objective of preparing this report annually is to inform our stakeholders of the initiatives and strategies related to sustainability that we are currently embarking on.

The Group has chosen the GRI framework as it is the most established international sustainability reporting standard that covers a comprehensive range of sustainability disclosures and with respect to the extent of which such framework is applied, this report has been prepared with reference to the GRI Standards reporting guidelines. Moreover, this structured framework promotes reporting a full and balanced picture of the Group’s material matters and the management of its impact. The report incorporates SGX’s requirements of primary components of the content on sustainability reporting under Listing Rules 711A and 711B.

Starting with this year’s report, our contribution to the United Nations Sustainable Development Goals (“UN SDGs”) has been included to report on our sustainability performance. We have also prepared disclosures related to climate risks and opportunities, consistent with the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations. Moreover, we have referenced SGX’s Practice Note 7F Sustainability Reporting Guide in adopting a phased approach for the climate-related disclosures. There is a TCFD Disclosures table at the end of this report that indicates our progressive alignment with the TCFD recommendations.



SUSTAINABILITY REPORT

REPORTING SCOPE AND BOUNDARIES

The reporting period for the sustainability performance of our operations in Singapore is for the financial year 2023. All data and activities reported are with respect to the timeframe from 1 January 2023 to 31 December 2023, unless stated otherwise.

As JEP's operations primarily involve precision manufacturing, we refer to the performance of our precision manufacturing facilities when discussing employee-related material issues. Environmental data disclosed within the Sustainability Report covers only Singapore-based operations.

To enhance the comparability, the Group has changed the metrics and measurement methodology to improve the presentation of the Group's sustainability performance. Therefore, the data of relevant environmental in FY2022 has been updated.

We have relied on internal data monitoring and verification to ensure accuracy of this report. The data and information in the report have been reviewed and verified by the internal auditors (Virtus Assure Pte. Ltd.) engaged by the Group. This internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The scope included a risk-based review of the processes including but not limited to the sustainability governance and management; the identification, prioritisation and assessment of ESG-related risks and opportunities; relevant sustainability reporting information; climate-related disclosures; and compliance against local regulatory reporting requirements.

No external assurance has been sought for this report. However, we may seek external assurance for future Sustainability Reports as our reporting framework matures over time. The data in this report is reported to the best of our knowledge and have gone through internal review and approval.

We value all feedback on the report as we continuously strive to improve our reporting. Please submit all feedback, questions and views to ir@jep-holdings.com.

SUSTAINABILITY GOVERNANCE AND APPROACH

The Board monitors, reviews, and considers the relevance and adequacy of the Group's practices in addressing sustainability concerns and managing risks, as well as approves general policies and strategies.

Board of Directors

Review sustainability strategy and provides oversight of the Group's sustainability direction

Sustainability Committee

Identifies key sustainability areas, setting targets and incorporating performance indicators

Sustainability Reporting Team

Manages execution of sustainability policies, initiatives and procedures

Monitoring of sustainability performance and targets (Operation, Finance, Human Resource and Safety)

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

JEP Holdings Ltd. recognises that stakeholders play an important strategic role in maintaining the company's long-term growth, we engaged our key stakeholders through a stakeholder engagement and materiality assessment workshop to gather their concerns about the sustainability of the business. These key stakeholders were identified based on their ability to influence our performance and provide effective solutions to incorporate sustainability into our operations. Their concerns raised were gathered to identify the material

ESG. The ESG factors were then prioritised based on their impact on the business and how important stakeholders considered each aspect.

STAKEHOLDER ENGAGEMENT

At JEP Group, we value all stakeholders and believe that maintaining strong bilateral relationships with stakeholders is a critical success factor for the Group sustainability. With routine engagements with stakeholders, we are able to identify each stakeholder key concerns and respond to their needs timely.

Key Stakeholder Groups	Key Interests	Our Response	Engagement Methods
Investors and Shareholders	- Financial and operational performance - Good corporate governance - Transparency - Sustainability efforts	- Provide reliable and relevant information timely - Cultivate a culture of transparent and timely communication with our investors	- Annual Report - Half-yearly announcement - Announcements and circulars - Annual General Meeting - Investor relations emails and Q&A
Employees	- Mentoring, training and skill development - Career prospect and equal opportunities - Working environment	- To establish a safe workplace - Promote equality for career prospects and benefits - Talent management and succession planning - Training and career	- Annual appraisal - Training and development program
Customers	- Supply chain sustainability - Product quality and conformity - Reliability of delivery schedules	- Sustain our reputation as a reliable business partner to our customers - Meet and exceed customer expectations and demands	- Customer satisfaction survey - Regular meeting and direct communication
Suppliers	Annual supplier performance review	Quality and reliability of suppliers	- Conduct supplier assessment to ensure suppliers are in line with JEP's requirement - Regular meeting and direct communication
Community	- Contribution to local communities - Environment impact	- Internship program for undergraduates students - Environmental pollutions from business activities	- Memorandum of Understanding with local institutions for internship arrangement - Restrain any business activities that have potential harmful impacts to environment and lives

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

JEP's materiality assessment process follows a three-step approach based on GRI Materiality Standards and Principles, supported by background research on peers and industry trends. The Board and Management have validated the material topics for this year's reporting and determined that the material topics identified last year remain relevant to its business and stakeholders.



The materiality assessment process concluded with JEP's management identifying three ESG factors to be considered as top priorities in this Sustainability Report.

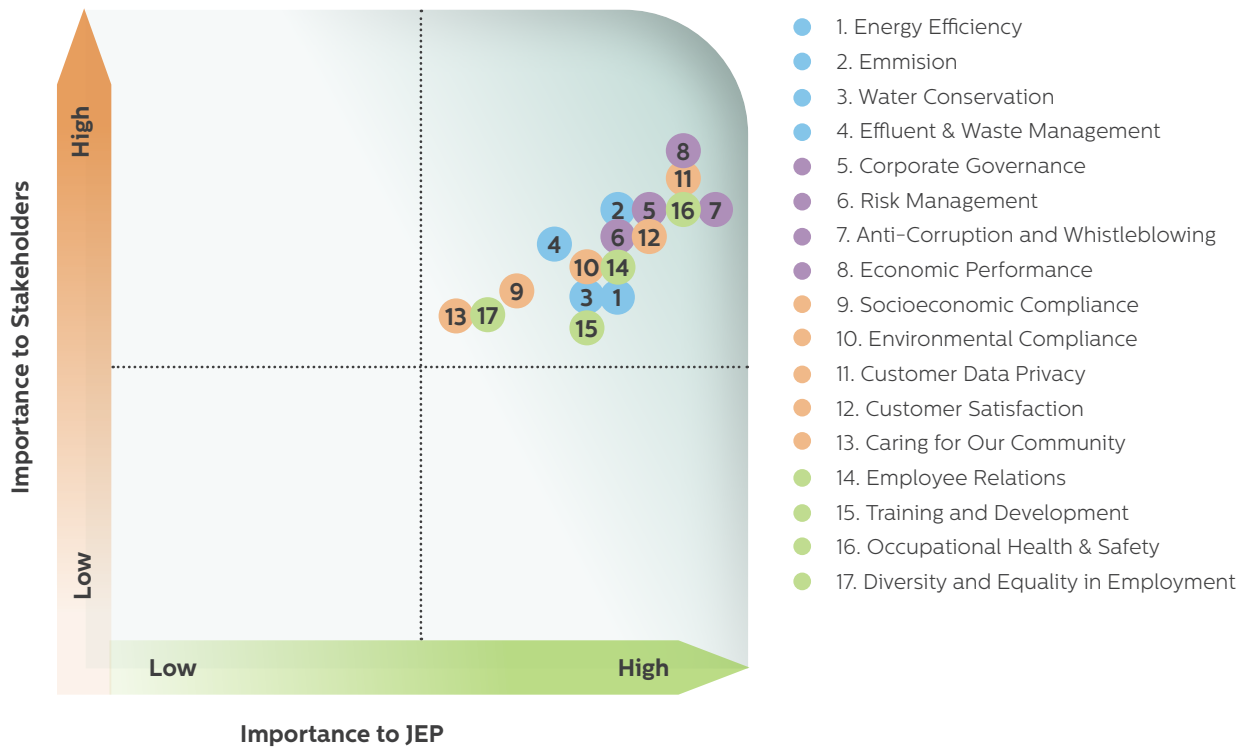
MATERIAL ASPECTS IDENTIFIED

The scope of its assessment into the impacts to the business, we have established performance targets for material areas and track the progress we have made in those areas as reported below:



SUSTAINABILITY REPORT

ESG Materiality Matrix



ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

JEP is committed to the United Nations Sustainable Development Goals ("UN SDGs") and works actively to support the UN SDGs. We believe that businesses have a key role to play in implementing the goals. We contribute to social and economic development in the societies and communities we operate in, as well as do our part on climate action and conducting responsible business activities. JEP supports all the 17 UN SDGs and contributes in particular to the following goals: gender equality, clean water and sanitation, decent work and economic growth, responsible consumption and production, climate action, and peace, justice and strong institutions. Our specific targets will be elaborated in more detail under the respective material topics of this Sustainability Report.



SUSTAINABILITY REPORT

Materiality Topic	Sustainability Focus Areas and Relevant UN SDGs	Relevant Sections of the Annual Report	Impact Boundary
Economic Performance	 SDG 8 – Sustainable economic growth, productive employment	- Statutory Reports and Accounts of the Annual Report - Corporate Governance of the Annual Report - Economic Performance within the Sustainability Report	All business segments
Emmision	  - SDG 7 – Access to affordable, sustainable and modern energy - SDG 13 – Combat climate change	Environmental conscientiousness within the Sustainability Report	All business segments
Water	 SDG 6 – Sustainable management of water and sanitation	Environmental conscientiousness within the Sustainability Report	All business segments
Waste	  - SDG 11 – Safe and resilient human settlements - SDG 13 – Combat climate change	Environmental conscientiousness within the Sustainability Report	All business segments
Employment	 SDG 8 – Sustainable economic growth, productive employment	Caring for our people within the Sustainability Report	Employees
Training and Education	 SDG 4 – Equitable quality education and lifelong learning opportunities	Caring for our people within the Sustainability Report	Employees
Occupational Health and Safety	 SDG 3 – Healthy lives and well-being	Caring for our people within the Sustainability Report	- Employees - Customers - Business partners - Community
Diversity and Equal Opportunity	  - SDG 5 – Gender equality - SDG 10 – Reduce inequalities	Caring for our people within the Sustainability Report	- Employees - Business partners
Customer Satisfaction	 SDG 12 – Responsible consumption and production	Building Trust with Our Stakeholders within the Sustainability Report	- Employees - Customers - Business partners
Local Communities	  - SDG 1 – End poverty - SDG 11 – Safe and resilient human settlements	Building Trust with Our Stakeholders within the Sustainability Report	- Employees - Community
Anti-corruption	 SDG 16 – Inclusive societies, access to justice	- Corporate Governance of the Annual Report - Sustainable Growth within the Sustainability Report	All business segments

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE (GRI 201-1)

JEP has policies that protect its stakeholders' interest and enhances its shareholders' value. We continuously invest in new capabilities to capture market share and facilitate growth.

In FY2023, the Group's annual retained economic value decreased by S\$7.0 million from S\$15.1 million in FY2022, mainly due to the global slowdown in semiconductor demand and economic challenges. Currently, the Group is focusing on the aviation sector while anticipating the recovery of the semiconductor equipment segment. For the year ended 31 December 2023, we attained a direct economic value generated of S\$58.9 million, reflecting a decrease from S\$83.4 million in FY2022.

	FY2023	FY2022	FY2021
Direct Economic Value Generated	S\$58.9m	S\$83.4m	S\$77.5m
Economic Value Distributed	S\$50.8m	S\$68.3m	S\$62.6m
Economic Value Retained	S\$8.1m	S\$15.1m	S\$14.9m

For a detailed analysis of our economic performance, please refer to Performance Review, Financial Statements and Notes to Financial Statements.

ENVIRONMENTAL CONSCIENTIOUSNESS

DECARBONISATION EFFORT (GRI 201-2)

TCFD Risk Management and Implementation Roadmap

JEP is committed to mitigating climate change by minimizing carbon emissions and maximizing climate-related benefits across our value chain. Despite improvements in production stability over time, we remain committed to enhancing uptime and efficiency. This involves analysing the root causes of unplanned stoppages and identifying opportunities for more efficient and higher-quality processes. Our production operations are most efficient and profitable when our machines

operate at optimal speeds, generating high-quality products for extended periods. This strategy maximises capacity utilisation and minimises unit costs. Given that our production consumes energy and contributes significantly to the company's environmental and climate impact, representatives from all production facilities are responsible for sharing experiences and implementing the best solutions to mitigate these effects.

Climate change is one of the most pressing challenges today and there is a growing global emphasis on addressing its impacts. There are also significant challenges for businesses in adapting to the changing climate and moving towards a low-carbon economy. In response, JEP has taken a phased approach in the adoption of recommendations of the TCFD. We plan to provide further disclosures on this in the future. We are also enhancing our policy to guide our management approach and strategy on issues such as climate change mitigation, adaptation and resilience, and ensure that it is implemented across all our various operational locations.

In FY2023, we commenced aligning our disclosures with TCFD recommendations, specifically addressing the four core elements – governance, strategy, risk management, and metrics and targets. These details were set out in the TCFD Content Index of this Sustainability Report. We also disclosed our Scope 1 and Scope 2 Greenhouse Gas ("GHG") emission data and set targets for reduction over the short term (within 3 years), medium term (4 to 6 years), and long term (beyond 6 years) that are relevant to the Group.

As FY2023 will be our first year reporting on climate-related disclosures, we have focused on identifying the impacts, risks and opportunities brought by global climate change through a series of workshops involving Management and members from various departments. A high-level assessment of the corresponding mitigating actions that could address the identified climate-related risks which are relevant to the Group is also being explored. In the subsequent years, we would dive deeper into the formulation of business strategy and financial planning related to climate risks by including relevant metrics for assessment and qualitative scenario analysis, as well as integration of climate-related risk into the overall organisation risk management.

SUSTAINABILITY REPORT

The physical and transition climate-related risks identified for the Group are summarized in the table below:

Climate-Related Risks and Potential Financial Impacts

Risk Type	Climate-Related Risks	Time Frame	Potential Financial Impacts	Mitigation Measure
Physical	Acute Disruptions to the supply chains and delays in product deliveries, due to frequent and severe torrential rain, inland flooding and bushfires	Short to Medium Term	- Increase in logistic costs and insurance premiums - Cost to relocate facilities to areas that are not affected - Loss of business due to relocation to areas that are not affected - Damage to company equipment and property - Disruption of infrastructure - Disruption of utilities - Disruption to normal company operations	- To set up warehouses in regions that are less vulnerable to flooding and bushfires. - To develop business continuity plans to reduce disruptions to business operations and to ensure disruptions to customers' operations is minimised. - To contribute to the global efforts to curb and reduce GHG emissions.
	Chronic - Rising temperature - Rising sea levels	Medium to Long Term	- Increase in capital expenditure and staff costs - Cost to relocate facilities to areas that are not affected - Loss of business due to relocation to areas that are not affected - Increase insurance premiums - Increase energy use for air-conditioning systems	
Transition	Policy and Legal - Increase pricing of GHG emissions - Enhance emission reporting obligations - Exposure to litigation	- Short to Medium Term - Medium to Long Term	- Increase in compliance costs to meet the mandatory climate-related disclosure requirements - Increase in carbon tax imposed by the Singapore government to achieve its net zero carbon emission goal may increase future business costs (such as the transfer of carbon pricing from suppliers) - Regulators in different jurisdictions where we operate could impose additional or more stringent environmental policies on our products. Failure to comply may result in litigation risks	To formulate an asset replacement plan to comply with new regulatory requirements within the stipulated timeline, especially for countries or jurisdictions that have imposed restrictions on the use of high-emitting operational assets.

SUSTAINABILITY REPORT

Risk Type	Climate-Related Risks	Time Frame	Potential Financial Impacts	Mitigation Measure
Transition	Technology - Substitution of existing technology and know-how - Costs to transition to lower emissions technology	- Medium Term - Medium to Long Term	- Cost to replace old fluorescent lightings with LED light tubes - Cost to set up and operate a waste-recovery program - Additional costs to replace air-conditioning systems with low Global Warming Potential (“GWP”) refrigerants	- To set aside sufficient funds to replace lighting and aging air-conditioning systems. - To formulate an asset replacement plan to comply with new regulatory requirements within the stipulated timeline, especially for countries or jurisdictions that have imposed restrictions on the use of high-emitting operational assets.
	Market Changing customers’ demand and preferences for eco-friendly and sustainable products	Medium to Long Term	- Reduction in demand for goods/services due to shift in consumers’ preferences, thus impacting revenue - Increase in business costs in developing low-emission sustainable products to meet customers’ requirements (e.g. sourcing of sustainable materials may result in higher cost)	- To align our business practices with industry best practices and regulatory requirements by implementing climate and sustainability-related measures. - To present our key climate and sustainability-related achievements with our stakeholders in a timely and transparent manner.
	Reputation Increase in Stakeholders’ concerns and awareness	Medium Term	- Consumers are more environmentally conscious and expect companies to consider environmental issues - Access to capital availability may be affected by stakeholders’ demand for climate-related disclosures and actions	To possess a comprehensive sustainability plan and to develop business strategies which take into consideration market trends and peer performance.

SUSTAINABILITY REPORT

Climate change not only brings about challenges to the Group's business operations but could also give rise to opportunities as the Group incorporates environmental and social sustainability into our business.

The climate-related opportunities for the Group are presented in the table below:

Type	Climate-Related Opportunities	Time Frame	Potential Financial Impacts	Management Approach
Resource Efficiency	Minimisation of operating costs through efficient utilisation of resources	Short to Long Term	Minimise operating costs and increase profitability	- To assess resource efficiency opportunities arising from water, electricity, and fuel consumption in factories, warehouses and across our production location. - To monitor the use of raw materials and encourage wider adoption of recycling practices.
Energy Source	Use of more energy efficient equipment/ machinery (e.g. energy saving lights, energy efficient air-conditioning system, etc)	Short to Long Term	Reduction in operating costs	- To install energy-efficient LED lighting in buildings and warehouses. - To assess alternatives to diesel-powered vehicles, equipment and machinery. - To lower GHG emissions and less affected by the increase in carbon tax.
Products and Services	- Develop products that fit into a circular economy - Shift in customer requirements/ preferences to low-emissions products	Short to Long Term	- Improve in revenue through increase in demand for sustainable products - Improve in employee satisfaction and boost productivity as employees observe the positive effects their products have on the environment and society, resulting in lower costs	To regularly review our product portfolio and keep up with the latest market trends and consumer preferences.
Resilience	Resource substitution	Medium to Long Term	Reduction in operating and financing costs	- Increase reliability of supply chain and ability to operate under various conditions. - Increase in revenue through consistency in supplies and value propositions.

SUSTAINABILITY REPORT

Energy Consumption (GRI 302-1, GRI 302-3)

Here at JEP, we utilise a wide variety of precision engineering instruments and machineries to deliver the best quality that a precision engineering manufacturer can offer. These instruments and machineries contribute to the majority of our energy consumption. We recognise the importance of properly managing and regulating our energy consumption so as to keep our operational costs low and help reduce the impact on the environment. To keep track of the energy consumption, we have a monitoring system in place and a maintenance team of trained individuals.

In addition, we have an automated electrical supply regulation system that switches off unnecessary appliances and air-conditioning during lunch hours and after office hours. This system enables further reduction in energy consumption within our organisation. Furthermore, the Group is exploring ways to reduce our carbon footprint, including deploying solar energy at our facilities in 2023 to supplement our current energy consumption and lower costs.

The monitoring of our energy consumption is reviewed daily by our maintenance team. At the end of each month, the team will analyse the monthly energy consumption. Energy surges that were identified within different operational areas will be investigated for possible faults in the instruments and machinery. If necessary, repairs will be carried out should any faults be discovered. With these practices in place, we aim to lower energy consumption and improve efficiency in our energy usage.

In FY2023, the total energy consumption accounted to 6,947,705 kWh (FY2022: 8,556,169 kWh), a 18.8% decrease compared to FY2022 while kWh/Revenue was at S\$0.119.

