



METASURFACE

METASURFACE TECHNOLOGIES HOLDINGS LIMITED

元续科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8637

Share Offer

Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator,
Joint Bookrunner and Joint Lead Manager

UOBKayHian

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



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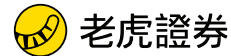
LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	: 27,000,000 Shares
Number of Public Offer Shares	: 2,700,000 Shares (subject to reallocation)
Number of Placing Shares	: 24,300,000 Shares (subject to reallocation)
Offer Price	: Not more than HK\$3.00 per Offer Share and expected to be not less than HK\$2.38 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.001 per Share
Stock code	: 8637

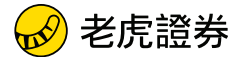
Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

UOBKayHian

Joint Bookrunners (in alphabetical order)



Joint Lead Managers (in alphabetical order)



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix VI — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or before 12:00 noon on Thursday, 27 June 2024 (Hong Kong time). The Offer Price will be not more than HK\$3.00 per Offer Share and is currently expected to be not less than HK\$2.38 per Offer Share unless otherwise announced. If we and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by 12:00 noon on Thursday, 27 June 2024 (Hong Kong time), the Share Offer (including the Public Offer) will lapse and will not proceed. In such case, a notice will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.metatechnologies.com.sg.

The Sole Overall Coordinator may, with our consent, reduce the number of Offer Shares in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$2.38 to HK\$3.00 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Offer Shares in the Share Offer and/or the indicative Offer Price range will be published on the website of our Company at www.metatechnologies.com.sg and on the website of the Stock Exchange at www.hkexnews.hk. Further details are set forth in the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares" in this prospectus.

Prior to making any investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Sole Overall Coordinator (for itself and on behalf of the Public Offer Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Further details of the circumstances are set forth in the section headed "Underwriting — Underwriting Arrangements and Expenses — Grounds for termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable securities law in the United States. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Public Offer. We will not provide printed copies of this prospectus to the public in relation to the Public Offer. This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.metatechnologies.com.sg. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

21 June 2024

IMPORTANT

IMPORTANT NOTICE TO INVESTORS OF PUBLIC OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Public Offer and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.metatechnologies.com.sg.

To apply for Public Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	You may apply online via the HK eIPO White Form service in the IPO App (which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or the designated website at www.hkeipo.hk .	Investors who would like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, 21 June 2024 to 11:30 a.m. on Wednesday, 26 June 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, 26 June 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC’s FINI system in accordance with your instruction.	Investors who would <u>not</u> like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant’s stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

We will not provide any physical channels to accept any application for the Public Offer Shares by the public. The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed “How to Apply for Public Offer Shares” for further details of the procedures through which you can apply for the Public Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 1,000 Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

IMPORTANT

NUMBER OF OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)	No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)	No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)	No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)
1,000	3,030.25	15,000	45,453.83	80,000	242,420.40	900,000	2,727,229.50
2,000	6,060.51	20,000	60,605.10	90,000	272,722.96	1,000,000	3,030,255.00
3,000	9,090.76	25,000	75,756.38	100,000	303,025.50	1,200,000	3,636,306.00
4,000	12,121.02	30,000	90,907.66	200,000	606,051.00	1,400,000	4,242,357.00
5,000	15,151.28	35,000	106,058.93	300,000	909,076.50	1,600,000	4,848,408.00
6,000	18,181.54	40,000	121,210.20	400,000	1,212,102.00	1,800,000	5,454,459.00
7,000	21,211.79	45,000	136,361.48	500,000	1,515,127.50	2,000,000	6,060,510.00
8,000	24,242.05	50,000	151,512.76	600,000	1,818,153.00	2,200,000	6,666,561.00
9,000	27,272.30	60,000	181,815.30	700,000	2,121,178.50	2,400,000	7,272,612.00
10,000	30,302.56	70,000	212,117.86	800,000	2,424,204.00	2,700,000 ⁽¹⁾	8,181,688.50

(1) Maximum number of Public Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the GEM Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Public Offer Shares will be considered and any such application is liable to be rejected.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on our website at www.metatechnologies.com.sg and the Stock Exchange at www.hkexnews.hk. Details of the structure of the Share Offer, including the conditions thereto, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

2024

Public Offer commences 9:00 a.m. on
Friday, 21 June

Latest time for completing electronic applications
under the **HK eIPO White Form** service through
one of the following ways:⁽¹¹⁾

(1) the **IPO App**, which can be downloaded by
searching “**IPO App**” in App Store or Google Play
or downloaded at www.hkeipo.hk/IPOApp or
www.tricorglobal.com/IPOApp

(2) the designated website www.hkeipo.hk 11:30 a.m. on
Wednesday, 26 June

Application lists open⁽²⁾. 11:45 a.m. on
Wednesday, 26 June

Latest time for (a) completing payment for **HK eIPO
White Form** applications by effecting internet
banking transfer(s) or PPS payment transfer(s) and
(b) submitting EIPO applications through
HKSCC’s FINI system⁽³⁾ 12:00 noon on
Wednesday, 26 June

If you are instructing your **broker** or **custodian** who is a HKSCC Clearing Participant or a HKSCC Custodian Participant to submit an EIPO application through HKSCC’s FINI system to apply for the Public Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽²⁾ 12:00 noon on
Wednesday, 26 June

Expected Price Determination Date⁽⁴⁾ on or before 12:00 noon on
Thursday, 27 June

EXPECTED TIMETABLE⁽¹⁾

2024

Announcement of the final Offer Price,
the level of indication of interest in the Placing,
the level of applications in the Public Offer, the basis
of allocation to be published on the website of the
Stock Exchange at www.hkexnews.hk and our
website at www.metatechnologies.com.sg⁽⁵⁾ on or
before⁽⁷⁾ 11:00 p.m. on
Friday, 28 June

Results of allocations in the Public Offer (including
successful applicants' identification document
numbers, where appropriate) to be available through
a variety of channels as described in the section
headed "How to Apply for Public Offer Shares —
B. Publication of Results" in this prospectus from 11:00 p.m. on
Friday, 28 June

Results of allocations in the Public Offer will be
available from the "IPO Results" function in the
IPO App or at www.tricor.com.hk/ipo/result or
www.hkeipo.hk/IPOResult with a "search by ID"
function from 11:00 p.m. on
Friday, 28 June

Despatch of Share certificates of the Offer Shares or
deposit of Share certificates of the Offer Shares into
CCASS in respect of wholly or partially successful
applications pursuant to the Public Offer on or
before^{(6), (8) & (9)} Friday, 28 June

HK eIPO White Form e-Auto Refund payment
instructions/refund cheques in respect of wholly or
partially unsuccessful applications and wholly or
partially successful applications in case the final
Offer Price is less than the maximum Offer Price paid
for the applications pursuant to the Public Offer on
or before⁽⁷⁾⁻⁽¹⁰⁾ Tuesday, 2 July

Dealings in the Shares on GEM expected to
commence at. 9:00 a.m. on Tuesday, 2 July

EXPECTED TIMETABLE⁽¹⁾

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 26 June 2024, the application lists will not open and close on that day. Please refer to the section headed “How to Apply for Public Offer Shares — E. Severe Weather Arrangements” in this prospectus. If the application lists do not open and close on Wednesday, 26 June 2024, the dates mentioned in this section may be affected. Announcement will be made by us in such event.
3. Applicants who apply for Offer Shares by submitting EIPO applications through HKSCC’s FINI system should refer to the section headed “How to Apply for Public Offer Shares — A. Application for Public Offer Shares — 2. Application Channels” in this prospectus.
4. The Price Determination Date is expected to be on or before 12:00 noon on Thursday, 27 June 2024 unless otherwise announced. If, for any reason, the Offer Price is not agreed on or before 12:00 noon on Thursday, 27 June 2024 between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse accordingly.
5. None of the information contained on any website forms part of this prospectus.
6. Share certificates for the Offer Shares are expected to be issued on or before Friday, 28 June 2024 but will only become valid evidence of title at 8:00 a.m. on Tuesday, 2 July 2024 provided that (a) the Share Offer has become unconditional in all respects and (b) none of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.
7. **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund cheque. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund cheque.
8. Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares may collect Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 2 July 2024 or such other date as notified by us as the date of despatch/collection of Share certificates/**HK eIPO White Form** e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection. Applicants who have applied for Public Offer Shares through the HKSCC EIPO channel should refer to the section headed “How to Apply for Public Offer Shares — D. Despatch/ Collection of Share Certificates and Refund of Application Monies” in this prospectus for details. Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who

EXPECTED TIMETABLE⁽¹⁾

have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk. Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Offer Shares and any uncollected Share certificates will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in "How to Apply for Public Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies".

9. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant application. For further information, applicants should refer to the section headed "How to Apply for Public Offer Shares — D. Despatch/Collection of Share Certificates and Refund of Application Monies" in this prospectus.
10. **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$3.00 per Offer Share (subject to application channels).
11. You will not be permitted to submit your application through the **IPO App** or the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

In the event of any change to the above expected timetable after the date of this prospectus, an announcement will be made on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.metatechnologies.com.sg accordingly. All Share certificates will only become valid evidence of title of the Shares to which they relate provided that the Share Offer has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with their respective terms at or before 8:00 a.m. (Hong Kong time) on the Listing Date.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

CONTENTS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offer of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company and the Relevant Persons (Share Offer) have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company or any of the Relevant Persons (Share Offer).

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares.

There are risks associated with any investment in the Offer Shares. Some of the particular risks associated with an investment in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Established in 2000, we are a precision engineering services provider headquartered in Singapore, specialising in providing precision machining and precision welding services for international companies in the semiconductor and other sectors. According to the CIC Report, we ranked fifth in terms of revenue from the semiconductor segment of the precision component engineering industry in Singapore in 2023 with a market share of approximately 3.3%.

We offer our customers precision engineering services including precision machining services and precision welding services. Precision machining involves using Computer Numerical Controls (“CNC”) machines and other advanced machine tools to cut and shape materials and to produce parts that meet extremely strict specifications in terms of size, shape, surface finish and other geometric attributes with micrometre-level of accuracy. Precision welding involves using advanced welding methods and specialised processes such as laser and electron beam to join materials together according to strict specifications and tolerance. Leveraging our technical capabilities and know-how and machinery and equipment, we have established our market position in the precision component engineering value chain by offering specialised services tailored to our customers’ specific technical requirements and commercial needs.

Throughout the years, we have grown our business to serve customers in various sectors, including semiconductor, aerospace and data storage industries. Many of our customers are well-recognised international companies in these industries, including Customer A, a U.S. based corporation which supplies equipment used for fabrication of integrated circuits and displays of electronic products such as televisions, smartphones, laptops, personal computers, etc.. Our major customers have selected us as a key long-term partner as we possess essential industry-specific certifications and have passed and extended the stringent in-house supplier qualification processes of these reputable customers. We have established long-standing business relationships with our five largest customers during the Track Record Period for an average of approximately 11 years and we will seek to maintain sustainable and mutually beneficial relationships with our customers.

SUMMARY

We have demonstrated a proven track record in providing quality and efficient precision engineering services to our customers. We have a dedicated quality control team to conduct stringent incoming, in-process and final quality assessment by conducting a wide range of technical testing, such as leak checking using helium leak detectors, to ensure that our components and parts are of the exact and precise measurements as specified by our customers. We have obtained the SSQA certification, which qualifies us to conduct precision machining work in the semiconductor industry. We have also been accredited with ISO 9001:2015 quality management system certification in respect of fabrication of precision machinery parts since 2019, and ISO 14001:2015 environmental management system certification in respect of fabrication of machinery parts since 2018.

Our business is headquartered in Singapore with production facilities in Singapore (the “**Singapore Factory**”) and Malaysia (the “**Malaysia Factory**”). We are equipped with machinery with functions and specifications and technicians who have accumulated skills in handling different production processes which enable us to offer services to cater for the specific design and requirements of our customers. Most of our machinery and equipment can be used to produce a range of products for diverse end-use industries with different specifications.

OUR BUSINESS MODEL

As a precision engineering services provider, we offer precision machining services and precision welding services to OEMs and contract manufacturers in various sectors. We have started our business in providing precision machining services since 2000 and further expanded our business to include precision welding services upon completion of our acquisition of SPW in December 2021 (the “**Acquisition**”). The Acquisition was driven by SPW’s expertise in precision welding which is a crucial value-adding process in precision component engineering for manufacturing complex products and the synergy brought by the shared customer base between Metasurface Technologies and SPW. With the acquisition of SPW, we are able to provide solutions for various manufacturing process of precision component engineering, which has reinforced our presence in the value-chain. For more information on the Acquisition, see “History and Development — Reorganisation — 2. Acquisition of SPW”. Going forward, in view of the growing demand for precision components engineering services within the semiconductor industry and other sectors, our Group will continue to develop the provision of precision machining and precision welding services in parallel to leverage the synergies between both service types.

SUMMARY

OUR STRENGTHS

We believe that the following competitive strengths have contributed and may contribute to our success and distinguish us from our competitors:

- long standing and strong business relationships with reputable international customers;
- advanced production technologies and manufacturing capabilities to produce products that meet various specifications required by the customers;
- possession of industry-specific qualifications and certifications for precision machining and precision welding services; and
- experienced management team supported by high calibre engineers with advanced technical capabilities.

OUR STRATEGIES

Our business objective is to provide best-in-class value in precision engineering which is built on trust, knowledge, innovation and synergies as well as to forge mutually beneficial partnership with our customers. To accomplish this objective, we plan to:

- maintain and strengthen our long-term partnership with reputable international customers and expand and diversify our customer base;
- continue to seek business expansion and increase our scale of operation through (a) enhancing our cashflow management and supply chain management; and (b) enhancing our human resources management; and
- enhance our quality assurance capability and optimise our operational efficiency.

MAJOR CUSTOMERS AND SUPPLIERS

We have established strong and long-standing business relationships with our major customers. In each year during the Track Record Period, revenue contributed from our five largest customers was approximately S\$29.8 million and S\$31.0 million, respectively, representing approximately 76.0% and 80.0%, respectively, of our total revenue. In each year during the Track Record Period, revenue contributed from our largest customer, was approximately S\$12.4 million and S\$9.0 million, respectively, representing approximately 31.8% and 23.1%, respectively, of our total revenue. We have established and maintained business relationships with our five largest customers during the Track Record Period for approximately eleven years on average. For more information on Customer A and other major customers, see “Business — Our Customers”.

SUMMARY

Customer A is currently listed on the NASDAQ and headquartered in the U.S. which is principally engaged in the provision of manufacturing equipment, services and software to the semiconductor, display and related industries globally. It supplies equipment used for fabrication of integrated circuits and displays of electronic products such as televisions, smartphones, laptops and personal computers, etc.

According to the CIC Report, Customer A is an industry leader in the global semiconductor manufacturing equipment industry in terms of revenue in 2023 with a market share of approximately 19.5% and it is not uncommon for market participants in the semiconductor segment of precision component engineering industry to have a highly concentrated customer base since the end-use semiconductor manufacturing equipment industry is concentrated and dominated by a limited number of advanced semiconductor equipment manufacturers with the top three market players accounting for more than 40% of the global market share in terms of revenue in 2023.