Energy consumed from non-renewable sources	FY2023	FY2022	FY2021
Usage kWh	6,947,705	8,556,169	8,089,604
kWh/Revenue S\$	0.119	0.104	0.107

GHG Emissions (GRI 305-1, GRI 305-2, GRI 305-4)

We recognise that climate change could have a deep impact on the global environment, society, and economic systems, and we aim to reduce GHG emissions and to improve eco-efficiency along our value chain. We strive to reduce our emission footprint, JEP takes into consideration our GHG emission levels in every stage of our manufacturing process. We understand the manufacturing operations of JEP entail significant energy requirements, therefore, the efficient use of energy is essential to reducing potential GHG emissions for JEP. The following table shows the energy emission intensity ratio for JEP.

Our GHG emissions arise from Scope 1 emissions, which are attributed to the burning of fuel in our fleet of vehicles and the use of gas and diesel in production, as well as Scope 2 emissions that are related to the indirect emissions from the energy we purchase and utilise.

The combined Scope 1 and Scope 2 emissions were 2,894,067 of kgCO₂e in FY2023, representing a decrease of 18.6% as compared to FY2022.

	FY2023	FY2022	FY2021
Scope 1: Direct (kgCO ₂ e)	75,383	83,760	74,678
Scope 2: Indirect (kgCO ₂ e)	2,818,684	3,471,238	3,281,952
Total Scope 1 and Scope 2 Emission (kgCO ₂ e)	2,894,067	3,554,998	3,356,630
Revenue (S\$'000)	58,146	82,556	75,899
GHG Emission Intensity ratio (kgCO ₂ e/ S\$'000)	49.7720	43.0614	44.2248

As we track and monitor our total GHG emissions, we aim to identify opportunities for improvement to make our processes more energy efficient and will continue to improve on our emissions reduction.

SUSTAINABILITY REPORT

Water Management (GRI 303-5)

Water is a crucial component of our special manufacturing process, and JEP is dedicated to closely monitoring and managing our water consumption levels. We are committed to supporting national initiatives and strategies aimed at promoting responsible and efficient water usage, and we have implemented various measures to achieve this goal. These include promoting water conservation awareness among our employees through briefings at all of our operating and manufacturing sites, as well as replacing conventional taps with motion-sensor and spring taps to improve water efficiency and set usage thresholds.

	FY2023	FY2022	FY2021
Total water consumption from all areas (m ³)	9,277	13,383	15,049
Water consumed per monetary unit of Revenue (m ³ /S\$'000)	0.1595	0.1621	0.1983

Waste Management (GRI 306-1)

At JEP, we take responsible waste and discharge management seriously. Our Group-wide system ensures proper handling of hazardous and non-hazardous waste, as well as materials earmarked for recycling. We comply with the Environmental Protection and Management Act ("EPMA"), Environmental Public Health Act ("EPHA"), and national toxic industrial waste regulations, and Singapore's commitment to the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and their disposal. Our hazardous waste mainly consists of chemicals and oily water removed from production processes. To ensure compliance, we work exclusively with government licensed waste collection vendors. Recycling is a key component of our waste management strategy. We recycle all retrievable metal chips, scraps, and packaging materials, whenever possible.



SUSTAINABILITY REPORT

Material Factor	Target	Short Term Target	Medium Term Target	Long Term Target	FY2023 Target and Progress
Energy Consumption kWh/Revenue	< 0.13 (kWh/Revenue S\$)	Reduction of 2%–3%	Reduction of 5%	Reduction of 8%	Target was achieved. However, the kWh per revenue increased from S\$0.104 (FY2022) to S\$0.119 (FY2023), this is mainly due to lower revenue with higher consumption for production process. The company will identify and evaluate energy consumption reduction methods that can be implemented in FY2024.
Emission	< 51.0 (kgCO ₂ e/Revenue S\$'000)	Reduction of 2%–3%	Reduction of 5%	Reduction of 8%	Target was achieved. Total emission was reduced by 18.6% as compared to last year. However, the intensive ratio (i.e. kgCO₂e/Revenue S\$'000) increased from 43.0614 (FY2022) to 49.7720 (FY2023), this is mainly due to lower revenue with higher consumption for production process. The company will identify and assess emission-saving measures that can be adopted in FY2024.
Water Management	< 0.20 (m ³ /Revenue S\$'000)	Reduction of 2%–3%	Reduction of 5%	Reduction of 8%	Target was achieved.
Waste Management	Zero non-compliance applicable laws and compliance and regulations of the environmental protection. JEP will report the volume in the near future.				Target was achieved.

SUSTAINABILITY REPORT

CARING FOR OUR PEOPLE

(GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-9, GRI 404-1, GRI 405-1)

Employee Relations

We believe that building people within the organisation is crucial to build our business. At JEP, we consider people as the backbone holding up our business and strive to ensure that our employees are always taken care of.

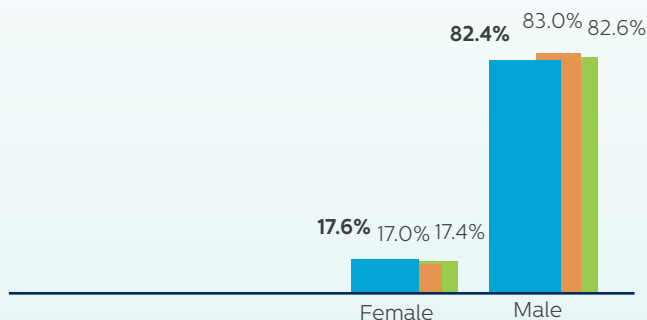
The overall responsibility of planning and conduct of Occupational Health and Safety (“OHS”) in JEP lies with the top management and Worksite Safety Management (“WSM”) committee, which comprises of representatives from all departments.

We have established an OHS policy that has been developed to safeguard our employees. The policy has provided JEP a systematic way of reporting any incidents of injury or accident in our properties. At the same time, we advocate our corporate safety culture through multiple communications channels to all our employees. This includes compulsory training and courses, which include:

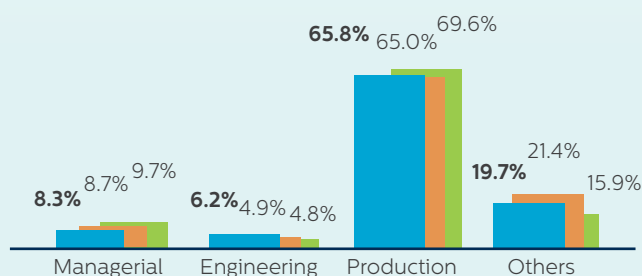
- Apply Workspace Safety and Health in Metal Work
- Basic Industrial Safety
- 5S Housekeeping
- Annual Occupational Health and Safety Plan

Our people

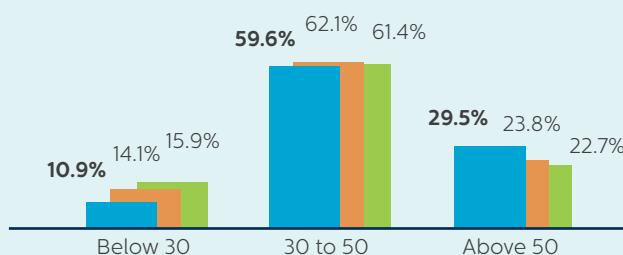
Number of Employees by Gender



Number of Employees by Category



Number of Employees by Age



● 2023 ● 2022 ● 2021

* As at 31 Dec 2023, total number of employees in JEP is 193 (2022: 206 and 2021: 207)

SUSTAINABILITY REPORT

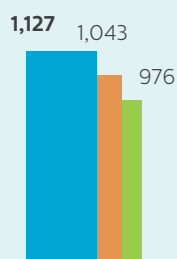
Training and Development

We recognise that consistent and ongoing education is critical to maintaining a competitive, skilled, productive and motivated workforce. The training is targeted based on the employees' job scopes and skills set requirements. Training topics range from soft skills development in areas such as communications and leadership, to technical programmes covering project management and office productivity tools. At our manufacturing facilities, new employees are required to undergo a safety orientation before they start work. This safety orientation covers hazardous activities at the workplace, safe work procedures and emergency response procedures.

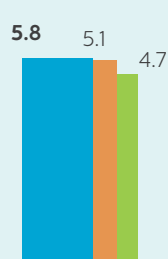
On average, each employee attended approximately 5 hours of training in FY2023. We provide training to our employees for their skill and knowledge enhancement.

The Board of Directors have attended the mandated sustainability training in FY2023.

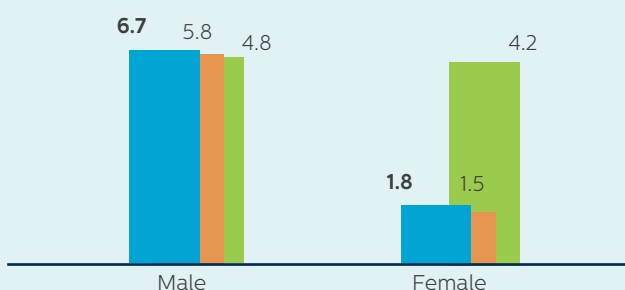
Total Training Hours per Year



Average Training Hours per Employee



Average Training Hours per Employee by Gender



● 2023 ● 2022 ● 2021

Occupational Health & Safety

In FY2023, there were two injuries (FY2022: three injuries) reported. These two injuries sustained by our employees in the two incidents reported were of minor severity, with medical leave of 15 to 23 days. At JEP group, all injuries suffered by our employees regardless of the extent of injury are taken seriously. In the event of incidents, we have on-site response plan that gives the plant manager overall responsibility in the treatment and evacuation of any injured workers. The human resource department will be informed to follow up with documentation and handling of insurance claims.

Following which, we take the necessary corrective action and issue notices to all employees to prevent future occurrences of such incidents. No fatalities and occupationally acquired disease were reported. A further breakdown of lost-days and absenteeism in hours are shown below.

	FY2023	FY2022	FY2021
Occupational Diseases Rate (per 100,000 employed persons)	Zero	Zero	Zero
Injury Rate (per 100,000 employed persons)	1,036	1,456	966
Absentee Rate (per total man-hours in a year)	0.074	0.124	0.030
Lost Day Rate (per 200,000 working hours)	17.31	28.38	8.05

To continue the emphasis on managing workplace health and safety in our business, we educate our employees on the importance of OHS to their respective roles. We aim to achieve an excellent OHS culture within our Group to achieve zero reportable (lost-time) incidents.

SUSTAINABILITY REPORT

Promotion of Workers Health

The Group respects the privacy of our employees, and information provided from medical consultations to our Human Resource department for audit purposes shall be kept confidential and only made available to the appropriate authority.

Employees are reimbursed up to the prescribed limits for medical consultation fees for visits to General Practitioners, Government Polyclinics, or Traditional Chinese Medical Treatments for normal sickness. Employees are also entitled to dental care and medical claims for any treatment, including specialist treatments.

Diversity and Equality in Employment

JEP is committed to promoting diversity and inclusion in the workplace. We do not discriminate against employees or job applicants based on their race, age, gender, religion, ethnicity, physical disabilities, sexual orientation, political beliefs, marital status, or nationality. We have developed an employee handbook and human resources manual that comply with all relevant legislation and guidelines for our operation. We recognize that promoting diversity and inclusion is an ongoing process, and we continuously strive to create a welcoming and respectful work environment for all of our employees. We also provide training and resources to help our staff understand and appreciate the value of diversity, and we actively seek out opportunities to celebrate and honour the diverse perspectives and experiences of our people.

BUILDING TRUST WITH OUR STAKEHOLDERS

Socioeconomic Compliance (GRI 2-27)

JEP adheres to labour standards that include freely chosen employment, avoidance of child labour, non-discrimination, open communication, and working hours in accordance with local laws. Employees are required to avoid conflict of interest situations, uphold true and fair accounting and reporting, and comply with the Company's policies and delegated authorities. JEP complies with all governmental laws and regulations in the social and economic areas. There are no instances of non-compliance.

Environmental Compliance (GRI 2-27)

The nature of our manufacturing operations, consumption of electricity and water, directly impacts the environment and the local community where we operate. The Group measures success beyond economic growth. Our focus extends towards environmental sustainability as we conduct our business as a responsible corporate citizen. We continually review our approach and remain committed to ensuring full compliance with local environmental laws and regulations to minimize the impact on our operations. Furthermore, the Group is exploring ways to reduce our carbon footprint, including deploying solar energy at our facilities in 2023 to supplement our current energy consumption. JEP has not identified any incidents of non-compliance with environmental laws and regulations. In FY2023, we did not incur any fines for non-compliance with environmental laws and regulations (FY2022: Nil). The Group will continue to maintain zero incidents of non-compliance with environmental laws and regulations in the forthcoming year.

Material Factor	Target	Target FY2023 Progress
Training and Development	Average 3 training hours per employee	Target was achieved. Employees participated in several trainings and courses in FY2023 and met the average hours per employee.
Health and Safety	Zero accident in the workplace	Two accidents reported in FY2023. The Company take the necessary corrective action and issue notices to all employees to prevent future occurrences of such incidents.
Diversity and Equality in Employment	Maintain a diverse and equal workforce	Target was achieved. Zero records of complaints on discrimination based on race, age, gender, religion, ethnicity, physical impairment, marital status or nationality in FY2023.

SUSTAINABILITY REPORT



Customer Data Privacy (GRI 418-1)

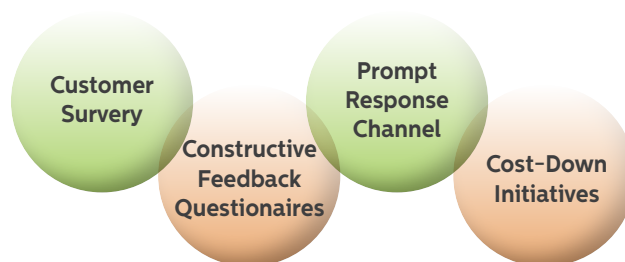
Ensuring safety and privacy of our customers' data is of great priority to JEP. In addition to processes and controls in place for handling and communicating sensitive and confidential information of our customers such as contracts, customer orders and service delivery orders, we also have in place information security policies to ensure our customers' data are managed in accordance with the level of confidentiality required and that information is only provided on a need to know basis.

In FY2023, we have not had any incidents of breaches of customer data privacy. We continue to implement and improve our existing controls to ensure that there are no breaches of customer data.

Customer Satisfaction

As a manufacturing solutions provider, we are dedicated to designing and creating high-quality components for our customers. We are deeply committed to meeting customer, statutory and regulatory requirements at all times and our quality management system will be constantly improved to enhance customer satisfaction. Furthermore, we take a proactive approach to satisfy the needs of our customers, thereby providing top quality service and solutions that fit our customers' requirements.

To improve our service and experience to our customers, we utilise a certain approach to gather valuable feedback. The approaches that we use includes:



QUALITY POLICY

- We are deeply committed to meeting customer, statutory and regulatory requirements at all times.
- Our quality management system will be constantly improved to enhance customer satisfaction.

With these approaches, we were better prepared to serve the needs of our customers. We have achieved an average of 90% (2022: 88%) customers satisfaction level at all stages of services to our customers. In future, we aim to achieve 100% customer satisfaction.

Caring for Our Community (GRI 413-1)

We recognise the need to give back to the community and play a vital role in ensuring that talents in the field of aerospace have the necessary support to further their pursuits and soar to greater heights. As such, we have sponsored events that benefit the underprivileged as well as young talents who are pursuing their studies in the field of aerospace. We encourage all our employees to give back to the community through community services, donations, and fundraising.

Internship Programme with Local Institutions

JEP has entered a Memorandum of Understanding with local institutions to provide the students with relevant and meaningful workplace experience and enhance their learning and acquisition of knowledge and skills.

SUSTAINABILITY REPORT

SUSTAINABLE GROWTH

Corporate Governance

Sustainability is an integral aspect of the Group's operations. We are committed to delivering quality precision manufacturing solutions to our customers. This is only possible through proper management of internal and external risks to mitigate possible disruptions to the Group's operations. We have established an Enterprise Risk Management ("ERM") manual and management framework to provide the architecture for managing risks within the Group.

The Board manages potential risks in JEP through the review and approval of policies and procedures. The management then ensures that the identified risk is relevant to the business environment as well as ensuring controls or mitigating factors are in place. The Audit Committee provides independent oversight of the effectiveness of the risk management process.

Risk Management

Currently, the risk management committee does not exist because the Board is responsible for managing risk within the Group. The Board ensures that a sound system of risk management and internal controls are present to safeguard shareholders' interests and the assets of JEP. The Board also holds the authority to determine the nature and extent of the significant risks undertaken by JEP to achieve strategic business and objectives.

The management has engaged Virtus Assure Pte. Ltd. ("VA"), the internal auditors, to conduct a major review of the Group's operations and business to assess risks within the Group. VA conducted the risk assessment exercise to highlight pertinent risks in all areas of the Group's operations. The identified risks will form the basis of the Group's risk management framework and the ERM manual.

Anti-Corruption and Whistleblowing (GRI 205-1, GRI 205-3)

JEP is required to observe relevant local laws and regulations. In ensuring that all laws and regulations are complied with, the management has implemented corporate policies and procedures to provide clear

instructions for all staff to abide by. The management ensures that all employees are aware of the latest developments in the law through training, seminars, and briefings conducted by professionals.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen.

For continuous improvement of its systems, the ERM manual and risk management framework will undergo review by the Board when necessary. The ERM framework will be reviewed and updated in the event of any changes in regulations, country of operations, nature of the business or any events that could affect the Group's operations.

JEP has in place a Whistleblowing Policy that encourages employees to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Group, to the Chairman of the Audit Committee ("AC") or the other members of the AC if the Chairman is not available. This is done to instil high standards of good business practices within JEP.

No whistleblowing report was received during the year and until the date of this report.

Material Factor	Target	FY2023 Progress
Governance and Compliance	Zero non-compliance applicable laws and compliance-related regulations (SGX and governments)	Target was achieved.
Risk Management	Conduct the Enterprise Risk Assessment ("ERA")/ Control Self-Assessment ("CSA") on an annual basis	Target was achieved. CSA report of FY2023 presented to the Board of Directors in Feb 2024.
Anti-Corruption	Zero corruption	Target was achieved.

SUSTAINABILITY REPORT

GRI CONTEXT INDEX

GRI Standards		Disclosure	Report Reference
GRI 2: General Disclosure 2021	2-1	Organizational details	About JEP Holdings Ltd.
	2-2	Entities included in the organization's sustainability reporting	About JEP Holdings Ltd., Group Structure
	2-3	Reporting period, frequency and contact point	Reporting Scope and Boundaries
	2-5	External assurance	Reporting Scope and Boundaries
	2-6	Activities, value chain and other business relationships	About JEP Holdings Ltd.
	2-7	Employees	Caring for Our People
	2-9	Governance structure and composition	Corporate Governance
	2-10	Nomination and selection of the highest governance body	Corporate Governance
	2-11	Chair of the highest governance body	Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance and Approach, Corporate Governance
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance and Approach
	2-15	Conflicts of interest	Corporate Governance
	2-17	Collective knowledge of the highest governance body	Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance
	2-22	Statement on sustainable development strategy	Chairman's Statement, Board Statement
	2-27	Compliance with laws and regulations	External Charters and Principles, Socioeconomic Compliance, Environmental Compliance
	2-28	Membership associations	External Charters and Principles
	2-29	Approach to stakeholder engagement	Stakeholder Engagement
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Reporting Scope and Boundaries, Materiality Assessment
	3-2	List of material topics	Materiality Assessment, Material Aspects Identified
	3-3	Management of material topics	Materiality Assessment
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance
	201-2	Financial implications and other risks and opportunities due to climate change	Decarbonisation Effort
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Governance, Anti-Corruption and Whistleblowing
	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance, Anti-Corruption and Whistleblowing

SUSTAINABILITY REPORT

GRI Standards		Disclosure	Report Reference
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Consumption
	302-3	Energy intensity	Energy Consumption
GRI 303: Water and Effluents 2018	303-5	Water consumption	Water Management
GRI 305: Emission 2016	305-1	Direct (Scope 1) GHG emissions	GHG Emissions
	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions
	305-4	GHG emissions intensity	GHG Emissions
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste Management
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Caring for Our People
	403-2	Hazard identification, risk assessment, and incident investigation	Caring for Our People
	403-3	Occupational health services	Caring for Our People
	403-4	Worker participation, consultation, and communication on occupational health and safety	Caring for Our People
	403-5	Worker training on occupational health and safety	Caring for Our People
	403-6	Promotion of worker health	Caring for Our People
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Caring for Our People
	403-9	Work related injuries	Caring for Our People
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Caring for Our People
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Caring for Our People
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Caring for Our Community
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Data Privacy

SUSTAINABILITY REPORT

TCFD CONTENT INDEX

TCFD Pillar	TCFD Recommendations	Comments	Report Reference
1. Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	The Board oversees the corporate governance structure and sustainability strategy of the Group, including climate-related issues.	Board Statement, Environmental Conscientiousness
	b) Describe management's role in assessing and managing climate-related risks and opportunities	The Management implements, monitors and reports on ESG performance, including climate-related issues.	
2. Strategy Disclose the actual and potential impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	JEP is adopting a progressive strategy towards managing climate-related risks. We have started on assessing the risks and opportunities over different time periods, which includes a qualitative assessment of the impact.	Environmental Conscientiousness
	b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning		
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	JEP is adopting a progressive approach towards managing climate-related risks. Scenario analysis may be conducted in the future.	
3. Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	The Board has established a Risk Management Committee that reports to the Audit Committee to oversee all aspects of risk governance.	Environmental Conscientiousness
	b) Describe the organisation's processes for managing climate-related risks	The Risk Management Committee tracks and manages all enterprise risks, including climate-related risks. More details of the Committee's responsibilities can be found in the Group's Annual Report.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The Risk Management Committee will progressively incorporate climate-related risks into its overall risk universe for ongoing monitoring and management. JEP will integrate climate-related risks into the Enterprise Risk Management in the near future.	