In each year during the Track Record Period, purchases from our five largest suppliers were approximately S\$7.5 million and S\$6.8 million, respectively, representing approximately 47.4% and 52.2%, respectively, of our total purchases, and purchases from our largest supplier were approximately S\$2.4 million and S\$1.9 million, respectively, representing approximately 14.9% and 14.6%, respectively, of our total purchases in each year during the Track Record Period.

DISPOSAL OF OUR CONTROL OVER METAOPTICS TECHNOLOGIES

Metaoptics Technologies was incorporated in June 2021 as an insignificant subsidiary of our Group that was held as to 90% by Metasurface Technologies and as to 10% by Mr. Thng, an executive Director and a substantial Shareholder of our Company. Metaoptics Technologies is principally engaged in the metalens technology business. Since its inception, it had always been our Directors' intention that Metaoptics Technologies will be a long-term investment in our Group with Mr. Thng (who has the relevant optics industry experiences and connections) spearheading its entire business operations. It had also been our Group's and Mr. Thng's understanding that Metaoptics Technologies, as a start-up in a high-growth industry, will eventually require further fund raising opportunities which will gradually dilute our equity interests.

Up until May 2023, as Metaoptics Technologies had been growing its business operations and expanding its investor base to other independent third-party investors, Metasurface Technologies agreed to transfer an approximately 33.32% equity interest in Metaoptics Technology at a consideration of S\$180,000 in aggregate. The consideration was at a discount to the then fair value of Metaoptics Technologies. Immediately after the transfer, we remained as an investor with approximately 20.19% equity interest in Metaoptics Technologies, which ceased to be a subsidiary and instead became an associate of our Group. After a series of share allotment and transfers between shareholders of Metaoptics Technologies, our Group had an equity interest of approximately 17.10% in Metaoptics Technologies as at the Latest Practicable Date.

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The transfer of our approximately 33.32% equity interests in Metaoptics Technologies to Mr. Thng resulted in the recognition in our consolidated statements of comprehensive income for the year ended 31 December 2023 (a) gains on disposal of a subsidiary of approximately S\$2.5 million; and (b) share-based payments of approximately S\$2.1 million because the transfer is perceived to be a form of compensation to remunerate Mr. Thng's past services and contribution to our Group as an employee. See "History and Development — Corporate Development — Investment in an associate" in this prospectus for further details.

PRODUCTION CAPACITY AND UTILISATION

The production capacity and output of our precision component engineering services are measured by machine hours as products of our precision machining and precision welding services are highly customised and have diverse shapes, sizes and weights subject to our customer's requirements and product specifications.

The following table sets out in details the designed production capacity, actual output and utilisation rate of the major production processes in our production facilities during the Track Record Period based on information available on machine hours:

	For the year ended 31 December					
	2022			2023		
	Designed Production Capacity (Hour) ⁽¹⁾	Actual Output (Hour) ⁽²⁾	Utilisation Rate (%) ⁽³⁾	Designed Production Capacity (Hour) ⁽¹⁾	Actual Output (Hour) ⁽²⁾	Utilisation Rate (%) ⁽³⁾
<i>Singapore Factory</i>						
Precision machining						
— CNC machining process	338,240	177,408	52.5	338,240	138,285	40.9
Precision welding	144,960	113,467	78.3	144,960	171,953	118.6
<i>Malaysia Factory</i>						
Precision machining						
— CNC machining process	126,000	58,212	46.2	126,000	60,962	48.4

Notes:

- (1) The designed production capacity for precision machining is calculated based on maximum machine hours for CNC machining process. The designed production capacity for precision welding is calculated based on maximum machine hours for the precision welding process. Maximum machine hours are calculated based on 20 operating hours per working day (inclusive of the switching time of production machinery and equipment for manufacturing different parts and components and taking into account factors such as machine set-up and reconfiguration time, etc) and total working days per year (based on two shifts per day and six working days per week multiplied by 52 weeks minus the number of statutory holidays in Singapore or Malaysia for the respective year).
- (2) The actual output is the total number of actual machine hours in operation.
- (3) The utilisation rate is calculated by dividing actual output by designed production capacity for the same financial year on the basis set out above.

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For the years ended 31 December 2022 and 2023, the utilisation rates were approximately 52.5% and 40.9% for precision machining and approximately 78.3% and 118.6% for precision welding, respectively, at our Singapore Factory and the utilisation rates were approximately 46.2% and 48.4%, respectively, for precision machining at our Malaysia Factory. According to the CIC Report, the industry average utilisation rates of the production facilities of precision machining and precision welding industry both ranged from 40% to 80% during the Track Record Period. This wide range reflects varying operational circumstances and industry demands. Companies focusing on the semiconductor industry operate at lower utilisation rates of 40% to 60% as the parts and components produced for the semiconductor industry are less standardised and more complex. These parts require the use of different types of CNC machines and other machines and tools for each step of the production process. The machines required for different products may also vary widely, leading to lower utilisation rates for the higher varieties of machines. In contrast, companies mainly serving the aerospace industry and automobile industry operate at higher utilisation rates of 60% to 80%. The parts produced for these industries are relatively more standardised and more streamlined, requiring less varieties of machines, and thus leading to higher utilisation rates. The increase in utilisation rates in 2023 for precision welding at our Singapore Factory as compared to 2022 was mainly due to the procurement of labour services from independent third party service providers to increase manpower at our Singapore Factory to cope with the increase in sales of precision welding services. Our production facilities for precision machining were not fully utilised during the Track Record Period, which was primarily due to limited resources for procurement of raw materials and recruitment of skilled workers to maximise the machine hours in operation. Besides, as products of our precision machining are highly customised with diverse design specifications as requested by our customers and hence require the use of different type of machines (e.g. CNC turning machines, CNC lathe machines, CNC milling machines and other advanced tools) to complete the whole process, it would be very ideal for different type of our machines to be operated simultaneously at all production time to achieve full utilisation. For hypothetical analysis only, with reference to (i) our historical average machine hours, raw material costs and labour costs required to perform a purchase order during the Track Record Period, and (ii) our average cash and bank balances in 2022 and 2023, we have a shortage of approximately S\$6.5 million and S\$5.4 million of working capital for raw material procurement and staff recruitment in order to fully utilise our production capacity for precision machining at our Singapore Factory during 2022 and 2023, respectively.

During the Track Record Period, we received additional purchase orders from customers from time to time while our available human resources were still occupied with fulfilling existing orders on hand. In order to maintain positive relationship with our customers, we negotiated for longer delivery times instead of turning down purchase orders. We will also procure labour services from independent third party service providers to handle these additional or ad hoc orders if necessary. To determine whether to procure external labour services when our existing human resources are tied up, we will consider factors such as delivery schedules requested by customers, additional cost required, our current production schedule, our then available working capital and our relationship with

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the customer. This has resulted in our backlog of unfulfilled orders. As at 31 December 2022 and 2023 and 30 April 2024, we had a backlog of unfulfilled purchase orders of approximately S\$36.1 million, S\$24.9 million and S\$18.4 million, respectively.

COMPETITION

Precision component engineering is widely applied to produce components with complex structures or certain special technical parts in many growing industries and the downstream customers consists of OEMs and their contract manufacturers and service providers in the diverse end-use industries, such as semiconductor, aerospace and oil & gas. According to the CIC Report, revenue of global semiconductor industry is projected to reach US\$880.7 billion in 2028 with a CAGR of 10.6% between 2023 and 2028. Global sales of semiconductor manufacturing equipment also increased from US\$61.7 billion in 2019 to US\$106.3 billion in 2023, registering a CAGR of 14.6% between 2019 and 2023 and is expected to reach US\$180.6 billion in 2028, registering a CAGR of 11.2% between 2023 and 2028. As our Group is a precision engineering services provider, specialising in providing precision machining and precision welding services for international companies mainly in the semiconductor and other sectors, including aerospace and data storage industries. Therefore, the continual growth of the semiconductor industry in the world is expected to drive up the demand and presents more opportunities for precision components, and therefore supports the further development of Singapore's precision component engineering industry.

Our main competitors include both domestic and international companies providing precision component engineering services in Singapore. We compete with them primarily in product quality, technical level, production capacity, pricing terms, in-time delivery, span of one-stop services offerings, experience and after-sales services.

Our strategic location in Singapore positions us above our competitors outside Singapore, primarily due to macro-economic shifts affecting the regional semiconductor industry, our geographical proximity with customers and favourable domestic policies and incentives in Singapore for the precision engineering industry. Therefore, we consider the direct competition from international companies providing precision component engineering services in the semiconductor industry without presence in Singapore is relatively remote.

Due to factors such as macro-economic conditions and dynamic international situations, certain global major semiconductor manufacturers and semiconductor equipment manufacturers have been shifting their manufacturing base and operations from China to Southeast Asia. Such changes have provided more opportunities for Singapore as a leading regional hub for advanced manufacturing, and service providers in Singapore and are expected to bring more demand for services and products of the Group. For details, see "Business — Impact of The Covid-19 Outbreak and U.S.-China Trade War".

In addition, among our five largest customers for the years ended 31 December 2022 and 2023, Customer A, Customer D and Intevac Asia Pte. Ltd. have production base in Singapore and Customer B and Customer C have production base in Malaysia. Customer

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A's decision to invest S\$600 million in a new Singapore facility and decisions of its customers and their related companies, such as Vanguard (an affiliate of Taiwan Semiconductor Manufacturing Company Limited (TSMC)) and United Microelectronics Corporation (UMC), to further invest in production facilities in Singapore, further highlight the strategic value seen in local operations in Singapore. Our Group's strategic location with production facilities based in Singapore and Malaysia allows us to benefit from these developments with enhanced logistical efficiencies. This proximity and alignment with industry trend give us an edge over our competitors in other regions.

In addition, various favourable policies and measures introduced by the Singapore government such as Industry Transformation Maps (ITMs) and Precision Engineering Industry Digital Plan (IDP) also promote the further development of the precision engineering industry in Singapore, providing us further competitive edge over our competitors outside Singapore. For details, see "Industry Overview — Overview of Singapore's Precision Component Engineering Industry — Key growth drivers of Singapore's precision component engineering industry".

We seek to differentiate ourselves through our use of multi-axis CNC machines. According to the CIC Report, our Group is employing more 5-axis CNC machines than the industry peers in general. Multi-axis CNC machines, in particular, CNC machines with more axes (directions of movements), allow for machining in multiple directions simultaneously. The 5-axis CNC machines we use in our production can move in five different directions, being three linear areas (up and down, left and right, back and forth) and two rotational axes. Compared to 3-axis or 4-axis CNC machines, which can only move in three directions or four directions respectively, 5-axis CNC machines can reach more angles and create more complex and detailed parts without the need to manually moving the machined parts for multiple processes. With more machining steps to be completed in the same timeframe, our use of multi-axis CNC machines can reduce machining cycles and operational costs in terms of the labour hours spent on manually moving the machined parts for multiple processes and the total lead time on production. According to the CIC Report, subject to the complexity of the machining part, as compared to a 5-axis CNC machine, a 2-axis, 3-axis and 4-axis CNC machine generally takes 4 to 20 times, 2 to 10 times and 2 to 5 times, respectively, longer in operational time to complete a similar machining task. Additionally, multi-axis systems facilitate more complex machining operations such as simultaneous milling, drilling and cutting, thus enhancing both production efficiency and ensuring machining accuracy. Our Directors believe that other core aspects that set us apart from our competitors and foster our competitiveness are the solid relationships with our customers through regular communication and our strong technical know-how. For more information on the competitive landscape of the industry and our competitive strengths, see "Industry Overview — Competitive Landscape of Singapore's Precision Component Engineering Industry in the Semiconductor Segment" and "— Competitive advantages of the Group".

According to the CIC Report, entry barriers faced by new competitors in the precision component engineering industry are (i) large capital investment required to purchase machinery and equipment to achieve high accuracy and versatility in production, (ii) intense competition for recruitment of skilled workers and difficult access to technological

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know-how, (iii) long-term and steady relationship with downstream customers, which creates difficulties for new players to establish mutual dependence and complimentary business relationship with customers within a short period of time, and (iv) industry specific qualification and certification requirements. For more information on these entry barriers, see “Industry Overview — Competitive Landscape of Singapore’s Precision Component Engineering Industry in the Semiconductor Segment — Entry barriers for the precision component engineering industry”.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Description of selected consolidated statements of comprehensive income line items

The following table sets out our selected consolidated statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Years ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Continuing operations		
Revenue	39,116	38,769
Cost of sales	<u>(23,060)</u>	<u>(24,354)</u>
Gross profit	16,056	14,415
Other income	1,130	2,731
Other gains/(losses), net	177	(426)
Administrative expenses	<u>(10,489)</u>	<u>(11,666)</u>
Operating profit	6,874	5,054
Finance costs	(1,579)	(1,343)
Share of loss from an associate	<u>—</u>	<u>(366)</u>
Profit before tax	5,295	3,345
Income tax expense	<u>(1,495)</u>	<u>(1,061)</u>
Profit from continuing operations	3,800	2,284
Discontinued operation		
(Loss)/profit from discontinued operation	<u>(1,095)</u>	<u>2,143</u>
Profit for the year	<u><u>2,705</u></u>	<u><u>4,427</u></u>

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Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the IFRS, we also use adjusted profit from continuing operations (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, the IFRS. We define adjusted profit from continuing operations (non-IFRS measure) as profit from continuing operations for the financial year adjusted by adding back (i) share-based payments which arose from grant of shares and exercise of anti-dilution rights granted to certain employees and shareholders of our Group, which are non-cash in nature; and (ii) Listing expenses in relation to the Share Offer. We have made such adjustments consistently during the Track Record Period.

We believe that our presentation of the adjusted profit from continuing operations (non-IFRS measure) when shown in conjunction with the corresponding IFRS measure provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating the impacts of the share-based payments and Listing expenses. However, our presentation of the adjusted profit from continuing operations (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of the adjusted profit from continuing operations (non-IFRS measure) has limitations as any other analytical tool, and should not be considered in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under the IFRS.

The following table reconciles our adjusted profit from continuing operations (non-IFRS measure) with our profit from continuing operations for the financial year and also sets out our adjusted profit margin (non-IFRS measure) for the periods indicated:

	For the year ended	
	31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Profit from continuing operations	<u>3,800</u>	<u>2,284</u>
Add:		
Share-based payments ⁽¹⁾	815	3,151
Listing expenses in relation to the Share Offer	<u>1,930</u>	<u>1,896</u>
Adjusted profit from continuing operations (non-IFRS measure)⁽²⁾	<u>6,545</u>	<u>7,331</u>
Adjusted profit margin⁽³⁾ (non-IFRS measure)	<u>16.7%</u>	<u>18.9%</u>

Notes:

- (1) Share-based payments arose from grant of shares and exercise of anti-dilution rights granted to certain employees and shareholders of our Group which were non-cash in nature.

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- (2) Adjusted profit from continuing operations (non-IFRS measure) refers to profit from continuing operations for the financial year by adding back (i) share-based payments which are non-cash in nature; and (ii) Listing expenses in relation to the Share Offer.
- (3) Adjusted profit margin (non-IFRS measure) equals adjusted profit from continuing operations (non-IFRS measure) as a percentage of revenue.