SUSTAINABILITY REPORT

TCFD Pillar	TCFD Recommendations	Comments	Report Reference
4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	As part of JEP's annual sustainability reporting, we track metrics such as Scope 1 and 2 emissions and energy use.	Environmental Conscientiousness
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks	JEP will develop and report Scope 3 GHG emissions in the near future.	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	JEP is adopting a progressive approach towards managing climate-related risks. Certain targets have been set while others will be progressively established.	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:

Andy Luong
(Executive Chairman and Chief Executive Officer)

Zee Hoong Huay
(Executive Director)

Non-Executive:

Wong Gang (Lead Independent Director)
Kong Chee Keong (Independent Director)
Lee Sook Wai, Irene (Independent Director)

AUDIT COMMITTEE

Kong Chee Keong (Chairman)
Wong Gang
Lee Sook Wai, Irene

NOMINATING COMMITTEE

Lee Sook Wai, Irene (Chairperson)
Wong Gang
Kong Chee Keong

REMUNERATION COMMITTEE

Wong Gang (Chairman)
Kong Chee Keong
Lee Sook Wai, Irene

COMPANY SECRETARY

Cho Form Po

REGISTERED OFFICE

16 Seletar Aerospace Crescent
Singapore 797567
Tel : (65) 6545 4222
Fax : (65) 6545 2823
Website : www.jep-holdings.com

BANKERS

United Overseas Bank Limited
DBS Bank Limited
Maybank Singapore Limited

SHARE REGISTRAR

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

AUDITOR

Moore Stephens LLP
10 Anson Road
International Plaza, #29-15
Singapore 079903

PARTNER-IN-CHARGE

Chong Jia Yun, Michelle
(Appointed with effect from the financial year ended
31 December 2023)

CORPORATE GOVERNANCE

Corporate Governance Statement

The Board of Directors (the “**Board**”) of JEP Holdings Ltd. (the “**Company**”) is committed in upholding high standards of corporate governance and practices throughout the Company and its subsidiaries (the “**Group**”), as a fundamental part of its responsibilities to protect shareholders’ interest, enhance shareholders’ value and the performance of the Group.

This report describes the Group’s corporate governance practices and structures for the financial year ended 31 December 2023 (“**FY2023**”) with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”).

The Board is pleased to report that the Group has complied in most materials aspects with the principles and provisions set out in the Code, save for deviations or areas of non-compliance which appropriate explanations are provided.

(A) BOARD MATTERS

The Board as at the date of this Annual Report comprises:

Mr. Andy Luong	(Executive Chairman and Chief Executive Officer)
Mr. Zee Hoong Huay	(Executive Director)
Mr. Wong Gang	(Lead Independent Non-Executive Director)
Mr. Kong Chee Keong	(Independent Non-Executive Director)
Ms. Lee Sook Wai, Irene	(Independent Non-Executive Director)

The profiles of Directors, including the date of last re-election of each Director are set out under the “Board of Directors” section of this Annual Report.

THE BOARD’S CONDUCT OF ITS AFFAIRS

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

Directors’ Fiduciary Duties and Conflicts of Interest (Provision 1.1)

The Board oversees the Group’s business and its performance and is collectively responsible for the long-term success of the Group.

The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management and internal control systems to safeguard shareholders’ interests and the Group’s assets, taking into account the interest of key stakeholder groups in its decision-making.

All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics. The Board regularly reviews the Group’s strategic business plans, the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives.

The Board objectively discharges its duties and responsibilities at all times and makes decisions in the interests of the Group and holds Management accountable for the overall performance for long-term success of the Group.

Directors' Orientation, Induction, Training and Development (Provision 1.2)

A formal letter is provided to each Director upon their appointment, setting out their relevant duties and obligations, to acquaint them with their responsibilities as Directors of the Company.

The Company conducts orientation programme for new Directors. Newly appointed Directors will be briefed by Management to familiarise themselves with the Group's business and governance policies and practices. The orientation programme aims to provide new Directors with an understanding of the Group's businesses to enable them to assimilate into their new roles and to get acquainted with Management, thereby facilitating Board interaction and independent access to Management. Training on areas such as accounting, legal and industry-specific knowledge would be provided for first time Directors as appropriate and where necessary.

The Company also ensures that any newly-appointed Director who does not have prior experience or is not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo mandatory training pursuant to Rule 406(3)(a) of the Listing Manual – Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in the roles and responsibilities of a listed company Director.

To keep abreast with developments in the financial, legal and accounting sectors and to ensure that the Directors are kept informed of relevant new laws, regulations and changing commercial risks, the Company encourages its Directors to attend relevant instructional or training courses at the Company's expense. In particular, the Board is regularly kept informed and updated on courses and seminars offered by the Singapore Institute of Directors (“**SID**”) which are relevant to the training and professional development of the Directors.

The Directors are also briefed on the new requirements of the SGX-ST, Companies Act and other regulatory requirements from time to time by the Company Secretary, the auditors and the Sponsor. In FY2023, all Directors attended the mandated sustainability training.

A training register is maintained by the Company with respect to the courses/seminars attended by each Director.

Board Reserved Matters (Provision 1.3)

The Company has adopted a set of internal guidelines on matters which require Board's approval. Matters which are specifically reserved for the Board's decisions including but not limited to, the appointment of Directors, the Company Secretary and the Sponsor, as well as major transactions such as, inter alia, capital funding, acquisitions and disposals of assets and the release of the Group's financial results announcements.

Management understands that these matters require the Board's approval. The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Group. Below the Board level, there is appropriate delegation of authority and approval sub-limits at Management level, to facilitate operational efficiency.

The Board is obliged to exercise reasonable due diligence and independent judgement when making decisions. It sets appropriate tone-from-the-top and desired organisational culture and ensures proper accountability within the Group. All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company. Where a Director has a conflict of interest, or it appears that the Director might have a conflict of interest in relation to any matter, the Director must immediately declare personal or business interest to the Board with details of personal or business interest in the matter and the actual or potential conflict, and the Director shall recuse from participating in any discussion or decision on the matter.

CORPORATE GOVERNANCE

Delegation of Authority by the Board to its Board Committees (Provision 1.4)

To assist in the execution of its responsibilities, the Board has established and delegated certain functions to its various sub-committees, namely, the Audit Committee (“**AC**”), the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”) (collectively known as the “**Board Committees**”). Each Board Committee is chaired by an Independent Non-Executive Director (“**INED**”) and all of the members are INEDs.

Specific written Terms of Reference (“**TOR**”) setting out the compositions, authorities and duties of the Board Committees, which have been approved by the Board, are reviewed on a regular basis to ensure their continued relevance. The TOR in relation to the responsibilities and functions of the Directors in each Board Committee is provided in this report.

The Board is responsible for shaping the Company’s strategic direction and has decided to integrate sustainability components into all the Company’s business and operations. This integration involves the consideration of Environmental, Social and Governance (“**ESG**”) factors in the Group’s business and operations. The Board will work alongside the Management to advance sustainability efforts within the Group.

In year 2018, a Sustainability Steering Team (“**SST**”) was set up within the Group with members from senior management and across all business units. The SST conducts materiality assessment to identify the ESG factors which are significant and contribute to the Group’s performance, business activities and its stakeholders. Since then, the Group has been setting performance indicators and monitoring processes are in place. The Sustainability Report for FY2023 is included as a part of the Annual Report.

Board and Board Committees Meetings and Attendance (Provision 1.5)

The Board and AC conduct regular scheduled meetings each year to review the financial results and holds additional or ad hoc meetings at such other times as is necessary to address significant matters that may arise. Each of the NC and RC conducts at least one scheduled meeting each year. The meetings are scheduled in advance to facilitate the individual Directors’ planning in view of their on-going commitments. All agendas for meetings are reviewed by the Chairman of the Board and the Chairman of the respective Board Committees.

The Company’s Constitution (the “**Constitution**”) allows Directors to participate in Board meetings by way of teleconference.

In lieu of physical meetings, Board or Board Committees decisions are also made via written resolutions circulated to the Board or Board Committees members for their approvals.

CORPORATE GOVERNANCE

The number of Board and Board Committees meetings held in FY2023 and the attendance of Directors and Key Management Personnel (“KMP”) during these meetings are as follows:

	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting	General Meeting(s)
Total held in 2023 ⁽¹⁾	2	2	1	1	1
No. of meetings attended by Directors					
Mr. Andy Luong	2	2 ⁽²⁾	1 ⁽²⁾	1 ⁽²⁾	1
Mr. Zee Hoong Huay	2	2 ⁽²⁾	1 ⁽²⁾	1 ⁽²⁾	1
Mr. Wong Gang	2	2	1	1	1
Mr. Kong Chee Keong	2	2	1	1	1
Ms. Lee Sook Wai, Irene	2	2	1	1	1
No. of meetings attended by KMP					
Ms. Pang Su Chun	2 ⁽²⁾	2 ⁽²⁾	1 ⁽²⁾	1 ⁽²⁾	1

⁽¹⁾ Number of meetings held/attended during the financial year/period from 1 January 2023 (or from date of appointment/resignation of Director, where applicable) to 31 December 2023.

⁽²⁾ By invitation.

Board Access to Information (Provision 1.6)

The Company makes available to all Directors its half-year and full-year financial results and where required, other financial statements, budgets and forecasts, and other relevant information as necessary. Detailed reports and board papers are sent to the Directors prior to Board meetings to enable the Directors to obtain a proper understanding of the issues. With regard to budgets whereby material variances exist between the actual and forecasted numbers, they are reviewed by the Board as well as disclosed and explained by Management, where required by the Board.

Management is invited to attend the meetings to present information and/or render clarification when required. Directors may request for explanations, briefings by or discussions with Management on any aspect of the Group's operations or business. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

Access to Management, the Company Secretary and Professional Advice (Provision 1.7)

The Company Secretary and/or his representative(s) attends all Board and Board Committees meetings and ensures the Board procedures and the performance of the Group's compliance obligations pursuant to the relevant statutes and regulations are followed. Under the direction of the Executive Chairman and CEO, the Company Secretary ensures good information flows within the Board and Board Committees and between senior management and INEDs, as well as facilitating orientation and assisting with professional development, if required. The appointment and removal of the Company Secretary can only be taken by the Board as a whole.

The Directors have separate and independent access to Management, including the Chief Executive Officer (“CEO”), the Group Financial Controller (“GFC”) and other KMP, the Company Secretary as well as the Group's internal and external auditors, at all times.

The Directors, either individually or as a group, in the furtherance of their duties, may take independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

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

Independent Directors and Non-Executive Directors Comprise a Majority of the Board (Provisions 2.1 to 2.3)

The Board currently comprises five (5) members, of whom one (1) is Executive Chairman and CEO, one (1) is Executive Director (“ED”) and three (3) are INEDs. The INEDs make up a majority of the Board.

The Board assesses the independence of INEDs in accordance with the requirements of the Code to ensure that 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 Group.

Under the Code, an Independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its shareholder who hold 5.0% or more of the voting shares (the “**Substantial Shareholders**”), or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement in the best interests of the Group.

All Directors are required to disclose any relationships or appointments which would impair their independence to the Board as and when the need arises. The NC had reviewed the independence of each INED and determined that these Directors are independent. The NC and the Board are of the view that the INEDs of the Company are independent in character and judgement and that there are no relationships which are likely to affect or could appear to affect the Director’s judgement in the course of discharging his/her fiduciary duties. No individual or small group of individuals dominates the Board’s decision-making.

As announced on 5 April 2024, the Company has found a replacement for Mr. Wong Gang’s directorship after his retirement pursuant to the nine-year rule, Mr. Tan Wei Shyan has been appointed as a new independent director with effect from 24 April 2024 (after the conclusion of the Annual General Meeting and cessation of Wong Gang as a Director of the Company). Mr. Tan Wei Shyan will be subject to retirement pursuant to Article 97 of the Company’s Constitution and re-election at next year’s Annual General Meeting (“AGM”).

Board Composition, Size and Diversity (Provision 2.4)

The NC reviews the size and composition of the Board and Board Committees on an annual basis to ensure its appropriateness in facilitating robust engagement and effective decision-making under the Group’s current scope and nature of operations and business requirements.

Board Diversity

To promote diversity of the Board, the Company has adopted a Board Diversity Policy in February 2020, which sets out the approach to achieve diversity in the Company’s Board. The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. It is accordingly committed to promoting diversity of the Board.

The Company's Board Diversity Policy has considered a number of aspects, including but not limited to:

- (a) age;
- (b) cultural background;
- (c) educational background;
- (d) ethnicity;
- (e) expertise and experience;
- (f) nationality;
- (g) gender;
- (h) geographical background;
- (i) skills;
- (j) knowledge;
- (k) length of service; and
- (l) independence (if applicable)

These aspects will be considered in determining the optimum composition of the Board.

Guided by the Company's Board Diversity Policy, the NC is cognisant of achieving an appropriately balanced mix of talent on the Board, comprising Directors with diverse but complementary backgrounds and experiences. Selection of candidates will be based on a range of diversity perspectives as mentioned above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Board Composition

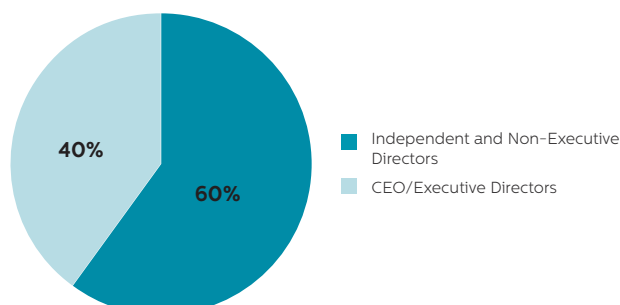
The Board comprises business leaders and professionals with financial, legal and business management background. The Board, as a whole, has an appropriate balance and mix of skills with the necessary core competencies such as accounting or finance, business or management experience and industry knowledge, strategic planning experience and customer-based experience or knowledge, as well as other aspects of diversity such as gender diversity. This allows the Board to foster constructive debate and avoid groupthink. The Company does not have any alternate Directors.

In consideration of the current scope and nature of the operations of the Group's operations, the NC, with the concurrence of the Board, is of the view that the current composition and size of the Board is appropriate and allows for effective decision-making at the Board and Board Committees meetings.

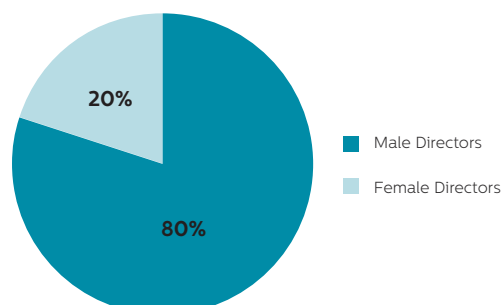
As part of its continuous effort in promoting diversity of the Board, the NC will review the need for setting targets for board diversity.

CORPORATE GOVERNANCE

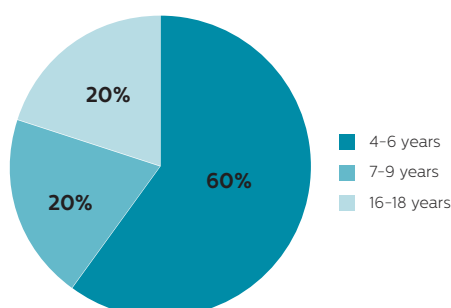
Independence



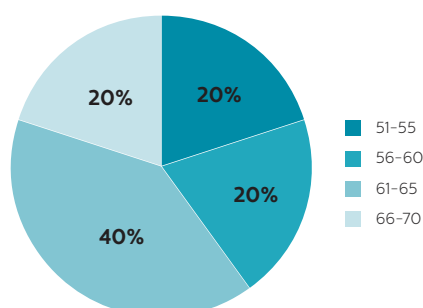
Gender Diversity



Length of Service



Age of Directors



Meeting of Independent Non-Executive Directors without Management (Provision 2.5)

Although all the Directors have an equal responsibility for the Group's operations, the role of INEDs are particularly important in ensuring that the strategies proposed by Management are constructively challenged from an objective perspective, and at the same time take into account any constructive suggestions that will shape the Company's policies. The INEDs also aid in the review of Management's performance and monitor Management's reporting framework.

The INEDs, led by the Lead Independent Non-Executive Director ("LID"), Mr. Wong Gang meet on a need basis without the presence of Management, in order to facilitate a more effective check on Management. The LID would provide feedback to the Executive Chairman after such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Chairman and Chief Executive Officer (Provision 3.1)

The position of Chairman and CEO are currently held by Mr. Andy Luong. Although this is a deviation from the recommendation of the Code, the Board believes that vesting the roles of both Chairman and CEO on the same person who is knowledgeable and has vast experience in the business of the Group provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Despite the roles and responsibilities for the Executive Chairman and CEO are vested in Mr. Andy Luong, all major decisions are made by the Executive Chairman cum CEO were in consultation with the Board which comprises a majority of INEDs. The Board is of the view that there are adequate measures in place against any uneven concentration of power and authority in one individual.

Roles of Chairman and Chief Executive Officer (Provision 3.2)

As the Executive Chairman and CEO, Mr. Andy Luong is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. He encourages constructive relations among the Board and between the Board and Management. Mr. Andy Luong takes a lead role in promoting high standards of corporate governance. This includes setting the agenda for Board meetings, ensuring that adequate time is available for the discussion of all agenda items at Board meetings, promoting a culture of openness and debate at the Board and effective communication with shareholders, encouraging the INEDs to contribute effectively, and exercising control over the complete, adequate and timely information flow between the Board and Management. He also has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Group and is responsible in assisting the Board to develop corporate policies and strategies.

Appointment of Lead Independent Director (Provision 3.3)

Mr. Wong Gang is the LID and is available to shareholders, where they have concerns and issues that unable to be appropriately dealt with by the Chairman cum CEO or the GFC. Shareholders may contact the LID at wong_gang@jep-holdings.com when they have concerns, and for which contact through normal channels with the Chairman and Management are inappropriate and inadequate.

BOARD MEMBERSHIP

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

Composition of the Nominating Committee (Provision 4.2)

The NC comprises the following three (3) INEDs. The LID, Mr. Wong Gang, is a member of the NC.

Ms. Lee Sook Wai, Irene (Chairperson)
Mr. Wong Gang
Mr. Kong Chee Keong

Role and Responsibilities of the Nominating Committee (Provision 4.1)

The NC's principal responsibilities in accordance with its TOR are as follows:

- establish a formal and transparent process for appointments and re-appointments to the Board;
- identify and nominate candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- review the Board effectiveness, structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- review the Board's succession plans, in particular, succession plans for Executive Chairman and CEO and KMP;

CORPORATE GOVERNANCE

- recommend training needs and professional development programmes for Directors;
- determine annually, whether a Director is independent in accordance with the guidelines set out in the Code;
- recommend Directors who are retiring by rotation to be put forward for re-election;
- review whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations; and
- develop a process for evaluation of the effectiveness of the Board and Board Committees.