The following table sets out our revenue breakdown during the Track Record Period by service type, customer sector and customer geographical location, respectively:

	For the year ended 31 December			
	2022	2023	2022	2023
	<i>S\$'000</i>	<i>% of total revenue</i>	<i>S\$'000</i>	<i>% of total revenue</i>
<i>By service type:</i>				
Precision machining	22,913	58.6	15,545	40.1
Precision welding	16,203	41.4	23,224	59.9
Total	<u>39,116</u>	<u>100.0</u>	<u>38,769</u>	<u>100.0</u>
<i>By customer sector:</i>				
Semiconductor	35,729	91.3	34,077	87.9
Aerospace	101	0.3	1,646	4.3
Data storage	2,423	6.2	2,411	6.2
Others ⁽¹⁾	863	2.2	635	1.6
Total	<u>39,116</u>	<u>100.0</u>	<u>38,769</u>	<u>100.0</u>
<i>By customer geographical location:</i>				
Singapore	20,741	53.0	14,807	38.2
Malaysia	12,627	32.3	16,072	41.5
U.S.	3,507	9.0	5,267	13.6
Others ⁽²⁾	2,241	5.7	2,623	6.7
Total	<u>39,116</u>	<u>100.0</u>	<u>38,769</u>	<u>100.0</u>

Notes:

1. Others mainly refer to solar industry and oil and gas industry.
2. Others mainly refer to Switzerland.

Revenue from precision machining services decreased from approximately S\$22.9 million for the year ended 31 December 2022 to approximately S\$15.5 million for the year ended 31 December 2023. The decrease was mainly attributable to the decrease in sales of precision machining services to Customer A and a customer based in Malaysia (which is part of a group listed on Toronto Stock Exchange and the New York Stock Exchange and is

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principally engaged in the provision of supply chain solutions to customers in advance technology solutions and connectivity and cloud solutions industries) by approximately S\$4.6 million and S\$0.9 million, respectively. Such decrease in purchase orders from customers of our precision machining services was mainly due to postponed delivery of certain precision machining parts and components, in particular during the second half of 2023 as requested by our customers, most of which were then expected to be delivered in the second and third quarters of 2024. To the best knowledge of the Company, the postponed delivery requests in the precision machining parts and components by our customers was primarily due to their de-stocking of the then existing inventories on hand.

Revenue from precision welding services increased from approximately S\$16.2 million for the year ended 31 December 2022 to approximately S\$23.2 million for the year ended 31 December 2023. The increase was primarily attributable to the increase in purchase orders for certain parts and components from Customer C and Customer B during the year for the provision of precision welding services by approximately S\$4.6 million and S\$1.4 million, respectively.

Revenue from customers in the semiconductor industry slightly decreased from approximately S\$35.7 million for the year ended 31 December 2022 to approximately S\$34.1 million for the year ended 31 December 2023. The proportion of our revenue contribution from customers in the semiconductor industry decreased mainly due to our efforts to diversify our customer sectors, for instance in the aerospace industry.

Revenue from customers in the aerospace industry increased from approximately S\$0.1 million for the year ended 31 December 2022 to approximately S\$1.6 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in purchase orders from Customer B for aerospace related parts and components for the year ended 31 December 2023. Customer B recorded an increase in its sales in relation to aerospace and defence by approximately 4% from 2022 to 2023, by leveraging its market position in both defence and commercial aerospace sectors to capture the increase in the global market size of the aerospace and defence market in 2023, partly driven by increased air travel and aviation activities.

Revenue from customers in the data storage industry remained stable at approximately S\$2.4 million and S\$2.4 million for the years ended 31 December 2022 and 2023, respectively.

Our cost of sales increased from approximately S\$23.1 million for the year ended 31 December 2022 to approximately S\$24.4 million for the year ended 31 December 2023, which was attributable to the (i) increase in direct labour cost by approximately S\$1.0 million as a result of the increase in procurement of third party labour services to fulfil the increased sales in respect to precision welding services; and (ii) increase in direct material costs by approximately S\$0.1 million due to increase in sales from our precision welding services, which generally required more inputs of standard parts such as valve and fittings in the production process.

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Our gross profit was approximately S\$16.1 million and S\$14.4 million for the years ended 31 December 2022 and 2023, respectively. Our overall gross profit margin was approximately 41.0% and 37.2% for the years ended 31 December 2022 and 2023, respectively, the decrease of which was mainly due to the decrease in the gross profit margin for our precision machining services from approximately 43.2% for the year ended 31 December 2022 to approximately 31.4% for the year ended 31 December 2023. The decrease in the gross profit margin for our precision machining services was mainly attributable to the decrease in sales for our precision machining services by approximately 32.2% while the cost of sales for our precision machining services decreased by approximately 18.2% only during the year as the cost of sales of our precision machining services comprised a portion of overhead costs such as staff costs and depreciation of property, plant and equipment and right-of-use assets which were relatively static regardless of sales performance.

The following table sets forth the breakdown of our gross profit and gross profit margin by service type for the periods indicated:

	Year ended 31 December			
	2022		2023	
	Gross profit	Gross profit	Gross profit	Gross profit
	S\$'000	margin %	S\$'000	margin %
Precision machining	9,887	43.2	4,887	31.4
Precision welding	<u>6,169</u>	<u>38.1</u>	<u>9,528</u>	<u>41.0</u>
Total/Overall	<u><u>16,056</u></u>	41.0	<u><u>14,415</u></u>	37.2

We recorded net profits of approximately S\$2.7 million and S\$4.4 million for the years ended 31 December 2022 and 2023, respectively. The increase was primarily attributable to (i) the recognition of gains on disposal of a subsidiary of approximately S\$2.5 million during the year ended 31 December 2023; and (ii) the increase in our other income by approximately S\$1.6 million mainly due to the increase in our rental income generated from our investment property in Singapore and part of our Tuas Property which was sublet to independent third parties by approximately S\$1.0 million.

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Description of selected consolidated statements of financial position line items

The following table sets out our consolidated statements of financial position as at the dates indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
ASSETS		
Non-current assets	46,705	44,345
Current assets	22,701	25,515
Total assets	69,406	69,860
LIABILITIES		
Current liabilities	18,603	15,615
Net current assets	4,098	9,900
Non-current liabilities	28,494	27,248
Net assets	22,309	26,997
Non-controlling interests	1,013	—

We recorded net current assets of approximately S\$4.1 million, S\$9.9 million and S\$10.4 million as at 31 December 2022, 31 December 2023 and 30 April 2024, respectively.

Our inventories decreased from approximately S\$7.9 million as at 31 December 2022 to approximately S\$6.6 million as at 31 December 2023 mainly due to (i) the utilisation of our raw materials to cope with our sales near the year end; and (ii) the provision for inventory obsolescence of approximately S\$0.4 million. Our current and non-current borrowings decreased by approximately S\$1.3 million from approximately S\$5.5 million as at 31 December 2022 to approximately S\$4.2 million as at 31 December 2023, which was primarily attributable to settlement of our current bank loans during the year ended 31 December 2023. Our trade receivables decreased by approximately S\$1.4 million from approximately S\$8.0 million as at 31 December 2022 to approximately S\$6.6 million as at 31 December 2023 due to a larger settlement of trade receivables by our customers near year end of 2023. Our trade payables decreased by approximately S\$3.5 million from approximately S\$5.9 million as at 31 December 2022 to approximately S\$2.4 million as at 31 December 2023 primarily due to our prompt repayment of trade payables near the year end. Our current and non-current non-trade payables increased by approximately S\$2.1 million from approximately S\$3.6 million as at 31 December 2022 to approximately S\$5.7 million as at 31 December 2023 primarily due to (i) increase in amount due to a shareholder of approximately S\$1.0 million which represents amount payable to a pre-IPO investor for

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non-Listing put option in relation to the 3rd Pre-IPO Investment; (ii) increase in other payables to third party, which mainly consists of our rental payable to ESR-LOGOS Property Management (S) Pte Ltd for our Tuas Property, by approximately S\$0.4 million and (iii) the increase in accrued expenses by approximately S\$0.7 million as a result of the increase in our accrued Listing expenses as at 31 December 2023.

Our net current assets remained relatively stable as at 30 April 2024.

Our net assets increased from approximately S\$22.3 million as at 31 December 2022 to approximately S\$27.0 million as at 31 December 2023, primarily due to the decrease in our accumulated losses from approximately S\$10.7 million as at 31 December 2022 to approximately S\$6.1 million as at 31 December 2023 as we have recognised profit attributable to owners of the Company of approximately S\$4.6 million for the year ended 31 December 2023.

Description of selected consolidated cash flow statements data

The following table sets forth our selected consolidated cash flow items for the periods indicated:

	Year ended 31 December	
	2022	2023
	S\$'000	S\$'000
Operating cash flows before working capital changes	11,793	12,169
Changes in working capital	(2,457)	(691)
Income tax paid	<u>(301)</u>	<u>(992)</u>
Net cash generated from operating activities	9,035	10,486
Net cash used in investing activities	(647)	(407)
Net cash used in financing activities	<u>(6,275)</u>	<u>(5,079)</u>
Net increase in cash and cash equivalents	2,113	5,000
Effect of currency translation on cash and cash equivalents	(72)	21
Cash and cash equivalents as at beginning of the year	<u>2,163</u>	<u>4,204</u>
Cash and cash equivalents as at end of the year	<u>4,204</u>	<u>9,225</u>

For the years ended 31 December 2022 and 2023, our net cash generated from operating activities was approximately S\$9.0 million and S\$10.5 million, respectively. The net cash generated from operating activities increased to S\$10.5 million for the year ended 31 December 2023 primarily due to the increase in our profit before tax by approximately S\$1.3 million, as adjusted for certain non-cash or non-operating items, offset by negative changes in working capital such as increase in trade and other receivables and increase in

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prepayments. Our net cash used in financing activities for the years ended 31 December 2022 and 2023 was approximately S\$6.3 million and S\$5.1 million, respectively. The net cash used in financing activities decreased to approximately S\$5.1 million for the year ended 31 December 2023 primarily due to (i) payment of principal portion of lease liabilities mainly in relation to machineries under hire purchase arrangement and rental payment for our Tuas Property; (ii) repayment of borrowings; (iii) interest paid; (iv) Listing expenses paid, partially offset by proceeds from issue of new shares of a subsidiary and proceeds from new borrowings.

Key Financial Ratios

The following table sets out our key financial ratios for the periods and as at the dates indicated:

	As at/for the year ended	
	31 December 2022	2023
Gross Profit Margin (%)	41.0	37.2
Net Profit Margin (%)	6.9	11.4
Current Ratio	1.2	1.6
Quick Ratio	0.8	1.2
Return on Assets (%)	3.9	6.3
Return on Equity (%)	15.0	17.1
Gearing Ratio (%)	24.8	15.7

Our gross profit margin decreased from approximately 41.0% for the year ended 31 December 2022 to approximately 37.2% for the year ended 31 December 2023, which was mainly attributable to the decrease in the gross profit margin for our precision machining services for the year ended 31 December 2023. As our cost of sales for precision machining services comprised relatively large portion of overhead costs which were relatively static regardless of sales performance, our cost of sales for precision machining only decreased by approximately 18.2% while our revenue for precision machining decreased by approximately 32.2%, thus leading to the decrease in the gross profit margin for our precision machining services during the year ended 31 December 2023.

Our net profit margin increased from approximately 6.9% for the year ended 31 December 2022 to approximately 11.4% for the year ended 31 December 2023, which was due to (i) increase in our other income, mainly attributable to the increase in our rental income and service income, and (ii) recognition of gains on disposal of Metaoptics Technologies.

Our return on assets increased from approximately 3.9% for the year ended 31 December 2022 to approximately 6.3% for the year ended 31 December 2023 due to increase in our profit for the year as a result of the increase in our other income and the recognition of gains on disposal of a subsidiary.

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Our return on equity increased from approximately 15.0% for the year ended 31 December 2022 to approximately 17.1% for the year ended 31 December 2023 due to increase in our profit for the year as a result of the increase in our other income and the recognition of gains on disposal of a subsidiary.

Our gearing ratio decreased from approximately 24.8% as at 31 December 2022 to approximately 15.7% as at 31 December 2023, primarily due to reduction of our total borrowings of approximately S\$1.3 million as at 31 December 2023.

OUR CONTROLLING SHAREHOLDERS

Upon completion of the Capitalisation Issue and the Share Offer and without taking into account any Shares which may be issued and allotted upon exercise of any options which may be granted under the Post-IPO Share Option Scheme, (i) SGP BVI, which is directly wholly-owned by Dato' Sri Chua (the spouse of Mrs. Chua), will be interested in approximately 39.10% of the issued share capital of the Company, and (ii) Baccini, which is directly wholly-owned by Mrs. Chua (the spouse of Dato' Sri Chua), will be interested in approximately 16.50% of the issued share capital of the Company. As such, Dato' Sri Chua and Mrs. Chua, who are close associates under the GEM Listing Rules and jointly control our Group, will be together interested in approximately 55.60% of the issued share capital of the Company in aggregate. Accordingly, each of SGP BVI, Dato' Sri Chua, Baccini and Mrs. Chua will be regarded as our Controlling Shareholders immediately after the Listing.

For more information, see “Relationship with Our Controlling Shareholders.”

RISK FACTORS

Our business is subject to certain risks involved in our operations, including but not limited to risks relating to our business and the industry in which we operate, risks relating to the Share Offer and risks relating to statements made in this prospectus. We believe that the following are some of the major risks that we face, (i) we derive a significant portion of our revenue from our major customers and we cannot assure you that we will successfully maintain business relationships with our major customers and there is no assurance that we will be able to secure new orders from other customers of similar size, (ii) we may not be able to diversify our customer portfolio and expand into new markets, (iii) we do not enter into long-term agreements with most of our customers, (iv) our cash flows and working capital may deteriorate due to potential mismatch in time between receipt of payments from our customers, and payments to our third party suppliers and service providers and failure of our customers to pay the amounts owed to us in a timely manner may adversely affect our liquidity, financial condition and operating results, (v) share-based payments and Listing expenses may have a material and adverse effect on our financial performance, (vi) we recorded accumulated losses during the Track Record Period, which may adversely affect our ability to declare and pay dividends, and (vii) our credit facilities contain certain covenants that may limit our ability to operate our business and any material breach of the undertakings and/or covenants in our credit facilities could adversely affect our business and financial condition.

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As different investors may have different interpretations and standards for determining the materiality of a risk, you should carefully consider all of the information set forth in this prospectus, including the risks and uncertainties described in “Risk Factors”.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on the provision of precision machining and precision welding services.

Based on our Group’s unaudited management accounts, our total revenue for the four months ended 30 April 2024 increased when compared to the same period in 2023, primarily due to increase in precision machining and precision welding parts and components we sold and delivered to our customers during the period. Our unaudited net profit margin for the four months ended 30 April 2024 also slightly increased when compared to the same period in 2023.

As at 30 April 2024, each of Metasurface Technologies and SPW had a backlog of unfulfilled purchase orders of approximately S\$10.7 million and S\$7.7 million, respectively.

Save as disclosed in “Financial Information — Listing Expenses”, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change to our financial, operational and/or trading position since 31 December 2023, being the date to which our most recent audited consolidated financial statements were prepared, and there has been no event since 31 December 2023 and up to the date of this prospectus that would materially affect the information shown in our audited consolidated financial information included in the Accountant’s Report set out in Appendix I to this prospectus.