Selection, Appointment and Re-appointment of Directors (Provision 4.3)

The process for selection and appointment of new Directors will be led by the NC in the following order:

- (i) determining the desirable competencies for the appointment, and after consultation with Management;
- (ii) assessing the suitability of the candidates and conducting an open dialogue to ensure that each candidate is aware of the role and obligations; and
- (iii) submitting a final shortlist for recommendation to the Board.

The search and nomination process for new Directors, led by the NC, is as follows:

- the NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and key attributes that an incoming Director should have.
- after endorsement by the Board of the key attributes required, the NC taps on the networking resources of the existing Directors and seeks recommendations from them in relation to the potential candidates, and goes through a short listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to aid in the search process.
- the NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- the NC recommends the most suitable candidate to the Board for appointment as Director.

Re-appointment of Directors

The Constitution provides that at least one-third of the Board shall retire by rotation at every AGM, and in accordance with the SGX-ST Catalist Rules, all Directors will be required to submit themselves for re-nomination and re-election on a rotational basis and at least once every three (3) years. All new Directors appointed by the Board during the year shall hold office until the next AGM and are eligible for re-election at the said AGM.

Mr. Zee Hoong Huay and Mr. Kong Chee Keong will be retiring as Directors of the Company at the forthcoming AGM pursuant to Article 91 of the Constitution of the Company and being eligible, have consented to be re-elected as Directors of the Company. The NC, with the concurrence of the Board, had considered the Directors' overall contribution and performance and had recommended/nominated Mr. Zee Hoong Huay and Mr. Kong Chee Keong for re-election at the forthcoming AGM.

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The dates of initial appointment and last re-election of the Directors, together with their directorships in other listed companies and their principal commitments, are set out below:

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other Listed Companies	Other Principal Commitments
Mr. Andy Luong	Executive Chairman and Chief Executive Officer	22 February 2018	19 April 2023	Executive Chairman and Chief Executive Officer of UMS Holdings Limited	–
Mr. Zee Hoong Huay	Executive Director	27 August 2015	26 April 2022	–	–
Mr. Wong Gang	Lead Independent Director	1 November 2006	19 April 2023	Independent Director of Multi Ways Holdings Limited	Partner of Shook Lin & Bok LLP
Mr. Kong Chee Keong	Independent Director	25 April 2018	22 April 2021	Independent Director of Ever Glory United Holdings Limited	Director of Penvest Co. Pte. Ltd.
Ms. Lee Sook Wai, Irene	Independent Director	8 July 2019	26 April 2022	Independent Director of Comet Holding AG	Director of Key Point (S) Pte Ltd Director of Amethyst Micrometric (S) Pte Ltd Investment Officer at Singapore-based family office Little Rain Pte Ltd

Determining Directors' Independence (Provision 4.4)

The NC is also responsible for determining annually, and as and when circumstances arises, the independence of Directors. On an annual basis, each INED is required to complete a declaration of independence based on the provisions in the Code and the Catalist Rules, for the NC's review. The NC takes into account the principles and guidelines set out in the Code and the Catalist Rules and assessed the independence of Directors based on the following considerations:

- whether the Director has a relationship with the Company or its related corporations, Substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of his/her independent judgement in the best interests of the Company;
- whether the Director is or has been employed by the Company or any of its related corporations in the current or immediate past three financial years;
- whether the Director has an immediate family member who is or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the RC;

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- (iv) whether the Director or his/her immediate family member has, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services, other than compensation for Board service;
- (v) whether the Director or a Director whose immediate family member, in the current or immediate past financial year, is or was, a Substantial Shareholder or a partner in (with 5% or more stake), or an executive officer of, or a Director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services;
- (vi) whether the Director has been a Director on the Board for an aggregate period of more than nine years; and
- (vii) any other applicable circumstances.

The NC has reviewed and ascertained that Ms. Lee Sook Wai, Irene and Mr. Kong Chee Keong continue to remain independent having considered their confirmation that they do not have any relationship with the Company, its related companies, Substantial Shareholders, or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company and Group, and the other considerations set out above.

Directors' Time Commitments and Multiple Directorships (Provision 4.5)

The NC monitors and determines annually whether Directors who have multiple board representations and principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a Director of the Company. The NC takes into account the attendance and participation of the Directors at meetings for FY2023 and the guidance provided to Management.

The NC has ascertained that for the period under review, where a Director had other listed company board representations and/or other principal commitments, the Director was able to and had been adequately carrying out, his/her duties as a Director of the Company. The Directors have expressed that they are committed to carrying out their roles and responsibilities to their best of efforts. The NC concluded that there is no need to impose a limit on the number of board representations at this stage.

BOARD PERFORMANCE

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

Assessing the effectiveness of the Board and Board Committees (Provision 5.1)

Based on the recommendations of the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and its Board Committees as well as assessing performance of the Chairman and each Director in his/her contribution to the effectiveness of the Board. This is carried out on an annual basis.

Assessment and evaluation forms designed as a questionnaire have been developed and adopted for the process to determine the strengths and capabilities of the Board and the Board Committees. The forms were completed by the Directors and were then collated and presented to the NC as a summary report.

CORPORATE GOVERNANCE

Following the evaluation exercise for FY2023 completed by five (5) Directors, the NC is satisfied that the Board and its Board Committees are performing effectively and have met their respective performance objectives. All NC members have abstained from the voting and review of any matter in connection with the assessment of his performance. No external facilitator was engaged for the evaluation exercise.

Board and Board Committees Evaluation Criteria

Part of the evaluation process is through the review of the appraisal and evaluation forms, which considered an assessment of the following key performance criteria:

- Attendance
- Board size and composition of the Board
- Board independence
- Board processes
- Board information and accountability
- Participation in constructive discussions and communication
- Board performance in discharging principal functions
- Board Committee performance
- Board time commitment
- Board diversity
- Overall contribution

Evaluation of Individual Director (Provision 5.2)

The performance evaluation of a Director includes his/her attendance to meetings and contributions to the development of strategy, availability at Board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry and business knowledge and experience which are crucial to the Group's business and operations. The Company believes that apart from the Directors' fiduciary duties (i.e. acting in good faith, with due diligence and care, and in the best interests of the Company and its shareholders), the Board's key responsibilities are to set strategic directions for the Group and to ensure that the long-term objective of enhancing shareholders' value is achieved. The NC has reviewed the overall performance of the Board, Board Committees and each Director for FY2023 and is satisfied that the Board as a whole and Board Committees have met the performance evaluation criteria and objectives and each Director has contributed effectively and demonstrated commitment to his/her respective role, including commitment of time for the Board and Board Committees meetings and any other duties in FY2023.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Composition of the Remuneration Committee (Provision 6.2)

The RC comprises the following three (3) INEDs:

Mr. Wong Gang (Chairman)
Mr. Kong Chee Keong
Ms. Lee Sook Wai, Irene

CORPORATE GOVERNANCE

Role and Responsibilities of the Remuneration Committee (Provision 6.1)

The RC is responsible for review and recommend to the Board, a framework of remuneration for the Board and KMP, and to determining the specified remuneration packages and terms of employment for each Director and KMP to ensure that the remuneration packages are fair, competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully.

The RC's principal responsibilities in accordance with its TOR are as follows:

- review and recommend to the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the EDs and KMP of the Group including those employees related to the EDs and controlling shareholders of the Group;
- review and ensure that all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- review and ensure the remuneration packages are comparable within the industry and comparable companies and it should include a performance-related element coupled with appropriate and meaningful measures of assessing the performance of EDs and KMP. A significant proportion of remuneration for the EDs should be structured so as to link rewards to corporate and individual performance; and
- review and ensure the remuneration packages of employees related to EDs 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 responsibility.

Remuneration Framework (Provision 6.3)

There is a formal and transparent process for developing executive remuneration and determining the remuneration packages of individual Directors. No Director is involved in deciding his/her own remuneration.

The RC reviews all matters concerning remuneration, including the reasonableness of the contracts of service of EDs and KMP to ensure that their compensation commensurate with the responsibilities and risks involved in being a Director and that their remuneration packages are comparable within the industry and include a performance related element with appropriate and meaningful measures of assessing performance.

The RC also reviews the Company's obligations, if any, arising in the event of termination of the EDs' and/or KMP's contract of services to ensure that the termination clauses contained in the contracts of service for EDs and/or KMP are fair and reasonable and not overly generous. The RC aims to be fair and avoid rewarding poor performance.

RC access to Expert Professional Advice (Provision 6.4)

The RC has full authority to engage any external professional advisors, as and when the need arises, on matters relating to remuneration and the cost of such engagement shall be borne by the Company. In FY2023, no remuneration consultant is engaged by the Company.

LEVEL AND MIX OF REMUNERATION

Principle 7 – The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The remuneration policy of the Company is designed to align the interests of EDs and KMP with those of shareholders and stakeholders, and promotes long-term success of the Group. The policy seeks to attract, retain and motivate the Directors to provide good stewardship of the Company and KMP with competitive remuneration packages based on the scope of responsibilities, prevailing market conditions and comparable industry benchmarks.

Remuneration of Executive Directors and Key Management Personnel (Provisions 7.1 and 7.3)

In determining remuneration packages, the RC takes into consideration the Code's principles and provisions on the level and mix of remuneration and ensures that a significant and appropriate proportion of the remuneration is linked to the individual's and the Group's performance. The Company has formulated a remuneration policy that sets a base salary as a fixed component of the remuneration and a variable bonus linked to the performance of the Company and the employees.

Annual review of the remuneration including the variable bonus of EDs and KMP are conducted by the RC to ensure that the remuneration commensurates with the performance of each employee, taking into account the respective key performance indicators and the Group's financial results and risk policies. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promote the long-term success of the Group.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from EDs and KMP in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Company will avail itself of legal processes for recovery against the employees. As EDs owe a fiduciary duty to the Company, the Company may avail itself of legal remedies in the event of such breach of fiduciary duties.

Based on the Remuneration Framework, the service contract for EDs and KMP comprises a fixed component (in the form of basic salary, fixed allowance and other benefits-in-kind) and variable components (in the form of annual performance bonus) which is based on the Group's and individual performance. The service contracts of EDs and KMP provide for a fixed appointment period, after which they are subject to renewal.

Remuneration of Independent Directors or Non-Executive Directors (Provision 7.2)

The INEDs do not have any service agreements with the Company. Each INED was issued a letter of appointment. Save for Directors' fees, which have to be approved by the shareholders at every AGM, the INEDs do not receive any other remuneration from the Company. The RC has recommended a fixed fee for the efforts and responsibilities of and the time spent by each INED serving on the Board and Board Committees.

The RC has recommended to the Board Directors' fees of up to S\$200,000 for the financial year ending 31 December 2024, to be paid half-yearly in arrears. No Director or member of the RC is involved in deciding his/her own remuneration.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

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

Disclosure of the Remuneration of Directors and Key Management Personnel (Provisions 8.1 and 8.3)

The remuneration of Directors and KMP of the Company for FY2023 are set out below:

Name	Fees ⁽¹⁾	Salary ⁽²⁾	Bonus ⁽²⁾	Others ⁽³⁾	Total
Directors					
S\$1,250,000 – S\$1,499,999					
Mr. Andy Luong	–	262,108	870,641	125,125	1,257,874
S\$250,000 – S\$499,999					
Mr. Zee Hoong Huay	–	58%	32%	10%	100%
Below S\$250,000					
Mr. Wong Gang	55,000	–	–	–	55,000
Mr. Kong Chee Keong	55,000	–	–	–	55,000
Ms. Lee Sook Wai, Irene	55,000	–	–	–	55,000
Key Management Personnel					
S\$250,000 – S\$499,999					
Mr. Darren Zee Yu Liang	–	36%	55%	9%	100%
Mr. Eddie Goh Kuan Teck	–	50%	45%	5%	100%
Ms. Pang Su Chun	–	42%	55%	3%	100%

Notes:

⁽¹⁾ These fees were approved by shareholders at the last AGM held on 19 April 2023.

⁽²⁾ Salaries and bonuses include employer contributions to the Central Provident Fund. Bonuses also include performance-related incentives.

⁽³⁾ Allowances and fringe benefits (included benefits-in-kind).

Notwithstanding Provision 8.1 of the Code, there were only three (3) KMP (who are not Directors or the CEO) during FY2023. The Board is of the view that it is in the interests of the Company not to disclose the absolute number, the remuneration breakdown of the Executive Director, Mr. Zee Hoong Huay and the amount of the remuneration paid to the three (3) KMP (who are not Directors or the CEO) in this report due to the sensitive and confidential nature of such information and disadvantages that this might bring.

Taking into account the disclosure of the exact fees for the Chairman and CEO as well as INEDs, and the remuneration policies, composition of remuneration and performance metrics which go towards determination of the total remuneration packages of the CEO and KMP, the Board has determined that there is sufficient transparency and information on the remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

CORPORATE GOVERNANCE

The new Catalist Rule 1204(10D) on remuneration disclosures will take effect for Annual Reports prepared for financial year ending on or after 31 December 2024, where the Company is required to disclose the exact amount and breakdown of remuneration paid to each individual Director and the CEO by the Company and its subsidiaries in the Annual Report. The Company will make the appropriate disclosures when the new Catalist Rule takes effect.

There are no termination, retirement and post-employment benefits granted to Directors, the CEO and KMP in FY2023.

Disclosure of the Remuneration of Employees who are Substantial Shareholders of the company, Immediate Family Members of a Director, the CEO or a Substantial Shareholder of the company (Provision 8.2)

The table below shows annual remuneration (in incremental bands of S\$100,000) of employees who are immediate family members of a Director, the CEO or a Substantial Shareholder, and whose remuneration exceeds S\$100,000 during FY2023:

Remuneration Band & Name of Executive
S\$350,000 – S\$449,999 Mr. Darren Zee Yu Liang*

* Son of Mr. Zee Hoong Huay, Executive Director of the Company.

Long-term Incentive Scheme

The Company does not have any share option or long-term incentive scheme in place.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9 – The Board is responsible for the governance and risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholder.

Design, Implementation and Monitoring of Risk Management and Internal Control Systems and Written Assurances on Their Adequacy and Effectiveness (Provisions 9.1 and 9.2)

Separate Risk Committee

The Company does not have a risk management committee. The Board is overall responsible for the management of risk within the Group. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets and the interests of shareholders. The Board determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic business objectives.

CORPORATE GOVERNANCE

Risk management and internal control systems

Virtus Assure Pte. Ltd. (“VA”), the Company’s internal auditors conducted a major review of the Group’s operations and business to identify and assess risks relevant to the Group with the objective of mitigating the risks, and allocating the Group’s resources to create and preserve value aligned to the Group’s strategy. VA performed a facilitative role in the risk assessment process and conducted an enterprise risk assessment with Management and relevant employees to identify key risks that would impact the achievement of the Group’s business objectives. The risk assessment exercise highlighted pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas. Identified risks formed a basis of the Group’s risk management framework and the Enterprise Risk Management (“ERM”) manual.

The risk management framework and ERM manual developed provide the architecture for managing risks across the Group. Identification, evaluation and reporting of risks are conducted by an in-house risk management team on a continuing basis.

The Management is responsible for ensuring that the risks identified are relevant to the business environment and that controls or mitigating factors are in place. The Board reviews and approves policies and procedures for managing the identified risks. The AC provides independent oversight to the effectiveness of the risk management process.

Adequacy and effectiveness

In FY2023, the internal auditors conduct annual reviews of the adequacy and effectiveness of the Group’s key internal controls, including financial, operational, compliance and informational technology controls and risk management systems. Any material non-compliances or lapses in internal controls and recommendation for improvement are reported to the AC. All required corrective and preventive measures, and steps for improvement are closely monitored. Additionally, in performing their audit of the financial statements, the external auditors perform a review of the adequacy and effectiveness of the Group’s key internal controls to the extent of their scope as laid out in their audit plan. Significant non-compliance and internal control weaknesses noted during the audit are reported to the AC together with the recommendations of the external auditors.

The effectiveness of the Group’s system of internal controls are in place to address the key financial, operational, compliance and information technology risks affecting the operations are reviewed by the AC, together with the Board.

For FY2023, the Board had received assurance from the CEO, ED and the GFC (who performs the role of a Chief Financial Officer) that:

- (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and
- (ii) the Group’s risk management and internal control systems are adequate and effective.

In compliance with Rule 1204(10) of the Catalist Rules, the Board, with the concurrence of the AC, is of the opinion that the Company has a robust and effective internal control system. The system of internal controls is sufficiently adequate and effective to address the information technology controls and risk management systems, as well as the financial, operational, compliance and information technology risks based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditors.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

AUDIT COMMITTEE

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

Composition of the Audit Committee (Provision 10.2)

The AC comprises the following three (3) INEDs, who have recent and relevant accounting or related financial expertise or experience to discharge their responsibilities:

Mr. Kong Chee Keong (Chairman)
Mr. Wong Gang
Ms. Lee Sook Wai, Irene

Former Partner or Director of the Company's Existing Auditing Firm (Provision 10.3)

None of the AC members is a former partner or Director of the Company's external auditors, Moore Stephens LLP within the last two (2) years or has any financial interest in the audit firm.

The Board is of the view that all the AC members are appropriately qualified to discharge their responsibilities.

Roles and Responsibilities of the Audit Committee (Provision 10.1)

The principal responsibilities of the AC in accordance with its TOR are:

- (a) review the external auditors' audit plan, audit report, management letter and Management's response;
- (b) review the half-year and full-year financial statements on significant financial reporting issues and judgments before submission to the Board for approval;
- (c) review any formal announcements relating to the Company's financial performance;
- (d) discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors;
- (e) meet with the internal and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;
- (f) review the assistance given by Management to external auditors;
- (g) review and evaluate the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- (h) review the effectiveness of the Company's internal audit function;
- (i) review annually the scope and results of the external audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
- (j) review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference or whistleblowing reports;

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- (k) report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (l) review interested person transactions falling within the scope of the Catalist Rules;
- (m) undertake such other reviews and projects as may be requested by the Board;
- (n) review the assurance from the EDs and the GFC on the financial records and financial statements; and
- (o) consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

Authority of the AC

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, Management, and the internal and external auditors on audit matters.

The AC also has explicit authority to investigate any matter within its terms of reference, full access to and cooperation by Management and full discretion to invite any Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Financial Matters

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decision were made
Impairment review of goodwill	The AC considered the approach and methodology applied to the valuation model in goodwill impairment assessment. It reviewed the reasonableness of cash flow forecasts, the terminal growth rate, budgeted gross margins and discount rate. The impairment review was also an area of focus of the external auditors. The external auditors has included this item as a key audit matter in its audit report for FY2023.
Valuation of inventories	The AC considered the approach and assessment applied in determining the allowance for inventory obsolescence and the net realisable value of the inventories. The assessment of the carrying amount of inventories was also an area of focus of the external auditors. The external auditors has included this item as a key audit matter in its audit report for FY2023.

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Interested Person Transactions (“IPTs”)

The AC reviewed the Group’s IPTs to ensure that the transactions were executed at normal commercial terms and did not prejudice the interests of the Group and its minority shareholders.

The Company obtained its shareholders’ mandate for IPTs between the Group and UMS Holdings Limited and its subsidiaries (“**UMS Group**”) at the AGM held on 19 April 2023.

In line with Chapter 9 of the Catalist Rules, the aggregated value of transactions entered into by the Group with interested persons namely, UMS Group in FY2023 as shown in the table below, the aggregate value of all IPTs during the period was approximately 16.1% of the Group’s audited net tangible assets as at 31 December 2023.

Name of interested person	Nature of relationship	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)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to rule 920 (excluding transactions less than S\$100,000)
		31 December 2023	31 December 2023
UMS Holdings Limited & its subsidiaries	Controlling shareholder of the Company	S\$240,499	S\$10,032,260

Material Contracts

Save for the IPTs disclosed above, the AC is satisfied that there were no material contracts of the Company and its subsidiaries involving the interest of the Executive Chairman or any Director or controlling shareholder subsisted at the end of the financial year or had been entered into since the end of the previous financial year. In the event that a member of the AC is involved in any IPTs, he/she will abstain from reviewing that particular transaction.

The Group will seek shareholders’ approval on the renewal of the IPTs General Mandate at the forthcoming AGM.

External Auditors

Moore Stephens LLP is the external auditors of the Company. Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors. The external auditors will work with Management to ensure that the Group complies with the new accounting standards, if applicable.

In assessing independence of external auditors, the AC reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year. There were no non-audit services rendered by the external auditors for FY2023. The AC is of the opinion that the external auditors is independent and was adequate and effective in performing its audit.

	S\$’000	% of fees
Audit fees	111	100
Non-audit fees	–	–
Total fees	111	100

CORPORATE GOVERNANCE

The Group has also complied with Rules 712 and 715 of the Catalyst Rules in relation to the engagement of its external auditors. The AC has recommended to the Board the re-appointment of Moore Stephens LLP as its external auditor at the forthcoming AGM.

Internal Audit (Provision 10.4)

The internal auditors, Virtus Assure Pte. Ltd. reports directly to the AC Chairman and administratively to the Executive Chairman and CEO. The main objective of the internal audit function is to assist the Group in evaluating and assessing the adequacy and effectiveness of internal controls, and to highlight the areas where control weaknesses exist, if any. The Company continues to work with the internal auditors to identify other scope of work which will help to further enhance the robustness of the Company.

The internal auditors carried out its function according to the standards set by locally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC has reviewed the independence, adequacy and effectiveness of the internal audit function at least annually and ensured that it is adequately resourced and has appropriate standing within the Company. Based on the review, the AC was of the view that the internal audit function is independent, effective and adequately resourced.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

Meeting with External and Internal Auditors (Provision 10.5)

The AC has met with external and internal auditors without the presence of Management once during FY2023 to review various audit matters, including reviewing the audit plans, and evaluating the internal accounting controls, the audit reports, and the assistance given by Management to the internal and external auditors.

Whistleblowing Policy

The Company has a Whistleblowing Policy, reviewed and endorsed by the AC, whereby the employees can, in confidence, raise concerns relating to financial reporting, unethical or improper conduct to the AC for investigation. The LID will lead in all queries as may be raised by the staff of the Company.

The Whistleblowing Policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group directly to the AC Chairman, as appropriate, without fear of reprisals. The Whistleblowing Policy serves to encourage and provide a channel where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters.

The Company has designated the AC to investigate whistleblowing reports made in good faith independently. The Company will treat all (written) complaints in a confidential and sensitive manner. A report of a complaint will only be disclosed to persons on a need to know basis in order to properly carry out an investigation and the identity of the whistleblower is kept confidential. The Company is committed to ensure protection of the whistleblower against detrimental or unfair treatment arising from whistleblowing.

No whistleblowing report was received during the year and until the date of this report.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11 – The company treats all shareholder 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.

Conduct of Shareholders’ Meetings (Provision 11.1)

All shareholders are encouraged to attend the Company’s general meetings to ensure a high level of accountability and to stay informed of the Company’s strategy and goals. Shareholders are informed of general meetings through notices, through reports or circulars released via SGXNet. At general meetings, shareholders are given the opportunity to participate effectively and vote, where relevant rules and procedures governing such meetings, such as voting procedure, are clearly communicated prior to the start of the meeting.

The Company is in full support of shareholder participation at general meetings. The Constitution allows a shareholder to appoint not more than two (2) proxies to attend and vote at general meetings. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the general meetings as observers without being constrained by the two-proxy rule.

The Company allows corporations which provide nominee or custodial services to appoint more than two (2) proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Separate Resolutions at General Meetings on Each Substantially Separate Issue (Provision 11.2)

Each item of special business in the notices of the shareholders’ general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue.

Attendance at General Meetings (Provision 11.3)

All Directors, including the Chairpersons of the Board, AC, NC and RC are in attendance at the general meetings to allow shareholders the opportunity to express their views and ask questions regarding the Company. In addition, external auditors are also invited to attend AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the contents of the auditor’s report.

All resolutions at general meetings are voted on by poll so as to better reflect shareholders’ shareholding interests and ensure greater transparency. Shareholders are briefed by the appointed polling agent on the poll voting procedures at the general meetings. The appointed scrutineer will ensure that the poll process is properly carried out and the counting of the votes is verified by the scrutineer. The poll voting results of all votes cast for, or against, or abstain, each resolution and the respective percentages are announced at the meeting and via SGXNet upon the conclusion of the general meetings.

Absentia Voting (Provision 11.4)

The Company is not implementing absentia voting methods (such as voting via mail, email or fax) until issues such as the authentication of shareholder identity and other related security and integrity of such information can be resolved. Notwithstanding the foregoing, the Company’s Constitution allows the shareholder to appoint proxies to attend and vote on behalf of him/her/it, if he/she/it is unable to attend the general meetings.

CORPORATE GOVERNANCE

Minutes of General Meetings (Provision 11.5)

Substantial and relevant comments or queries from shareholders relating to the agenda of the AGM together with responses from the Board and the Management will be prepared by the Company. The minutes of AGM which capture the attendance of Board members at the meeting, matters approved by shareholders and voting results will be prepared by the Company.

The minutes of the AGM for FY2023 will be released to the SGX-ST within one (1) month from the date of AGM and shall be made available on the Company's website.

Dividend Policy (Provision 11.6)

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, operational and capital requirements, cash flow and financial conditions, as well as general business conditions and other factors which the Board may deem appropriate. The Board endeavours to maintain a balance between meeting shareholder's expectations and prudent capital management. The Board will review the dividend payment from time to time and any dividend declaration will be communicated to shareholders via announcement through SGXNet.

ENGAGEMENT WITH SHAREHOLDERS

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

Communication with Shareholders (Provision 12.1)

The Company upholds the best practices of transparency and accountability to its shareholders. The Board ensures that all shareholders are treated fairly and equitably and the rights of all investors including non-controlling shareholders are safeguarded and protected.

The Company does not practice selective disclosure. In line with the continuous disclosure obligations of the Company and in accordance with the Catalist Rules and the Companies Act, the Board adopts a policy whereby shareholders will be informed of all major developments of the Company.

Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNet, press releases, the Company's website, media and analysts' briefings. The Company's corporate information as well as Annual Reports are also available on the Company's website.

Investor Relations Policy (Provisions 12.2 and 12.3)

The Company has an Investor Relations ("IR") policy outlining the principles and practices adopted in the course of its investor relations activities, including communication with shareholders and the investment community.

The IR policy reflects avenues for communication between shareholders and the Company, including shareholders' meetings, the Company's Annual Report and Sustainability Report, the information available on the Company's website, results announcements, meetings with analysts and media, and describes how shareholders may contact the Company should they have questions. The policy thus allows for an ongoing exchange of views with shareholders, thereby promoting regular, effective and fair communication.

If the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors. There were two (2) sessions of analyst briefings held for FY2023.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13 – The Board adopts an inclusive approach by considering and balancing the needs and interests of materials stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

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

Material Stakeholder Groups (Provision 13.1)

The Company's key stakeholders as listed in its Sustainability Report, includes its shareholders, its employees and workers, its consumers, its suppliers and business partners, communities, government and regulators, and its financiers. The Sustainability Report also outlines how relationships with these key stakeholders are managed.

Pursuant to Rule 71B(3) of the Catalist Rules and the Sustainability Guide under that Practice Note 7.6 of the Code, internal review has been conducted on the Company's sustainability reporting process to increase stakeholders confidence in the accuracy and reliability of the sustainability information disclosed.

Management of Stakeholder Relationships (Provision 13.2)

The Group's policies (including the Board Diversity Policy, the IR Policy and Whistleblowing Policy) facilitates the Group's engagement with its key stakeholders.

The Sustainability Report outlines the Group's policies, practices, performance and targets in relation to its Economic and Environmental, Social and Governance ("**ESG**") activities. Developed in accordance with the SGX Sustainability Report Guide, with accordance to the Global Reporting Initiative ("**GRI**") reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures ("**TCFD**") in the four key areas of governance, strategy, risk management and metrics and targets. It has also mapped the material ESG topics to the United Nations Sustainable Development Goals ("**UN SDGs**"), the Group endeavours to communicate how sustainability is embedded in its business practices and value chain across its operations in the report.

Corporate Website to Communicate and Engage with Stakeholders (Provision 13.3)

The Company maintains a corporate website www.jep-holdings.com to communicate and engage with stakeholders. Stakeholders may contact the Company through '**Contact Us**' in the Company's corporate website.

CORPORATE GOVERNANCE

Additional Information Required by the Singapore Exchange Securities Trading Limited

1. DEALINGS IN SECURITIES

In compliance with Rule 1204(19) of the Catalist Rules, the Company imposes a trading embargo on its Directors and employees of the Company from trading in its securities for the period of one (1) month prior to the announcement of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum was circulated informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum includes the clause whereby an officer of the Company is prohibited from dealing in the Company's securities on short-term considerations.

In view of the policy in place, the Board is of the opinion that the Company has complied with the recommended best practices on dealings in securities under Rule 1204(19) of the Catalist Rules.

2. NON-SPONSORSHIP FEES

There were no non-sponsor fees paid to the Company's Sponsor, RHT Capital Pte. Ltd., during the financial year under review.

3. CODE OF CONDUCT AND ETHICS

All employees of the Group are required to observe and maintain high standard of integrity, as well as to comply with laws, regulations and the Group's policies. The Group's internal policies set out the standards of ethical conduct which covers all aspects of the business operation of the Group such as work ethics, personal conflicts of interest, and confidentiality of information, related party transactions, gifts and dealings in the Company's securities.

4. ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(5) of Catalist Rules, the information relating to the Directors who are seeking re-appointment at the forthcoming AGM of the Company, as set out in Appendix 7F to the Catalist Rules is set out below:

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
Date of appointment	27 August 2015	25 April 2018
Date of last re-appointment	26 April 2022	22 April 2021
Age	67	56
Country of principal residence	Singapore	Singapore
The Board's comments on the re-appointment (including rationale, selection criteria, and the search and nomination process)	Based on the recommendation of the NC, the Board (save for Mr. Zee Hoong Huay who abstain from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Zee Hoong Huay as a Director of the Company.	Based on the recommendation of the NC, the Board (save for Mr. Kong Chee Keong who abstain from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Kong Chee Keong as an Independent Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive, responsible for overseeing the Group overall operations and strategies and developing new businesses for the Group and supervise an implementation of internal control for the Group.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee
Working experience and occupation(s) in the past 10 years	2015 – Present Executive Director - JEP Holdings Ltd. 1986 – 2015 Co-founder and Managing Director - JEP Industrades Pte. Ltd.	2011 – Present Executive Director of: - Penvest Co. Pte. Ltd. - Gascem Pte Ltd - Arc Energy Pte. Ltd. - PIP Energy Pte Ltd (formerly known as LM Energy Pte Ltd) - Blue Tirta Pte. Ltd. - PT Puncak Bintang Perkasa - PT Pravest Sipoti Energi

CORPORATE GOVERNANCE

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
		Past 10 years • Darco Ba Lai Water Supply Co., Ltd • Puzer Asia Pte Ltd • Darco Engineering Pte Ltd • Darco Infracore Vietnam Water Pte. Ltd. • PV Vacuum Engineering Pte Ltd • Darco Water Systems Sdn Bhd • Darco Industrial Water Sdn Bhd • Wuhan Kaidi Water Service Co., Ltd • Vietnam Darco Environment Co., Ltd • Darco Viet Water Co., Ltd • Darco Nghe An Co., Ltd • Darco Ha Tinh Co., Ltd • Puzer Asia Pte Ltd • Darco Engineering Pte Ltd • Darco Infracore Vietnam Water Pte. Ltd. • PV Vacuum Engineering Pte Ltd • PT Penvest Tirta Energi • Darco Water Technologies Ltd • PT Energi Pravest Jaya • PT Alabama Energi • PT Charma Paluta Energi • PT Bukit Lau Energi
Shareholding interest in the listed issuer and its subsidiaries	190,000 (direct interest)	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Darren Zee Yu Liang, Managing Director of Dolphin Engineering Pte. Ltd., Director of JEP Precision Engineering Pte. Ltd. and Director of JEP Precision Engineering (M) Sdn. Bhd. is the eldest son.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes

CORPORATE GOVERNANCE

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Catalist Rule 704(8)		
Present	Directorship: Listed company - JEP Holdings Ltd. Non-listed company - JEP Industrades Pte. Ltd.	Directorship: Listed companies - JEP Holdings Ltd. - Ever Glory United Holdings Ltd Non-listed companies - Penvest Co. Pte. Ltd. - Gascem Pte Ltd - Arc Energy Pte. Ltd. - PIP Energy Pte Ltd (formerly known as LM Energy Pte Ltd) - Blue Tirta Pte. Ltd. - PT Puncak Bintang Perkasa - PT Pravest Sipoti Energi
Past (for the last 5 years)	Directorship: Non-listed companies - JEP Precision Engineering Pte. Ltd. - Dolphin Engineering Pte. Ltd.	Directorship: Listed companies - Darco Water Technologies Ltd. - Biolidics Ltd. - Libra Group Ltd. Non-listed companies - Darco Ba Lai Water Supply Co., Ltd - Puzer Asia Pte Ltd - Darco Engineering Pte Ltd - Darco Infracore Vietnam Water Pte. Ltd. - PV Vacuum Engineering Pte Ltd - Darco Water Systems Sdn Bhd - Darco Industrial Water Sdn Bhd - Wuhan Kaidi Water Service Co., Ltd - Vietnam Darco Environment Co., Ltd - Darco Viet Water Co., Ltd - Darco Nghe An Co., Ltd - Darco Ha Tinh Co., Ltd - Puzer Asia Pte Ltd - Darco Engineering Pte Ltd - Darco Infracore Vietnam Water Pte. Ltd. - PV Vacuum Engineering Pte Ltd - PT Penvest Tirta Energi - PT Pravest Sipoti Energi

CORPORATE GOVERNANCE

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
		• Darco Water Technologies Ltd • PT Energi Pravest Jaya • PT Alabama Energi • PT Charma Paluta Energi • PT Bukit Lau Energi • Libra Group Limited
Information required Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(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	Singapore High Court ordered the winding up of Libra Group Limited (“Libra”) on 22 July 2022. Mr. Kong Chee Keong resigned as Libra’s independent director in July 2019.

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(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	No

CORPORATE GOVERNANCE

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(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	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	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	No

CORPORATE GOVERNANCE

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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	Mr. Kong Chee Keong (“Mr. Kong”) was the Independent Director of Darco Water Technologies Limited (“DWT”) from 6 July 2020 to 31 August 2021, and subsequently re-designated as the Executive Director and Chief Executive Officer (“CEO”) of DWT from 1 September 2021 to 4 October 2022. DWT had received a Notice of Compliance (“NOC”) shortly after Mr. Kong was appointed as the Executive Director and CEO of DWT. The NOC was in relation to the status of a proposed investment in a project (“DWT investment”) which was first announced by DWT on 5 November 2018, prior to Mr Kong’s appointment as an Independent Director of DWT.

CORPORATE GOVERNANCE

Details	Name of Directors	
	Mr. Zee Hoong Huay	Mr. Kong Chee Keong
		As the then Executive Director and CEO of DWT, Mr. Kong had led the team to prepare and submit the detailed report on the status of that DWT investment complying with all SGX-ST's directives by the stipulated timeline. The DWT Investment was eventually rejected by the then board of directors of DWT ("DWT Board") after due deliberation by the DWT Board, and no further action was taken by the SGX-ST. There were no investigations conducted by the SGX-ST or any government authorities on DWT or Mr. Kong.
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A. (as this is a re-election of Director)	N.A. (as this is a re-election of Director)

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 Directors

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

Andy Luong
Zee Hoong Huay
Wong Gang
Kong Chee Keong
Lee Sook Wai, Irene

2 Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

3 Directors' Interests in Shares, Debentures and Warrants

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

Names of directors and companies in which interests are held

	Shareholdings registered in name of director			Shareholdings in which director is deemed to have an interest		
	As at 1 January 2023	As at 31 December 2023	As at 21 January 2024	As at 1 January 2023	As at 31 December 2023	As at 21 January 2024
The Company						
Andy Luong						
- Ordinary shares	1,150,000	7,300,000	7,300,000	305,037,436	316,275,636	316,275,636
Zee Hoong Huay						
- Ordinary shares	190,000	190,000	190,000	-	-	-

By virtue of Section 7 of the Singapore Companies Act 1967, Mr. Andy Luong is deemed to have an interest in the shares of the Company and in all the related companies of the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related companies, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4 Share Options

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Option exercised

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

(c) Unissued shares under option

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

5 Audit Committee

The Audit Committee comprises the following members:

Kong Chee Keong	(Chairman and Independent Director)
Wong Gang	(Lead Independent Director)
Lee Sook Wai, Irene	(Independent Director)

The Audit Committee performs the functions set out in Section 201B (5) of the Companies Act 1967, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the Audit Committee:

- (i) reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) reviewed the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) reviewed the half-yearly financial information and the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2023 as well as the independent auditor's report thereon;
- (iv) reviewed the effectiveness of the Group's key internal controls, including financial, operational, compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
- (v) met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual of the SGX-ST.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

5 Audit Committee (cont'd)

In performing its functions, the Audit Committee has also met with the Company's internal and external auditors, without the presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditor of the Group at the forthcoming Annual General Meeting.

In appointing our auditors for the Company and its subsidiaries, the Group has complied with Rules 712 and 715 of the SGX Listing Manual.

6 Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors

ANDY LUONG

ZEE HOONG HUAY

Singapore
8 March 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of JEP Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of JEP Holdings 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 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the Members of JEP Holdings Ltd.

Key Audit Matters (cont'd)

Key Audit Matter	Our audit performed and responses thereon
Impairment review of goodwill We refer to Note 2(i), Note 3(b) and Note 13(a) to the financial statements. Goodwill arises from the Group's acquisition of Dolphin Engineering Pte. Ltd. ("DEPL"), JEP Precision Engineering Pte Ltd ("JEPS") and JEP Industrades Pte Ltd ("JEPI"). As of 31 December 2023, the carrying amount of the Group's goodwill is S\$11,292,000. The Group is required to perform an impairment test on goodwill of the cash-generating unit ("CGU") by comparing its carrying amount with its recoverable amount as at the current year end. The recoverable amount is determined based on value in use calculations which includes discounted cash flow projections of the CGU to which the goodwill is allocated to. The impairment test involves significant judgement in determining the allocation of goodwill to the relevant CGU and in estimating the underlying assumptions to be applied in the discounted cash flow projections. The recoverable amounts are highly sensitive to key assumptions applied in respect of gross margin, the long-term growth rate and discount rate. A small change in the assumptions can have a significant impact to the estimation of the recoverable amounts. Based on the impairment test performed by management, no impairment loss was recognised during the current financial year ended 31 December 2023.	Our response We designed and performed the following key procedures, among others: - Conducted a detailed discussion with the Group's key management and finance key personnel and reviewed the impairment assessment process over the determination of the relevant cash-generating units and estimates for forecasted revenues, growth rates, profit margin, tax rates and discount rates. - Challenged management's estimates applied in the value-in-use models based on our knowledge of the Group's business activities and trends, and compared them against historical forecasts and performance, management plans and industry benchmarks. - Evaluated the Group's planned strategies around revenue growth and cost controls and the sensitivity analysis of the possible increase or decrease in the estimated growth rates and discount rates used in the value-in-use models. Our findings We concluded that the identification of cash-generating units was appropriate. Based on the procedures performed, we found the estimated future cash flows and the rates used to be reasonable. Based on our procedures, we noted that management's analysis and assessment, including sensitivity analysis, on the recoverability of goodwill can be supported. Furthermore, we evaluated the adequacy of the Group's disclosures regarding the impairment testing of goodwill. We found the disclosures included in Note 13(a) to the consolidated financial statements to be appropriate in describing the impairment assessment performed in relation to goodwill.

INDEPENDENT AUDITOR'S REPORT

To the Members of JEP Holdings Ltd.