IMPACT OF THE U.S.-CHINA TRADE WAR, INTERNATIONAL SANCTION AND TRADE RESTRICTIONS

U.S.-China Trade War

With respect to the U.S.-China trade war, the U.S. imposed a series of sanctions or restrictions, such as high tariffs on chips and parts imported from China, to hobble China’s chip industry. The U.S.-China trade war, coupled with other external factors such as global economic cycle and COVID-19 pandemic, has exacerbated the global semiconductor chip supply shortage. As a result, due to factors such as macro-economic conditions and dynamic international situations, certain global major semiconductor manufacturers and semiconductor equipment manufacturers have been shifting their manufacturing bases and operations from China to Southeast Asian countries, providing more business opportunities for Singapore, as a leading regional hub for advanced manufacturing, and Singaporean service providers. Such shifting trend and strengthening of production base by the semiconductor manufacturing equipment suppliers and semiconductor manufacturers in Singapore are expected to bring more demand for services and products of the Group. Going forward, it is expected that the geographical source of upstream raw materials suppliers and the geographical locations of the Group’s downstream customers will remain largely unchanged as the Group mainly procured raw materials from domestic suppliers in Singapore and from Malaysia, the U.S. and Europe and mainly sell its products to

SUMMARY

customers based in the U.S., Singapore and Malaysia. See “Risk Factors — Changes in international trade policies and the ongoing conflict and emergence of a trade war between the U.S. and China may have an adverse effect on our business” and “Business — Impact of the COVID-19 Outbreak and U.S.-China Trade War” for details.

International Sanction and Trade Restrictions

During the Track Record Period, we indirectly procured aluminium products from the Relevant Region through one of our suppliers in Singapore, who sourced from a sanctioned entity located in the Relevant Region. As the sanctioned entity is a Russia-based company designated on the Entity List maintained by the BIS, provision of items subject to the EAR to this sanctioned entity is prohibited pursuant to the sanctions designation. Our transactions involving the Relevant Region were limited to the aforementioned indirect procurements of Russian-origin aluminium products that were denominated in SGD and took place in Singapore. Since 1 January 2023, the supplier involved in the aforementioned indirect procurements has ceased to supply any Russian-origin aluminium products to us.

Based on our best understanding and as advised by our International Sanctions Legal Advisers, we believe that we are not subject to sanctions risk that could have a material adverse effect due to our historical indirect transactions involving the Relevant Region during the Track Record Period. Please also see “Risk Factors — We could be adversely affected as a result of any sales or purchase we make to or from certain countries that are, or become subject to, sanctions administered by the United States, EU, UK, UN, Australia and other relevant sanctions authorities.”

While we have open orders and backlogs that require aluminium products, our Directors are of the view that the cessation of indirect procurement from the Sanctioned Person has no material impact on the Group’s business operations and financial performance since our supplier involved in such indirect procurements has substituted our orders and backlog orders with aluminium products from other markets with the same specifications requested by our customers at comparable cost, including Europe, United States and South Africa. Our Group could also procure aluminium products from other suppliers which are non Russian-origin to fulfil the production needs from our backlog orders.

Based on the advice of our International Sanctions Legal Advisers, we do not believe that there are other international trade restrictions and/or export controls that would restrict our Group’s access to the requisite raw materials during the Track Record Period and up to the Latest Practicable Date. For details, see “Risk Factors — We could be adversely affected as a result of any sales or purchase we make to or from certain countries that are, or become subject to, sanctions administered by the United States, EU, UK, UN, Australia and other relevant sanctions authorities” and “Business — Business Activities with Supplier in relation to the Relevant Region”.

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DIVIDENDS

During the Track Record Period and up to the Latest Practicable Date, no dividend or distribution had been declared, made or paid by our Company or any of the other companies now comprising our Group. As at the Latest Practicable Date, our Company did not have a dividend policy in place.

After completion of the Listing, our Shareholders will be entitled to receive dividend declared, made or paid by us. Any declaration of dividends, however, is subject to the recommendation of our Directors at their discretion, and depending on, among other things, our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Articles of Association, which provides that dividends may be declared in any currency to our Shareholders in a general meeting out of the profits of the Company but no dividend shall be declared in excess of the amount recommended by the Board; and (ii) the Cayman Companies Act, which allows dividends to be paid out of sums standing to the credit of the Company's share premium account if immediately following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Any future declarations and payments of dividends will be at the absolute discretion of our Directors and may require the approval of our Shareholders.

SHARE OFFER STATISTICS

The statistics below are based on the assumption that 150,000,000 Offer Shares in issue under the Share Offer:

	Based on the low end of the indicative Offer Price Range of HK\$2.38 per Share	Based on the high end of the indicative Offer Price Range of HK\$3.00 per Share
Market capitalisation of our Shares ⁽¹⁾	357,000,000	450,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$1.08 (S\$0.18)	HK\$1.19 (S\$0.20)

Notes:

1. The calculation of market capitalisation is based on 150,000,000 Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer but does not take into account any Shares which may be issued and allotted upon the exercise of options which may be granted under the Post-IPO Share Option Scheme or which may be issued and allotted or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares.

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2. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is calculated based on 150,000,000 Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer but does not take into account any Shares which may be issued and allotted upon the exercise of options which may be granted under the Post-IPO Share Option Scheme or which may be issued and allotted or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares.

LISTING EXPENSES

The estimated total Listing expenses in connection with the Share Offer (based on the mid-point of our indicative price range for the Share Offer) are approximately S\$8.9 million, representing approximately 72.6% of the gross proceeds of the Share Offer (based on the mid-point of our indicative price range for the Share Offer). Our Listing expenses are categorised into underwriting-related expenses of approximately S\$1.0 million and non-underwriting-related expenses of approximately S\$7.9 million. The non-underwriting-related expenses can be further classified into fees and expenses of legal advisers and accountants of approximately S\$4.9 million and other fees and expenses of approximately S\$3.0 million.

Prior to the Track Record Period, we have incurred Listing Expenses of approximately S\$0.2 million, of which approximately S\$0.1 million was charged to our consolidated statement of comprehensive income and the remaining amount of approximately S\$0.1 million was recorded as prepayment which is to be deducted from equity after the Listing. During the Track Record Period, we had incurred Listing expenses of approximately S\$4.9 million, of which approximately S\$3.8 million was charged to our consolidated statement of comprehensive income and the remaining amount of approximately S\$1.1 million was recorded as prepayment which is to be deducted from equity after the Listing. We expect to further incur Listing expenses (including underwriting commissions) of approximately S\$3.8 million (based on the mid-point of our indicative price range for the Share Offer) by the completion of the Share Offer, of which an estimated amount of approximately S\$2.3 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2024 and an estimated amount of approximately S\$1.5 million which is directly attributable to the issue of the Shares to the public and to be deducted from equity. The aforementioned Listing expenses are the latest practicable estimates by us and are provided for reference only and the actual amounts may differ.

REASONS FOR LISTING

Our Directors believe that the Listing would be instrumental in enabling us to achieve our business strategies and provide us with (i) broader access to capital for future growth, (ii) opportunities to expand our customer base with wider industries coverage and increase our competitiveness, (iii) stronger ability to attract talent and retain existing staff, and (iv) funding needs for implementing our business strategies. See “Future Plans and Use of Proceeds — Reasons for the Listing” for a detailed description of our future plans.