Key Audit Matters (cont'd)

Key Audit Matter	Our audit performed and responses thereon
Allowance for inventory obsolescence We refer to Note 2(g), Note 3(b) and Note 11 to the financial statements. The carrying value of inventories amounted to S\$19,993,000 which accounted for 17% of the Group's total assets as at 31 December 2023. As at 31 December 2023, the Group has made allowance for inventory obsolescence which amounted to S\$3,399,000. Inventories are carried in the consolidated financial statements at the lower of cost and net realisable value. The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.	Our response We focused on this area because of the high degree of management judgement required in determining the allowance for inventory obsolescence. We designed and performed the following key procedures, among others: - Evaluated the appropriateness of the Group's accounting policies on the valuation of its inventories. - Checked and analysed the ageing of the inventories. - Evaluated and tested management's assessment of inventories to state them at the lower of cost and net realisable value. - Reviewed management's assessment of the allowance for inventory obsolescence, taking into consideration inventory ageing, physical condition of the inventories, past and expected future sales. Our findings We found management's assessment of inventory obsolescence is reasonable and in accordance with the Group's accounting policies.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of JEP Holdings Ltd.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Chong Jia Yun, Michelle.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

		Group	
	Note	2023	2022
		S\$'000	S\$'000
Revenue	4	58,146	82,556
Cost of sales		(49,557)	(66,086)
Gross profit		8,589	16,470
Other operating income	5	778	808
Selling and distribution expenses		(1,490)	(1,945)
Administrative expenses		(5,114)	(5,438)
Finance costs	6	(651)	(739)
Profit before tax		2,112	9,156
Income tax expense	7	(437)	(1,591)
Profit for the year attributable to owners of the Company	8	1,675	7,565
Other comprehensive loss attributable to owners of the Company			
<i>Item that may be reclassified to profit or loss in subsequent periods</i>			
Currency translation difference		(378)	(273)
Total comprehensive income for the year attributable to owners of the Company		1,297	7,292
Earnings per share (expressed in cents)			
Basic	23	0.406	1.832
Diluted	23	0.406	1.832

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances	9	19,175	23,785	493	1,069
Trade and other receivables	10	16,092	16,431	471	48
Inventories	11	19,993	19,677	–	–
Total current assets		55,260	59,893	964	1,117
Non-current assets					
Property, plant and equipment	12	51,348	52,280	2	8
Intangible assets	13	11,292	11,292	–	–
Subsidiaries	14	–	–	71,802	69,719
Deferred tax assets	15	6	6	6	6
Total non-current assets		62,646	63,578	71,810	69,733
Total assets		117,906	123,471	72,774	70,850
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans	16	2,790	2,549	–	–
Trade and other payables	17	11,494	15,868	1,153	1,468
Lease liabilities	18	486	515	–	–
Current tax liabilities		625	836	29	11
Total current liabilities		15,395	19,768	1,182	1,479
Non-current liabilities					
Bank loans	16	15,751	18,361	–	–
Lease liabilities	18	5,491	5,581	–	–
Deferred tax liabilities	15	4,796	4,585	–	–
Total non-current liabilities		26,038	28,527	–	–
Capital and reserves					
Share capital	19	49,226	49,226	49,226	49,226
Treasury shares	20	(203)	(203)	(203)	(203)
Capital reserve	21	772	772	870	870
Translation reserve	21	(696)	(318)	–	–
Retained earnings		27,374	25,699	21,699	19,478
Total equity		76,473	75,176	71,592	69,371
Total liabilities and equity		117,906	123,471	72,774	70,850

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Share Capital	Treasury Shares	Capital Reserve	Translation Reserve	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Balance as at 1 January 2023	49,226	(203)	772	(318)	25,699	75,176
Total comprehensive income for the year						
Profit for the year	—	—	—	—	1,675	1,675
Other comprehensive loss for the year	—	—	—	(378)	—	(378)
Total	—	—	—	(378)	1,675	1,297
Balance as at 31 December 2023	49,226	(203)	772	(696)	27,374	76,473
Balance as at 1 January 2022	49,226	(203)	772	(45)	18,134	67,884
Total comprehensive income for the year						
Profit for the year	—	—	—	—	7,565	7,565
Other comprehensive loss for the year	—	—	—	(273)	—	(273)
Total	—	—	—	(273)	7,565	7,292
Balance as at 31 December 2022	49,226	(203)	772	(318)	25,699	75,176

	Share Capital	Treasury Shares	Capital Reserve	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance as at 1 January 2023	49,226	(203)	870	19,478	69,371
Total comprehensive income for the year					
Profit for the year	—	—	—	2,221	2,221
Total	—	—	—	2,221	2,221
Balance as at 31 December 2023	49,226	(203)	870	21,699	71,592
Balance as at 1 January 2022	49,226	(203)	870	17,746	67,639
Total comprehensive income for the year					
Profit for the year	—	—	—	1,732	1,732
Total	—	—	—	1,732	1,732
Balance as at 31 December 2022	49,226	(203)	870	19,478	69,371

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Group	
	2023	2022
	S\$'000	S\$'000
Operating activities		
Profit before income tax	2,112	9,156
Adjustments for:		
Provision for/(reversal of) impairment loss recognised on trade receivables	7	(96)
Depreciation of property, plant and equipment	6,025	5,962
Gain on disposal of property, plant and equipment	(387)	(187)
Property, plant and equipment written off	1	–
Unrealised exchange (gain)/loss	(92)	250
Provision for inventory obsolescence	27	262
Interest income	(364)	(43)
Interest expense	651	739
Operating cash flows before movements in working capital	7,980	16,043
Inventories	(343)	(1,140)
Trade and other receivables	236	6,129
Trade and other payables	(3,755)	130
Cash generated from operations	4,118	21,162
Interest paid	(651)	(739)
Interest received	364	43
Income tax paid	(436)	(261)
Net cash generated from operating activities	3,395	20,205
Investing activities		
Purchase of property, plant and equipment (Note A)	(5,697)	(10,868)
Proceeds from disposal of property, plant and equipment (Note B)	675	814
Net cash used in investing activities	(5,022)	(10,054)
Financing activities		
Repayment of lease liabilities	(619)	(997)
Proceeds from term loans	–	14,917
Repayment of term loans	(2,369)	(19,793)
Net cash used in financing activities	(2,988)	(5,873)
Net (decrease)/increase in cash and bank balances	(4,615)	4,278
Effect of exchange rate changes	5	(111)
Cash and bank balances at beginning of year	23,785	19,618
Cash and bank balances at end of year (Note 9)	19,175	23,785

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

The reconciliation of purchase of property, plant and equipment and proceeds from disposal of property, plant and equipment are presented below:

	Group	
	2023	2022
	S\$'000	S\$'000
Note A		
<u>Purchase of property, plant and equipment</u>		
Total additions (Note 12)	5,763	10,518
(Less): Acquired under lease liabilities	(457)	(45)
Movement in liability owing to supplier of property, plant and equipment	531	(41)
Movement in down-payment to supplier of property, plant and equipment	(140)	436
Net cash outflow in the financial year	<u>5,697</u>	<u>10,868</u>
Note B		
<u>Disposal of property, plant and equipment</u>		
Total net book value of disposal (Note 12)	288	584
Add: Gain on disposal of property, plant and equipment	387	187
Total sales proceeds	675	771
Movement in receivables arising from disposal of property, plant and equipment	—	43
Net cash inflow in the financial year	<u>675</u>	<u>814</u>

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1 General

The Company (Registration No. 199401749E) was incorporated in Singapore with its principal place of business and registered office at 16 Seletar Aerospace Crescent Singapore 797567. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars.

The ultimate holding company is UMS Holdings Limited, a public limited company incorporated and domiciled in Singapore, and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The controlling shareholder of the Company is Mr. Andy Luong.

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2023 were approved and authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Material Accounting Policies

(a) Basis of Accounting

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(a) Basis of Accounting (cont'd)

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

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

Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") issued which are effective

On 1 January 2023, the Group has adopted the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. The adoption of these new and revised SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Adoption of New and Revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

		Effective for annual financial periods beginning on or after
Amendments to SFRS(I) 1-1	Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as current or non-current	1 January 2024
Amendments to SFRS(I) 16	Amendments to SFRS(I) 16 <i>Leases</i> : Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	Amendments to SFRS(I) 1-7 <i>Statements of Cash Flows</i> and SFRS(I) 7 <i>Financial Instruments</i> : Disclosure: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21	Amendments to SFRS(I) 1-21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> : Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely, early application is still permitted

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(b) Basis of Consolidation

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

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

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

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

(c) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(c) Business Combinations (cont'd)

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(c) Business Combinations (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of the acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

(d) Financial Instruments

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

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

Financial Assets

Classification of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Assets (cont'd)

Amortised cost and effective interest method

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

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating income" or "other operating expenses" line item.

Impairment of financial assets

The Group performs an assessment for loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Assets (cont'd)

Impairment of financial assets (cont'd)

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

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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Refer to Note 10 for details of the Group's assessment.

Significant increase in credit risk

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

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

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Assets (cont'd)

Significant increase in credit risk (cont'd)

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group mainly transacts with high credit quality counterparties which are considered to have low credit risk for the purpose of impairment assessment.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Assets (cont'd)

Credit-impaired financial assets

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

- Significant financial difficulty of the issuer or the borrower; or
- A breach of contract, such as a default or past due event; or
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- It is becoming probable that the borrower will enter bankruptcy or others financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Amounts due from subsidiaries are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

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

Derecognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with SFRS(I) 9; and
- The amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(d) Financial Instruments (cont'd)

Financial Liabilities and Equity Instruments (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Leases

The Group as lessor

Each lease in which the Group acts as a lessor is classified as either an operating or a finance lease at lease inception. Leases that transfer substantially all of the risks and rewards incidental to ownership of the underlying assets are classified as finance leases. Other leases are classified as operating leases.

Lessor – operating leases

Rental income earned from operating leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income. Contingent rents are recognised as income in profit or loss when earned.

The Group as lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "property, plant and equipment" and "lease liabilities" in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(e) Leases (cont'd)

The Group as lessee (cont'd)

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(e) Leases (cont'd)

The Group as lessee (cont'd)

Short-term lease and lease of low-value assets

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

(f) Cash and Bank Balances in the Statement of Cash Flows

Cash and bank balances in the consolidated statement of cash flows comprise cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Inventories

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

(h) Property, Plant and Equipment

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

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

Buildings on leasehold land	-	Over the lease term of 3 to 50 years
Leasehold land	-	Over the lease term of 3 to 60 years
Machinery and equipment	-	5 to 12 years
Electrical installations and renovations	-	3 to 10 years
Furniture, fittings and office equipment	-	5 to 10 years
Computers	-	1 to 3 years
Motor vehicles	-	5 to 6 years

Asset under construction is stated at cost less any accumulated impairment losses and include any borrowing cost incurred during the period of construction. No depreciation is provided on asset under construction and upon completion of construction, the cost will be transferred to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(h) Property, Plant and Equipment (cont'd)

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

Assets held under lease liabilities are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

(i) Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(j) Intangible Assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(j) Intangible Assets (cont'd)

The intangible asset pertains to customer relationship acquired through acquisitions in prior years. The intangible asset is amortised on a straight-line basis over its useful life. Management has assessed the appropriate useful life to be 5 to 10 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(k) Impairment of Tangible and Intangible Assets Excluding Goodwill

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

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

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

(l) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(l) Provisions (cont'd)

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

(m) Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants related to assets shall be presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the assets.

(n) Revenue Recognition

The Group recognises revenue from the following major sources:

- Sale of goods.
- Rendering of services.
- Rental income.

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

Sale of goods

The Group sells precision engineering works, engineering parts and cutting tools. Revenue from the sale of goods is recognised at a point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

Rendering of services

Revenue from precision engineering works and equipment fabrication services is recognised at a point in time when services are completed.

Rental income

The Group's policy for recognition of revenue from operating leases is described as per Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(o) Interest Income

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

(p) Dividend Income

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

(q) Management Fee

Management fee is recognised when services are rendered.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Retirement Benefit Costs

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

(t) Employee Leave Entitlement

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

(u) Income Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(u) Income Tax (cont'd)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

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

(v) Foreign Currency Transactions and Translation

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(v) Foreign Currency Transactions and Translation (cont'd)

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

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve, if any.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2 Material Accounting Policies (cont'd)

(w) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the “reporting entity”).

- a. A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. both entities are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - vi. the entity is controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(a) Critical Judgements in Applying the Group's Accounting Policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Dismantlement, removal or restoration costs for property, plant and equipment

The agreements with Jurong Town Corporation ("JTC") indicate that if JTC requires the Group to restore the buildings to its original condition, the Group is obligated to do so. The Group has assessed and determined that restoration cost is not required for two of its subsidiaries, JEP Precision Engineering Pte Ltd ("JEPS") and Dolphin Engineering Pte. Ltd. ("DEPL"), as based on the lease agreements with JTC, at the termination of lease agreements, JEPS and DEPL have to yield up the demised premises in good and tenantable condition. The Group has assessed the condition of the premises and concluded that it is not required to reinstate the premises and therefore has not provided for any cost of dismantlement, removal or restoration.

Impairment review of property, plant and equipment

Where there are indications of impairment of its assets, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on the higher of fair value less cost to sell and value-in-use. The carrying amount of the property, plant and equipment of the Group and the Company at the end of the reporting period is disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(b) Key Sources of Estimation Uncertainty

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

Useful lives of property, plant and equipment

Management exercises their judgement in estimating the useful lives of the depreciable assets which takes into consideration the physical conditions of the assets and their useful lives. Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method. The carrying amount of the property, plant and equipment of the Group and the Company at the end of the reporting period is disclosed in Note 12 to the financial statements.

Impairment review of goodwill

Goodwill arises from the Group's acquisition of Dolphin Engineering Pte. Ltd. ("DEPL"), JEP Precision Engineering Pte Ltd ("JEPS") and JEP Industrades Pte Ltd ("JEPI"). Goodwill is required to be tested annually for impairment or more frequently if there are indications that goodwill might be impaired. Value-in-use is estimated based on management's forecast of future cash flows discounted to present value using a discount rate. Significant estimates and assumptions such as discount rate and terminal growth rate are required in determining value-in-use. The key assumptions of the impairment test, the sensitivity of changes in these assumptions to the risk of impairment and the carrying amount of the goodwill and impairment loss at the end of the reporting period are disclosed in Note 13(a) to the financial statements.

Allowance for inventories

Management reviews the aging analysis of inventories at the end of each reporting period, and makes allowance for inventory items that are identified as obsolete and slow-moving, which have a market price that is lower than its carrying amount. Management estimates the net realisable value for finished goods based primarily on the latest selling prices and current market conditions. The carrying amount of inventories for the Group is disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4 Revenue

The Group derives its revenue from the transfer of goods and services at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under Note 28.

	Group	
	2023	2022
	S\$'000	S\$'000
<u>Segment revenue</u>		
Precision machining	29,099	29,249
Trading and others	9,173	11,598
Equipment manufacturing	19,874	41,709
	<u>58,146</u>	<u>82,556</u>

5 Other Operating Income

	Group	
	2023	2022
	S\$'000	S\$'000
Gain on disposal of property, plant and equipment	387	187
Government grants	101	146
Sales of scrap waste metal	5	15
Dormitory occupancy fee	504	414
Rental income	-	129
(Provision for)/reversal of impairment loss recognised for trade receivables	(7)	96
Interest income	364	43
Others	2	110
Foreign exchange loss (net)	(578)	(332)
	<u>778</u>	<u>808</u>

6 Finance Costs

	Group	
	2023	2022
	S\$'000	S\$'000
Interest expense:		
- bank term loans	435	509
- lease liabilities (Note 18(e))	216	230
	<u>651</u>	<u>739</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7 Income Tax

	Group	
	2023	2022
	S\$'000	S\$'000
Current tax expense	205	853
Under/(over) provision for tax expense in prior years	21	(62)
	226	791
Deferred tax	190	786
Under provision for deferred tax in prior years	21	14
Deferred tax charged to profit or loss (Note 15)	211	800
Income tax expense for the year	437	1,591

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit for the year.

The total tax charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Profit before tax	2,112	9,156
Income tax expense at statutory rate	359	1,557
Effect of expenses that are not deductible for tax purpose*	179	263
Effect of tax-exempt income*	(88)	(137)
Effect of tax incentives	(54)	(47)
Under/(over) provision for tax expense in prior years	21	(62)
Under provision for deferred tax in prior years	21	14
Effect of different tax rate operating in other jurisdictions	–	3
Others	(1)	–
Total income tax charge	437	1,591

* Mainly relates to expenses of / income derived by those entities of the Group, whose principal activities are those of investment holding that do not qualify for deduction which are not deductible / are not taxable as they are capital in nature, in accordance with the local income tax regulations.

A deferred tax asset of S\$6,000 (2022: S\$6,000) has been recognised in respect of temporarily deductibles expenses timing difference and tax losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8 Profit for the Year

Profit for the year has been arrived at after charging/(crediting):

	Group	
	2023	2022
	S\$'000	S\$'000
Provision for/(reversal of) impairment loss recognised for trade receivables (Note 10)	7	(96)
Depreciation of property, plant and equipment (Note 12)	6,025	5,962
Property, plant and equipment written off (Note 12)	1	–
Foreign exchange loss (net)	578	332
Gain on disposal of property, plant and equipment	(387)	(187)
Provision for inventory obsolescence (Note 11)	27	262
Directors' fees:		
– of the Company	165	165
Employee benefits expense (including directors' remuneration)		
– salaries, bonuses and other staff benefits	12,102	13,743
– employer's contribution to Central Provident Fund	876	1,068
	12,978	14,811
Audit fees paid/payable to:		
– auditors of the Company	110	110
– other auditors	1	1

Employee benefit expenses for the year was included in the following line items of the profit and loss:

	Group	
	2023	2022
	S\$'000	S\$'000
Employee benefit costs charged to:		
– Cost of sales	8,389	9,485
– Selling and distribution expenses	1,235	1,451
– Administrative expenses	3,354	3,875
	12,978	14,811

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9 Cash and Bank Balances

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Cash on hand	5	12	1	3
Cash at banks & its equivalent	6,567	21,335	492	1,066
Fixed deposits	12,603	2,438	–	–
Cash and bank balances	19,175	23,785	493	1,069

The rates of interest for the interest earning bank account and the fixed deposits are between Nil and 5.41% (2022: between Nil and 4.57%) per annum respectively, with maturity period within one year.

10 Trade and Other Receivables

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables:				
- related parties	461	856	–	–
- outside parties	11,482	12,050	–	–
	11,943	12,906	–	–
Less: Loss allowance	(68)	(61)	–	–
Net trade receivables	11,875	12,845	–	–
<u>Other receivables</u>				
Deposits	327	143	–	–
Advance payment to suppliers	207	642	–	8
Downpayment to suppliers of property, plant and equipment	1,540	1,680	–	–
Prepayments	296	300	13	17
GST input tax	443	310	–	–
Other receivables	813	124	1	–
Tax receivables	20	–	–	–
Amount due from related company	571	387	–	–
Amount due from subsidiaries	–	–	457	23
	4,217	3,586	471	48
Total trade and other receivables	16,092	16,431	471	48

Trade receivables from related parties and outside parties are unsecured, interest-free and repayable based on normal credit terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10 Trade and Other Receivables (cont'd)

Trade receivables

The general credit period on sale of goods and services is 30 to 150 days (2022: 30 to 150 days). No interest is charged on the overdue trade receivables. The Group assesses the potential customer's credit quality and determines credit limits to be allowed before accepting any new customer. Credit limits granted to customers are reviewed regularly.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at reporting date.

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

The Group has performed a risk profile of trade receivables based on the Group's credit risk grading framework, and has determined that the trade receivables are subject to immaterial credit loss, other than specific debts past due more than 90 days.

The table below is an analysis of trade receivables:

	Trade receivables - days past due					Total
	Not past due	<30 days	31 to 60 days	61 to 90 days	More than 90 days	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
<u>31 December 2023</u>						
Estimated total gross carrying amount at default	8,889	1,701	430	223	700	11,943
Lifetime ECL	—	—	—	—	(68)	(68)
						<u>11,875</u>
<u>31 December 2022</u>						
Estimated total gross carrying amount at default	9,645	2,100	137	568	456	12,906
Lifetime ECL	—	—	—	—	(61)	(61)
						<u>12,845</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10 Trade and Other Receivables (cont'd)

Trade receivables (cont'd)

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

	Group	
	2023	2022
	S\$'000	S\$'000
Balance as at 1 January	61	157
Provision for/(reversal of) loss allowance recognised for trade receivables (Note 8)	7	(96)
Balance as at 31 December	68	61

Other receivables

Other receivables from subsidiaries and related company are non-trade, unsecured, interest-free and repayable on demand.

Loss allowance for other receivables is measured at an amount equal to 12-month ECL. For purpose of impairment assessment, 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. The Group has determined that the other receivables are subject to immaterial credit loss.

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

11 Inventories

	Group	
	2023	2022
	S\$'000	S\$'000
Raw materials	5,179	6,550
Work-in-progress	8,430	7,681
Finished goods	8,287	7,585
Consumables	1,201	1,181
Goods-in-transit	295	52
	23,392	23,049
Less: Allowance for inventory	(3,399)	(3,372)
	19,993	19,677
Cost of inventories included in cost of sales	49,557	66,086

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

11 Inventories (cont'd)

Movement in the allowance for inventory:

	Group	
	Allowance for inventory	
	2023	2022
	S\$'000	S\$'000
Balance as at 1 January	3,372	3,110
Increase in allowance recognised in profit or loss (Note 8)	27	262
Balance as at 31 December	3,399	3,372

12 Property, Plant and Equipment

	Buildings on leasehold land	Leasehold land ⁽¹⁾	Machinery and equipment ⁽¹⁾	Electrical installations and renovations	Furniture, fittings and office equipment ⁽¹⁾	Computers	Motor vehicles	Asset under construction	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
2023									
<u>Cost:</u>									
At 1 January	29,125	6,868	60,201	3,650	1,181	1,820	446	4,713	108,004
Additions	–	447	2,980	19	3*	185	125	2,004	5,763
Disposals	–	–	(2,890)	–	(160)	–	(101)	–	(3,151)
Written off	–	(492)	(24)	(3)	(16)	(29)	–	–	(564)
Effect of foreign exchange differences	–	–	–	–	–	–	–	(381)	(381)
At 31 December	29,125	6,823	60,267	3,666	1,008	1,976	470	6,336	109,671
<u>Accumulated depreciation:</u>									
At 1 January	7,668	1,534	40,908	2,480	1,040	1,693	401	–	55,724
Depreciation for the year	1,089	382	4,077	299	51	100	27	–	6,025
Disposals	–	–	(2,602)	–	(160)	–	(101)	–	(2,863)
Written off	–	(492)	(24)	(3)	(15)	(29)	–	–	(563)
At 31 December	8,757	1,424	42,359	2,776	916	1,764	327	–	58,323
<u>Carrying amount:</u>									
At 31 December	20,368	5,399	17,908	890	92	212	143	6,336	51,348

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12 Property, Plant and Equipment (cont'd)

	Buildings on leasehold land	Leasehold land ⁽¹⁾	Machinery and equipment ⁽¹⁾	Electrical installations and renovations	Furniture, fittings and office equipment ⁽¹⁾	Computers	Motor vehicles ⁽¹⁾	Asset under construction	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
2022									
<u>Cost:</u>									
At 1 January	29,125	6,862	54,607	3,646	1,091	1,729	446	1,685	99,191
Additions	–	6	7,115	4	93	108	–	3,192	10,518
Disposals	–	–	(1,519)	–	–	–	–	–	(1,519)
Written off	–	–	(2)	–	(3)	(17)	–	–	(22)
Effect of foreign exchange differences	–	–	–	–	–	–	–	(164)	(164)
At 31 December	29,125	6,868	60,201	3,650	1,181	1,820	446	4,713	108,004
<u>Accumulated depreciation:</u>									
At 1 January	6,579	1,158	37,843	2,162	975	1,640	362	–	50,719
Depreciation for the year	1,089	376	4,002	318	68	70	39	–	5,962
Disposals	–	–	(935)	–	–	–	–	–	(935)
Written off	–	–	(2)	–	(3)	(17)	–	–	(22)
At 31 December	7,668	1,534	40,908	2,480	1,040	1,693	401	–	55,724
<u>Carrying amount:</u>									
At 31 December	21,457	5,334	19,293	1,170	141	127	45	4,713	52,280

⁽¹⁾ Right-of-use assets arising from leasehold land, office equipment, machinery and equipment and motor vehicles are recognised in accordance with SFRS(I) 16 *Leases*. Please refer to Note 18 for more information.

* Government grant of S\$17,080 has been received and offset with the addition during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12 Property, Plant and Equipment (cont'd)

	Furniture, fittings and office equipment	Computers	Total
	S\$'000	S\$'000	S\$'000
Company			
2023			
<u>Cost:</u>			
At 1 January and 31 December	30	61	91
<u>Accumulated depreciation:</u>			
At 1 January	22	61	83
Depreciation for the year	6	—	6
At 31 December	28	61	89
<u>Carrying amount:</u>			
At 31 December	2	—	2
2022			
<u>Cost:</u>			
At 1 January	32	67	99
Written off	(2)	(6)	(8)
At 31 December	30	61	91
<u>Accumulated depreciation:</u>			
At 1 January	19	66	85
Depreciation for the year	5	1	6
Written off	(2)	(6)	(8)
At 31 December	22	61	83
<u>Carrying amount:</u>			
At 31 December	8	—	8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

12 Property, Plant and Equipment (cont'd)

Right-of-use assets

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. The details of such leased assets are disclosed in Note 18.

As at 31 December 2023, the buildings on leasehold land comprise:

Location	Description	Tenure	Carrying amount	
			2023	2022
			S\$'000	S\$'000
No. 16 Seletar Aerospace Crescent Singapore 797567	Leasehold land with an erected 4-storey single-user industrial development factory	30 years commencing 1 February 2015	15,462	16,195
No. 2 Loyang Way 4 Singapore 507098	Leasehold land with an erected 2-storey factory with a mezzanine level and a single-storey rear extension	30 years commencing 1 June 2007	2,753	2,957
	Leasehold land with an erected 4-storey factory building with provision of secondary workers' dormitory	23 years 10 months commencing 1 August 2013	2,153	2,305
			20,368	21,457

Security

As at 31 December 2023, the Group's factory buildings with carrying amounts of S\$17,615,000 (2022: S\$18,500,000) are pledged as security to certain banking facilities granted to the Group (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13 Intangible Assets

	Goodwill on consolidation	Customer relationship	Total
	S\$'000	S\$'000	S\$'000
Group			
<u>Cost:</u>			
Balance as at 1 January 2022, 31 December 2022 and 31 December 2023	18,812	12,915	31,727
<u>Accumulated amortisation:</u>			
Balance as at 1 January 2022, 31 December 2022 and 31 December 2023	—	12,915	12,915
<u>Impairment:</u>			
Balance as at 1 January 2022, 31 December 2022 and 31 December 2023	7,520	—	7,520
<u>Carrying amount:</u>			
Balance as at 31 December 2022 and 31 December 2023	11,292	—	11,292

(a) Goodwill on consolidation

Impairment tests for goodwill

The aggregate carrying amount of goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
Precision machining - JEPS	5,200	5,200
Trading and others - JEPI	814	814
Equipment manufacturing - DEPL	5,278	5,278
	11,292	11,292

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13 Intangible Assets (cont'd)

(a) Goodwill on consolidation (cont'd)

Impairment tests for goodwill (cont'd)

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Selling prices and direct costs are expected to remain consistent with the current financial year, except for inflationary adjustments.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and thereafter budget a perpetual growth rate of 0% (2022: 0%). This rate does not exceed the average long term growth rate for the relevant markets.

The assumptions used to discount the forecast cash flows is as follows:

	Gross margin		Discount rate	
	2023	2022	2023	2022
Group				
Precision machining – JEPS	8%	14%	13.44%	13.80%
Trading and others – JEPI	27%	23%	18.92%	16.50%
Equipment manufacturing – DEPL	13%	21%	17.27%	16.90%

As at 31 December 2023, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

(b) Customer relationship

This relates to customer relationship arising from the acquisition of JEP Precision Engineering Pte Ltd and JEP Industrades Pte Ltd. The customer relationship had been fully amortised in the previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14 Subsidiaries

	Company	
	2023	2022
	S\$'000	S\$'000
Unquoted equity investments, at cost	71,802	69,719

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting rights held by the Group		Principal activities	Cost of investment	
		2023	2022		2023	2022
		%	%		S\$'000	S\$'000
<u>Held by the Company</u>						
JEP Precision Engineering Pte Ltd ⁽¹⁾	Singapore	100	100	Precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery works	42,870	42,870
JEP Industrades Pte Ltd ⁽¹⁾	Singapore	100	100	Manufacturer, importers and exporters, traders, agents, repairs of precision machineries, carbide cutting tools, hardware, industrial equipment and engineering works	7,236	7,236
Dolphin Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	100	Large format precision engineering and equipment fabrication service	13,934	13,934
JEP Precision Engineering (M) Sdn. Bhd. ⁽²⁾	Malaysia	100	100	Steel structure fabrication and high precision machining for aerospace, semiconductor and oil and gas industries	7,762	5,679
					71,802	69,719

⁽¹⁾ Audited by Moore Stephens LLP, Singapore.

⁽²⁾ Audited by Moore Stephens Associates PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

15 Deferred Tax Assets and Deferred Tax Liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and the Company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Provisions and others	Total
	S\$'000	S\$'000	S\$'000
Group			
Balance as at 1 January 2022	4,223	(444)	3,779
Charged to profit or loss (Note 7)	840	(40)	800
Balance as at 31 December 2022	5,063	(484)	4,579
Charged to profit or loss (Note 7)	155	56	211
Balance as at 31 December 2023	5,218	(428)	4,790
Company			
Balance as at 1 January 2022, 31 December 2022 and 31 December 2023	—	(6)	(6)

Certain deferred tax liabilities and assets have been offset in accordance with the Group's and Company's accounting policies. The following is the analysis of the deferred tax balances for statements of financial position purposes:

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Deferred tax liabilities	4,796	4,585	—	—
Deferred tax assets	(6)	(6)	(6)	(6)
	4,790	4,579	(6)	(6)

16 Bank Loans

	Group	
	2023	2022
	S\$'000	S\$'000
Secured – at amortised cost:		
– Term loans	18,541	20,910
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,790)	(2,549)
Amount due for settlement after 12 months	15,751	18,361

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16 Bank Loans (cont'd)

The management estimates the fair value of the Group's long-term bank loan to approximate the carrying amount as the effective interest rates approximate current market interest rates on or near the end of the reporting period.

Terms and conditions of outstanding borrowings are as follows:

			31 December 2023		31 December 2022	
			Principal amount	Carrying amount	Principal amount	Carrying amount
Currency	Nominal interest rate					
	%		S\$'000	S\$'000	S\$'000	S\$'000
Group						
<u>Secured</u>						
5-year temporary bridging loan	SGD	2.00%	5,000	2,132	5,000	3,275
Seletar Aerospace Park (SAP) term loan	SGD	1.50% ¹	14,917	13,572	14,917	14,398
15-year term loan	SGD	COF ² +1.50%	6,400	2,837	6,400	3,237
			26,317	18,541	26,317	20,910

¹ Fixed at 1.50% for 1st and 2nd year (i.e. 30 May 2022 to 29 May 2024). COF²+3.00% for the subsequent years.

² COF refers to bank's cost of fund for interest period of 1, 2 or 3 months.

The weighted average effective interest rates of total borrowings at the end of the reporting period are as follows:

	Group	
	2023	2022
5-year temporary bridging loan	2.00%	2.00%
SAP term loan	1.50%	1.50%
15-year term loan	5.62%	3.11%

- A 5-year temporary bridging loan was granted to a subsidiary in 2020. The secured term loan granted to the subsidiary is repayable over 48 monthly instalments starting from the 13th month from the drawdown date of 30 July 2020. The first monthly instalment was on 30 August 2021.
- A SAP term loan was granted to a subsidiary in 2022 for the construction of Seletar Aerospace Park building. The secured term loan granted to the subsidiary is repayable over 180 monthly principal instalments of S\$92,595 each.
- The 15-year secured term loan granted to a subsidiary in 2014 is repayable over 180 monthly instalments over a period of 15 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16 Bank Loans (cont'd)

Secured term loan

As at 31 December 2023, the SAP term loan and 15-year secured term loan are secured over buildings on leasehold land with carrying amounts of S\$17,615,000 (2022: S\$18,500,000) (Note 12).

Secured bank facilities

The bridging loan is secured by a corporate guarantee provided by the Company (Note 27).

The Group has financial covenants attached to the above term loans and facilities which relates to restriction of limits imposed on the maintenance of the Group's certain ratios. As at the end of the reporting period, the Group has observed these financial covenants accordingly.

Interest rate benchmark reform

The Group is not affected by the interest rate benchmark reform as it does not have any financial contracts dependent on the Interbank Offered Rates ("IBOR") which are subject to interest rate benchmark reform.

Reconciliation of liabilities arising from financing activities

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

			Non-cash changes		
	1 January	Financing cash flows ⁽ⁱ⁾	Purchase of property, plant and equipment ⁽ⁱⁱ⁾	Foreign exchange movement	31 December
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2023					
Bank loans (Note 16)	20,910	(2,369)	—	—	18,541
Lease liabilities (Notes 18)	6,096	(619)	457	43	5,977
	<u>27,006</u>	<u>(2,988)</u>	<u>457</u>	<u>43</u>	<u>24,518</u>
2022					
Bank loans (Note 16)	25,786	(4,876)	—	—	20,910
Lease liabilities (Notes 18)	7,072	(997)	45	(24)	6,096
	<u>32,858</u>	<u>(5,873)</u>	<u>45</u>	<u>(24)</u>	<u>27,006</u>

⁽ⁱ⁾ The cash flows make up the net amount of proceeds and repayments of borrowings and lease liabilities in the consolidated statement of cash flows.

⁽ⁱⁱ⁾ Purchase of property, plant and equipment by means of leasing arrangement (Note 18(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

17 Trade and Other Payables

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables</u>				
Outside parties	5,477	8,032	—	—
Related parties	180	140	—	—
	5,657	8,172	—	—
<u>Other payables</u>				
Related parties (non-trade)	29	1,048	—	—
Outside parties	645	726	14	4
Liability owing to suppliers of property, plant and equipment	484	1,015	—	—
Accrued personnel costs	3,596	3,827	878	1,210
Other accrued operating expenses	530	583	114	113
Accruals for purchases	—	70	—	—
GST output tax	181	90	72	66
Deposits received	286	238	—	—
Contract liability	11	24	—	—
Provision for directors' fees	75	75	75	75
	5,837	7,696	1,153	1,468
Total trade and other payables	11,494	15,868	1,153	1,468

The amounts due to related parties are unsecured, interest-free and repayable based on normal credit terms (trade balance) and repayable on demand (non-trade balance).

18 Lease Liabilities

The Group as Lessee

(a) Nature of the Group's leasing activities

The Group has entered into leases contract for its leasehold land, office equipment and machinery and equipment. The Group has the option to terminate the leases contract but is unlikely to exercise the option. The leases contract does not include the option to extend the lease term. These right-of-use assets are recognised within property, plant and equipment (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18 Lease liabilities (cont'd)

The Group as Lessee (cont'd)

(b) Addition of right-of-use assets classified within property, plant and equipment

	2023	2022
	S\$'000	S\$'000
Leasehold land	447	6
Office equipment	10	39
	457	45

(c) Carrying amount of right-of-use assets classified within property, plant and equipment

	2023	2022
	S\$'000	S\$'000
Leasehold land	5,399	5,334
Office equipment	28	36
Machinery and equipment	544	1,432
	5,971	6,802

(d) Depreciation of right-of-use assets classified within property, plant and equipment

	2023	2022
	S\$'000	S\$'000
Leasehold land	382	376
Office equipment	18	31
Machinery and equipment	469	900
Motor vehicles	—	17
	869	1,324

(e) Amounts recognised in profit or loss

	2023	2022
	S\$'000	S\$'000
Depreciation of right-of-use assets	869	1,324
Interest expense on lease liabilities (Note 6)	216	230
	1,085	1,554

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18 Lease liabilities (cont'd)

The Group as Lessee (cont'd)

(f) Other disclosures

	2023	2022
	S\$'000	S\$'000
Total cash outflow for leases	619	997

(g) Carrying amount of lease liabilities

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Minimum lease payments due:				
- Not later than 1 year	692	719	—	—
- Later than 1 year but within 5 years	1,835	1,776	—	—
- Later than 5 years	5,524	5,805	—	—
	8,051	8,300	—	—
Less:				
Future finance charges	(2,074)	(2,204)	—	—
Present value of financial lease liabilities	5,977	6,096	—	—

The present value of lease liabilities is analysed as follows:

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Not later than 1 year	486	515	—	—
Later than 1 year but within 5 years	1,149	1,089	—	—
Later than 5 years	4,342	4,492	—	—
	5,491	5,581	—	—
	5,977	6,096	—	—

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18 Lease liabilities (cont'd)

The Group as Lessor

Nature of the Group's leasing activities

The Group leased out its factory space as a dormitory under operating leases with lease term of 3 years. The lessee does not have an option to purchase the property at the expiry of the lease period. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Dormitory occupancy fee from the operating lease is disclosed in Note 5.

Undiscounted lease payments from the operating leases to be received after the end of the reporting period are as follows:

	2023	2022
	S\$'000	S\$'000
Less than one year	636	242
One to two years	1,016	–
	<u>1,652</u>	<u>242</u>

19 Share Capital

	2023		2022	
	No. of ordinary shares	S\$'000	No. of ordinary shares	S\$'000

Group and Company

Issued and paid-up:

- At the beginning and end of the year	<u>413,944,721</u>	<u>49,226</u>	<u>413,944,721</u>	<u>49,226</u>
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Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

20 Treasury Shares

	2023		2022	
	No. of ordinary shares	S\$'000	No. of ordinary shares	S\$'000

Group and Company

At the beginning and end of the year	<u>920,700</u>	<u>203</u>	<u>920,700</u>	<u>203</u>
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21 Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Capital reserve	772	772	870	870
Translation reserve	(696)	(318)	–	–
	76	454	870	870

Capital reserve

The capital reserve pertains to a gain on reissuance of treasury shares in 2012 and acquisition of non-controlling interest in a subsidiary in 2018. Capital reserve is non-distributable.

22 Dividends

There is no dividend declared in respect of the current financial year.

23 Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computation for the financial year ended 31 December:

	Group	
	2023	2022
Profit for the year attributable to owners of the Company	S\$1,675,000	S\$7,565,000
Weighted average number of ordinary shares for the purpose of basic earnings per share*	413,024,021	413,024,021
Weighted average number of ordinary shares for the purpose of diluted earnings per share*	413,024,021	413,024,021
Basic earnings per share (Singapore cents)	0.406	1.832
Diluted earnings per share (Singapore cents)	0.406	1.832

* excludes treasury shares

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24 Related Party Transactions

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

Significant related party transactions as follows:

	Group	
	2023	2022
	S\$'000	S\$'000
<u>Related companies</u>		
Sale of goods	7,698	8,451
Purchase of goods	2,370	5,283
Purchase of machinery	–	26
Sale of machinery	205	34
Rental expenses	–	100

The transactions with the related parties are with one of the Group's controlling shareholders and its subsidiaries.

Key Management Compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The below amounts are key management compensation:

	Group	
	2023	2022
	S\$'000	S\$'000
Salaries, bonuses and related benefits	2,768	2,290
Defined contribution plans	70	68
	2,838	2,358

The amount disclosed represent compensation received by key management personnel during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

25 Capital Commitments

	Group	
	2023	2022
	S\$'000	S\$'000
Commitments for the acquisition of property, plant and equipment	1,214	7,751

26 Financial Instruments

(a) Categories of financial instruments

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

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets</u>				
At amortised cost:				
- Cash and bank balances	19,175	23,785	493	1,069
- Trade receivables	11,875	12,845	–	–
- Other receivables	1,711	654	458	23
Total	32,761	37,284	951	1,092
<u>Financial liabilities</u>				
At amortised cost:				
- Bank loans	18,541	20,910	–	–
- Trade and other payables	11,302	15,754	1,081	1,402
- Lease liabilities	5,977	6,096	–	–
Total	35,820	42,760	1,081	1,402

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States Dollar ("USD"), Japanese Yen ("JPY"), Chinese Yuan ("CNY"), Euro ("EUR"), Pound Sterling ("GBP") and Malaysian Ringgit ("MYR") and therefore is exposed to foreign exchange risk.

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

	Liabilities		Assets	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
USD	3,283	1,562	21,821	22,612
JPY	654	2,514	2,716	3,747
CNY	—	—	1,004	596
EUR	197	256	405	1,378
GBP	—	4	—	—
MYR	325	1,010	816	1,321
Company				
USD	—	—	47	784

Foreign currency sensitivity

The following table details the sensitivity to a 5% (2022: 5%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

If the relevant foreign currencies strengthen by 5% (2022: 5%) against the functional currency of each Group entity, profit or loss before tax will increase/(decrease) by:

	Group		Company	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Impact arising from</u>				
USD	927	1,053	2	39
JPY	103	62	—	—
CNY	50	30	—	—
EUR	10	56	—	—
GBP	—	(*)	—	—
MYR	25	16	—	—

* denotes less than S\$1,000

If the relevant foreign currencies weaken by 5% (2022: 5%) against the functional currency of each Group entity, the impact to the profit or loss will be vice versa.

(ii) Interest rate risk management

The Group has exposure to interest rate risk through the impact of floating interest rate on borrowings. The Group obtained financing through bank loans and the details of the Group's interest rate exposure are disclosed in Note 16.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 0.5% higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2023 would decrease or increase by S\$14,000 (2022: S\$16,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management regularly.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

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

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

Further details of credit risks on trade and other receivables are disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

The tables below detail the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit rating grades:

	Note	External credit rating	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
Group							
<u>2023</u>							
Trade receivables	10	n.a	(i)	Lifetime ECL (simplified approach)	11,943	(68)	11,875
Other receivables	10	n.a	Performing	12-month ECL	1,711	–	1,711
					<u>13,654</u>	<u>(68)</u>	<u>13,586</u>
<u>2022</u>							
Trade receivables	10	n.a	(i)	Lifetime ECL (simplified approach)	12,906	(61)	12,845
Other receivables	10	n.a	Performing	12-month ECL	654	–	654
					<u>13,560</u>	<u>(61)</u>	<u>13,499</u>

⁽ⁱ⁾ For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items estimated based on historical credit loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 10 includes further details on the loss allowance for these receivables.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	2023		2022	
	S\$'000	% of total	S\$'000	% of total
By country:				
Singapore	3,066	26%	5,645	44%
People's Republic of China*	3,100	26%	2,351	18%
Malaysia	486	4%	905	7%
United States	3,305	28%	2,567	20%
Canada	656	5%	117	1%
Others**	1,330	11%	1,321	10%
	11,943	100%	12,906	100%
By industry sectors:				
Aerospace	5,003	42%	3,222	25%
Oil and gas	14	0%	19	0%
Electronics	474	4%	1,518	12%
Trading and others	2,897	24%	3,062	24%
Equipment manufacturing	3,555	30%	5,085	39%
	11,943	100%	12,906	100%

* People's Republic of China includes Hong Kong.

** Others include countries such as India, Switzerland, France, Norway, Middle East countries and Southeast Asia.

Other than 6 major customers amounting to S\$7,823,000 (2022: S\$6,251,000) that individually represented between 2.1% and 8.7% (2022: 1.2% and 5.8%) of the Group's gross monetary assets, the Group does not have any significant credit risk exposure to any other single counterparty or any other group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities or if they operate within the same industry. There is no significant concentration of credit risk except for the credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

As at year end, the maximum amount the Company could be forced to settle under the financial guarantee contract in Note 27, if the full guaranteed amount is claimed by the counterparty to the guarantee is S\$18,689,000 (2022: S\$21,301,000). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. Management has performed an assessment and has determined that the financial guarantee contract is not subject to material loss allowance.

(iv) Liquidity risk management

The Group finances its operations by a combination of bank borrowings and internally generated cash flows. The Group minimises liquidity risk by keeping committed credit lines available.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's non-derivative financial assets of S\$32,761,000 (2022: S\$37,284,000) are either repayable on demand or due within one year from the end of the reporting period. All the Group's non-derivative financial assets are non-interest bearing except for fixed deposit placements in financial institutions in Singapore and Malaysia which are interest bearing at interest rates of 2.00% to 5.41%.

The Company's non-derivative financial assets of S\$951,000 (2022: S\$1,092,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 5 years	Over 5 years	Undiscounted cash flows	Adjustment	Total
	% p.a.	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
<u>2023</u>							
Non-interest bearing	–	11,302	–	–	11,302	–	11,302
Lease liabilities (incremental borrowing rate)	3.59%	542	1,835	5,524	7,901	(2,071)	5,830
Lease liabilities (fixed rate)	3.04%	150	–	–	150	(3)	147
Fixed interest rate instruments	1.50% – 2.00%	1,945	759	–	2,704	(117)	2,587
Variable interest rate instruments	5.62%	1,371	7,597	10,600	19,568	(3,614)	15,954
		15,310	10,191	16,124	41,625	(5,805)	35,820
<u>2022</u>							
Non-interest bearing	–	15,754	–	–	15,754	–	15,754
Lease liabilities (incremental borrowing rate)	3.49%	480	1,611	5,804	7,895	(2,191)	5,704
Lease liabilities (fixed rate)	3.04%	240	165	–	405	(13)	392
Fixed interest rate instruments	1.50% – 2.00%	2,413	2,524	–	4,937	(381)	4,556
Variable interest rate instruments	2.25%	571	6,265	12,006	18,842	(2,488)	16,354
		19,458	10,565	17,810	47,833	(5,073)	42,760

The Company's non-derivative financial liabilities of S\$1,081,000 (2022: S\$1,402,000) is due within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

26 Financial Instruments (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances (Note 9), trade and other receivables (Note 10), bank loans (Note 16), trade and other payables (Note 17) and lease liabilities (Note 18) approximate their respective fair values due to the relatively short-term maturity of these financial instruments, except for bank loans (Note 16) and lease liabilities (Note 18). The fair values of the financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from year 2022.

The capital structure of the Group consists of debt, which includes the bank loans and lease liabilities as disclosed in Notes 16 and 18 to the consolidated financial statements respectively and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings. The Group is required to maintain the required gearing in order to comply with covenants in loan agreements with banks and financial institutions.

Management also ensures that the Group maintains certain security ratios of outstanding term loans over the value of the properties in order to comply with the loan covenants imposed by banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

27 Corporate Guarantees

Intra-group financial guarantee comprises a guarantee given by the Company to a bank in respect of banking and leasing facilities amounting to S\$34,376,000 (2022: S\$34,663,000) granted to its subsidiaries. The fair value of the corporate guarantees is assessed by management to be insignificant as the banking and leasing facilities are secured by property, plant and equipment.

28 Segment Information

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under SFRS(I) 8 are as follows:

- 1 The precision machining segment is a provider of precision machining services for aerospace, oil and gas, electronics and automotive industry.
- 2 The trading and other segment is a provider of machine sales and customised cutting tools for our customers.
- 3 The equipment manufacturing segment is a provider of large format precision engineering and equipment fabrication service.

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

Management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

Allocation basis and transfer pricing

Segment results include items directly attributable to reporting segments as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income and expenses, interest income, finance costs and income tax expense.

The allocation of the Group assets and liabilities as well as the revenues and profits and other material reporting segments item thereon attributable to individual reporting segments is not presented.

Transfer prices between reporting segments are at terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28 Segment Information (cont'd)

(a) By Business

	Precision machining		Trading and others		Equipment manufacturing		Group	
	2023	2022	2023	2022	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
REVENUE:								
Total revenue	29,197	30,290	9,579	12,531	19,879	42,103	58,655	84,924
Inter-reporting unit sales	(98)	(1,041)	(406)	(933)	(5)	(394)	(509)	(2,368)
External customers	29,099	29,249	9,173	11,598	19,874	41,709	58,146	82,556
Results								
Segment results	1,387	3,120	1,252	1,458	561	5,824	3,200	10,402
<u>Unallocated expenses:</u>								
Unallocated corporate expenses							(437)	(507)
							2,763	9,895
Finance costs							(651)	(739)
Profit before tax							2,112	9,156
Income tax expense							(437)	(1,591)
Net profit for the year after tax							1,675	7,565
OTHER INFORMATION:								
Capital expenditure	3,646	3,501	2,004	3,201	113	3,816	5,763	10,518
Depreciation of property, plant and equipment	3,942	4,053	60	62	2,023	1,847	6,025	5,962

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28 Segment Information (cont'd)

(b) Geographical Information

Revenue is based on the location of customers regardless of where the goods are produced. Non-current assets (exclude deferred tax assets) are based on the location of those assets.

	Revenue		Non-current assets	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	26,204	51,550	56,304	58,857
People's Republic of China*	7,825	6,908	—	—
Malaysia	4,887	10,119	6,336	4,715
USA	14,135	10,411	—	—
Canada	2,580	1,064	—	—
Others**	2,515	2,504	—	—
	58,146	82,556	62,640	63,572

The following table shows the carrying amount of the segment assets and segment liabilities by geographical areas in which the assets and liabilities are located:

	Segment assets		Segment liabilities	
	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	109,898	116,732	36,042	42,602
Malaysia	7,539	6,423	403	994
	117,437	123,155	36,445	43,596

* People's Republic of China includes Hong Kong.

** Others include countries such as India, Switzerland, France, Norway, Middle East countries and Southeast Asia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

28 Segment Information (cont'd)

(c) Reconciliation of Segments Total Assets and Total Liabilities

	Group	
	2023	2022
	S\$'000	S\$'000
Reportable segments' assets are reconciled to total assets as follows:		
Precision machining	69,228	67,621
Trading and others	18,155	19,243
Equipment manufacturing	30,054	36,291
Segment assets	117,437	123,155
GST input tax	443	310
Tax receivables	20	–
Deferred tax assets	6	6
Total assets	117,906	123,471
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Precision machining	25,304	25,268
Trading and others	2,853	5,445
Equipment manufacturing	8,288	12,883
Segment liabilities	36,445	43,596
GST output tax	181	90
Contract liability	11	24
Deferred tax liabilities	4,796	4,585
Total liabilities	41,433	48,295

Information about major customers

Revenue from transactions with three external customers amounted to S\$24,856,000 (2022: S\$39,729,000), where each individual external customer contributes to 7% or more (2022: 8% or more) of the Group's revenue. These customers are in the precision machining and equipment manufacturing segments.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2024

SHARE CAPITAL

Number of Shares (excluding treasury shares and subsidiary holdings)	:	413,024,021
Number of Treasury Shares	:	920,700
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	50	5.05	1,966	0.00
100 – 1,000	78	7.88	27,261	0.01
1,001 – 10,000	381	38.48	1,871,271	0.45
10,001 – 1,000,000	465	46.97	41,747,157	10.11
1,000,001 AND ABOVE	16	1.62	369,376,366	89.43
TOTAL	990	100.00	413,024,021	100.00

SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% ⁽¹⁾	NO. OF SHARES	% ⁽¹⁾
Andy Luong ⁽²⁾	7,300,000	1.77	316,460,636	76.62
UMS Holdings Limited	316,460,636	76.62	–	–

Notes:

- ⁽¹⁾ Percentages are based on the total issued and paid-up share capital of the Company comprising 413,024,021 Shares (excluding 920,700 treasury shares and nil subsidiary holdings).
- ⁽²⁾ Mr. Andy Luong holds 14.99% of the issued share capital of UMS Holdings Limited, which in turn holds 76.62% of the issued share capital of the Company. Mr. Andy Luong is therefore deemed to be interested in all the Shares held by UMS Holdings Limited in the Company.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2024

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UMS HOLDINGS LIMITED	316,460,636	76.62
2	CITIBANK NOMINEES SINGAPORE PTE LTD	17,648,200	4.27
3	TAN TAI SIM	4,686,500	1.13
4	PHILLIP SECURITIES PTE LTD	4,107,205	0.99
5	DBS NOMINEES (PRIVATE) LIMITED	4,008,250	0.97
6	LEE NAI MING	3,510,475	0.85
7	NEO KOK LIANG	3,368,300	0.82
8	HENG YONG SENG	3,300,000	0.80
9	HSBC (SINGAPORE) NOMINEES PTE LTD	2,316,500	0.56
10	GOH CHEE SIONG	1,975,000	0.48
11	KOK TZE SHONG	1,600,000	0.39
12	LEE WEE NGAM	1,575,000	0.38
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,311,300	0.32
14	LEE CHIN HOO	1,270,000	0.31
15	TEH CHIN HUAT	1,210,000	0.29
16	WONG HIN YET OR LEE KENG LAN	1,029,000	0.25
17	CHOW YUEN KOU	1,000,000	0.24
18	ANG KUI HWA	900,500	0.22
19	LIM AH KAW @ LIM LAN CHING	892,075	0.22
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	877,862	0.21
TOTAL		373,046,803	90.32

PERCENTAGE OF SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 12 March 2024, approximately 21.57% of the total issued ordinary shares of the Company are held by public and therefore, Rule 723 of Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**Meeting**” or “**AGM**”) of JEP Holdings Ltd. (the “**Company**”) will be held at 16 Seletar Aerospace Crescent Singapore 797567 on Wednesday, 24 April 2024 at 9.30 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 2023 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Constitution of the Company:
 - (a) Mr. Zee Hoong Huay **(Resolution 2)**
 - (b) Mr. Kong Chee Keong **(Resolution 3)**
 - *Mr. Zee Hoong Huay will, upon re-election as Director of the Company, remain as the Executive Director of the Company. Detailed information of Mr. Zee Hoong Huang required pursuant to Rule 720(5) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) can be found in the Annual Report.*
 - *Mr. Kong Chee Keong will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr. Kong Chee Keong required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.*
3. To approve the payment of Directors’ fees of up to S\$200,000 for the financial year ending 31 December 2024, to be paid half-yearly in arrears. (2023: S\$165,000) **(Resolution 4)**
4. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
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:

6. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act 1967 (“**Act**”) and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the capital of 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

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding that 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,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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 existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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 SGX-ST) 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, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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 of share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 6)**

[See Explanatory Note (i)]

7. Proposed Renewal of Share Buy-Back Mandate

That:

- (a) for the purposes of the Companies Act 1967, and such other laws and regulations as may for the time being be applicable, approval be and is hereby given for the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding, in aggregate, the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchase(s) transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may, for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalist Rules,

on the terms set out in the Appendix to the Annual Report dated 5 April 2024, 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 pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which the share buybacks are carried out to the full extent mandated;

- (c) in this Resolution:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five market days on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed and quoted, immediately preceding 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 deemed to be adjusted for any corporate action that occurs during the relevant five day period;

“**date of the making of the offer**” means the day on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“**Maximum Percentage**” 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 Resolution (excluding any Shares which are held as treasury shares and subsidiary holding as at that date); and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, one hundred and five per centum (105%) of the Average Closing Price of the Shares; and
 - (ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and twenty per centum (120%) of the Average Closing Price of the Shares; and
- (d) any Director be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he/she may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 7)**

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

8. Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions

That:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules, for the Company and/or its subsidiaries and associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions ("IPT"), particulars of which are set out in the Appendix to the Annual Report dated 5 April 2024, with any person who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for the IPT as set out in the Appendix;
- (b) the approval given in sub-paragraph (a) above (the "**Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company or the date by which the next AGM of the Company is held or is required by law to be held, whichever is earlier; and
- (c) the Directors be and are hereby authorised, jointly or severally, to take such steps, approve all matters and enter into all such transactions, arrangements and agreements and execute all such documents and notices as may be necessary or expedient for the purposes of giving effect to the proposed adoption of the IPT General Mandate as such Directors or any of them may deem fit or expedient or to give effect to this Resolution. **(Resolution 8)**

[See Explanatory Note (iii)]

By Order of the Board

Cho Form Po
Company Secretary
Singapore, 5 April 2024

Explanatory Notes:

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

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

NOTICE OF ANNUAL GENERAL MEETING

- (ii) The Ordinary Resolution 7 in item 7 above, if passed, renews the Share Buy-Back Mandate and will authorise the Directors of the Company, from time to time, to purchase Shares subject to and in accordance with the Constitution of the Company, the Catalyst Rules and such other laws and regulations as may for the time being, applicable. The Company may use internal sources of funds, external borrowings, or a combination of both to finance the Company's purchase or acquisition of the Shares.

The amount of funding required for the Company to purchase or acquire the Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the number of Shares to be purchased or acquired, the price at which such Shares are to be purchased or acquired, and whether the Shares to be purchased or acquired are cancelled or held as treasury shares. Based on certain assumptions, an illustration on the financial impact of a purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate on the audited financial statements of the Company for the financial year ended 31 December 2023 is set out in Section 6 of the Appendix to the Annual Report dated 5 April 2024, which is enclosed together with the Company's Annual Report.

- (iii) The Ordinary Resolution 8 in item 8 above, if passed, renews the IPT General Mandate and empower the Company, its subsidiaries and associated companies, to enter into the IPT as described in Section 2.4 of the Appendix to the Annual Report dated 5 April 2024, which is enclosed together with the Company's Annual Report. The authority under the renewed IPT General Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or the date by which the next AGM is required to be held, whichever is the earlier.

Notes

1. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM. Where such member's form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a Member.
 4. The instrument appointing the proxy (the "**Proxy Form**") must be deposited at the Company's registered office at **16 Seletar Aerospace Crescent, Singapore 797567** or sent by email to ir@jep-holdings.com, not less than forty-eight (48) hours before the time appointed for the AGM of the Company.

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

5. CPF and SRS investors: (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: by **14 April 2024**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form on their behalf by the cut-off date.

NOTICE OF ANNUAL GENERAL MEETING

Submission of questions prior to the AGM

6. Shareholders (including CPF and SRS investors) or where applicable their appointed proxy(ies) may submit questions related to the resolutions to be tabled at the AGM in advance via email to ir@jep-holdings.com. In order to do so, questions must be submitted no later than **16 April 2024** so that relevant and substantial queries may be addressed prior to or during the AGM proceedings. Any relevant and subsequent queries (after 16 April 2024) received will be addressed during the AGM and the Company will publish the minutes of the AGM on the SGXNet and the Company's website within one (1) month after the date of AGM.

Shareholders or their corporate representative must state his/her full name and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

Important Notice to Shareholders regarding the Company's AGM

7. Members of the Company are invited to attend the AGM in person. There will be no option for members to participate by electronic means. Printed copies of the Annual Report 2023 will not be sent to members but will be made available to members upon request by completing and returning the Request Form. Printed copies of the Form, this Notice of AGM and the accompanying Proxy Form will be sent by post to members. The Annual Report 2023 (including this Notice of AGM and the accompanying Proxy Form) will be published on the SGX website at <https://www.sgx.com/securities/company-announcements> and on the Company's website at https://www.jep-holdings.com/jep_IR/jep.listedcompany.com/ar.html.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing the proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of Proxy Forms appointing proxy(ies) for the AGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to Members (or their corporate representatives in the case of Members which are legal entities) to observe the AGM proceedings and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Members and if necessary, following up with the relevant Members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

This Notice of AGM has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. This Notice of AGM has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Notice of AGM including the correctness of any of the statements or opinions made or reports contained in this Notice of AGM.

The details of the contact person for the Sponsor is:

Name : Mr. Josh Tan (Registered Professional, RHT Capital Pte. Ltd.)
Address : 36 Robinson Road, #10-06 City House, Singapore 068877
Email : sponsor@rhtgoc.com

JEP HOLDINGS LTD.

Company Registration No. 199401749E
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A proxy need not be a Member.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies. Where such Member's instruments appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be presented by each proxy shall be specified in the instrument (please see Note 2 for the definition of "relevant intermediary").
3. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies or appointment of the Chairman of the Meeting as proxy.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2024.

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

of _____ (Address)

being *a member/members of JEP HOLDINGS LTD. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address			

or failing the person, or either or both of the persons, referred to above, 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 held at 16 Seletar Aerospace Crescent Singapore 797567 on Wednesday, 24 April 2024 at 9.30 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy to vote for, against or abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. **If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.**

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023			
2	Re-election of Mr. Zee Hoong Huay as a Director			
3	Re-election of Mr. Kong Chee Keong as a Director			
4	Approval of Directors' fees of up to S\$200,000 for the financial year ending 31 December 2024, to be paid half-yearly in arrears			
5	Re-appointment of Moore Stephens LLP			
6	Authority to issue shares			
7	Proposed Renewal of Share Buy-Back Mandate			
8	Proposed Renewal of IPT General Mandate			

Dated this _____ day of _____ 2024

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

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

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. A Member who is a relevant intermediary entitled to attend and vote at the Meeting 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 member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
2. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: by **14 April 2024**) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
 3. The proxy need not be a Member.
 4. The instrument appointing the proxy (the "**Proxy Form**") must be deposited at the Company's registered office of the Company at **16 Seletar Aerospace Crescent, Singapore 797567** or sent by email to **ir@jep-holdings.com**, not less than forty-eight (48) hours before the time appointed for the Meeting.

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

5. A Member should insert the total number of shares held. If the Member has shares entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member.
6. The Proxy Form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form 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.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Company) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by CDP to the Company.
9. All Members will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
10. Personal data privacy: By submitting an instrument appointing the proxy(ies) (other than the Chairman of the Meeting) or Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, all Members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2024.



Company Registration No.: 199401749E

16 Seletar Aerospace Crescent
Singapore 797567

Tel : (65) 6545 4222

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