SUMMARY

USE OF PROCEEDS

We estimate that the net proceeds of the Share Offer, after deducting underwriting commissions, and other estimated expenses in relation to the Share Offer, are approximately HK\$20.6 million (equivalent to approximately S\$3.5 million), assuming an Offer Price of HK\$2.69 per Share, being the mid-point of the indicative Offer Price range of HK\$2.38 to HK\$3.00 per Share. We intend to use such net proceeds for the following purposes:

1. approximately HK\$12.4 million (equivalent to approximately S\$2.1 million) (approximately 60.1% of our total estimated net proceeds) will be used for expanding our scale of operation and enhancing our production capabilities, among which: (i) procurement of raw materials and (ii) enhancing our human resources management, including (a) recruitment of machinists and technicians and implementing night shifts, (b) improving the remuneration packages of existing employees and (c) enhancing our in-house logistic capability;
2. approximately HK\$3.1 million (equivalent to approximately S\$0.5 million) (approximately 15.4% of our total estimated net proceeds) will be used for strengthening our quality control capabilities, which include (i) acquisition of a new coordinate measuring machine and (ii) enhancing our information system upgrading the programming software of our CNC machines;
3. approximately HK\$1.0 million (equivalent to approximately S\$0.2 million) (approximately 4.7% of our total estimated net proceeds) will be used for enhancing our marketing efforts for the purpose of maintaining relationships with existing customers and diversifying our customer base;
4. approximately HK\$2.0 million (equivalent to approximately S\$0.3 million) (approximately 9.8% of our total estimated net proceeds) will be used for repayment of certain bank borrowings which were used for general working capital purpose; and
5. approximately HK\$2.1 million (equivalent to approximately S\$0.4 million) (approximately 10.0% of our total estimated net proceeds) will be used for working capital and general corporate purposes.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Technical terms in relation to our Group's industry and business operations are explained in "Glossary of Technical Terms" in this prospectus.

“1st Pre-IPO Investment”	an investment in Metasurface Technologies by Zou Shuling, Hong Haicheng, Soo Siew Har and Ho Gim Hai, Chua Lee Chai, Tan Beng Kiat, Deborah Chua Wee Wei, Tan Kok Thye George and Poh Seng Kah (who subsequently became our Shareholders as part of the Reorganisation) on 28 December 2021 and the transfer of shares in Metasurface Technologies to these individuals from Mrs. Chua on 10 April 2023
“2nd Pre-IPO Investment”	an investment in Metasurface Technologies by Accelerate (who subsequently became our Shareholder as part of the Reorganisation) on 14 October 2022
“3rd Pre-IPO Investment”	an investment in Metasurface Technologies by MMI (who subsequently became our Shareholder as part of the Reorganisation) on 30 January 2023
“Accelerate”	Accelerate Technologies Pte. Ltd. (formerly known as Exploit Technologies Pte Ltd and NSTB Holdings Pte Ltd), a private company limited by shares incorporated on 8 May 1995 in Singapore, a Pre-IPO Investor in our Company and an independent third party of our Group
“AFRC”	the Accounting and Financial Reporting Council
“Angelling”	Angelling Capital Holdings Limited, a company incorporated on 3 December 2021 in the BVI with limited liability. Angelling is directly wholly-owned by Mr. Thng
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 7 June 2024 and effective on the Listing Date, as amended, modified or otherwise supplemented from time to time
“Baccini”	Baccini Capital Holdings Limited, a company incorporated on 3 December 2021 in the BVI with limited liability. Baccini is directly wholly-owned by Mrs. Chua and is a Controlling Shareholder
“BIS”	U.S. Department of Commerce, Bureau of Industry and Security
“Board” or “Board of Directors”	the board of directors of our Company

DEFINITIONS

“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the allotment and issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in “History and Development — Post-reorganisation Corporate Actions — Capitalisation Issue”
“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap. 22 (As Revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CIC”	China Insights Industry Consultancy Limited, a market data research and consulting company and an independent third party of our Group
“CIC Report”	a market research report commissioned by us and prepared by CIC on the overview of the industry in which we operate, as referred to in “Industry Overview” and elsewhere in this prospectus
“CMIs” or “Capital Market Intermediaries”	UOB Kay Hian, Chiyu International Capital Limited, Cinda International Capital Limited, Maxa Capital Limited and Tiger Brokers (HK) Global Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified or otherwise supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified or otherwise supplemented from time to time
“Company” or “our Company”	Metasurface Technologies Holdings Limited (元续科技控股有限公司), a company incorporated on 7 December 2021 in the Cayman Islands with limited liability, the holding company of our Group and the vehicle of the Listing

DEFINITIONS

“Comprehensively Sanctioned Countries”	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction (Sanctions), currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions and Zaporizhzhia and Kherson regions
“Controlling Shareholder(s)”	shall have the meaning given to it under the GEM Listing Rules and unless the context otherwise requires, refers to Dato’ Sri Chua, Mrs. Chua, SGP BVI and Baccini
“Countries subject to International Sanctions”	any country or territory subject either to a general and comprehensive embargo or a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of a Relevant Jurisdiction (Sanctions)
“Dato’ Sri Chua”	Dato’ Sri Chua Chwee Lee (CAI Shuili) (蔡水理), a Controlling Shareholder, an executive Director, our chief executive officer and the chairman of the Board. Dato’ Sri Chua is the spouse of Mrs. Chua and uncle of Mr. A Chua. Dato’ Sri Chua acts in concert with Mrs. Chua and Mr. A Chua
“Deed of AIC Confirmation”	the deed of confirmation dated 29 June 2023 executed by Dato’ Sri Chua, Mrs. Chua and Mr. A Chua whereby they confirmed the existence of their acting in concert arrangements. A summary of the Deed of AIC Confirmation is set out in “Relationship with our Controlling Shareholders — Background of our Controlling Shareholders — Controlling Shareholders and Mr. A Chua Acting in Concert”
“Deed of Indemnity”	a deed of indemnity dated 18 June 2024 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, particulars of which are set out in “E. Other Information — 2. Tax indemnities” in Appendix V to this prospectus
“Deed of Non-competition”	a deed of non-competition dated 18 June 2024 entered into by our Controlling Shareholders in favour of our Company, particulars of which are set out in “Relationship with our Controlling Shareholders — Deed of Non-competition”
“Designated Bank”	a bank that has been registered as a designated bank with HKSCC to perform HKSCC EIPO services
“Director(s)” or “our Director(s)”	the director(s) of our Company

DEFINITIONS

“EAR”	United States Export Administration Regulations, 15 C.F.R. Parts 730–774
“EIPO”	Electronic Initial Public Offering, a service offered by HKSCC for public offer share subscription
“EU”	the European Union
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings of equity securities or interests issued by a new applicant, irrespective of whether there is an offering of equity securities or interests
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, modified or otherwise supplemented from time to time
“Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such entities which carried on the business of the present Group at the relevant time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“HK eIPO White Form”	the application for the Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the IPO App or the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified in the IPO App or on the designated website at www.hkeipo.hk

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“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“HKSCC Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“HKSCC EIPO”	the application for the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a HKSCC Clearing Participant or a HKSCC Custodian Participant to submit EIPO applications through HKSCC’s FINI system to apply for the Public Offer Shares on your behalf, or (ii) if you are an existing HKSCC Investor Participant, submitting EIPO applications through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also submit EIPO applications through HKSCC’s FINI system for HKSCC Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“HKSCC Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Participant”	a HKSCC Clearing Participant, a HKSCC Custodian Participant or a HKSCC Investor Participant
“HK\$”, “HKD” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited

DEFINITIONS

“IFRS”	International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
“independent third party(ies)”	an entity or person who, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of our Company or an associate of any such person within the meanings ascribed thereto under the GEM Listing Rules
“International Sanctions”	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S. Government, EU and its member states, UK, UN or Government of Australia
“International Sanctions Legal Advisers”	Hogan Lovells, our legal advisers as to International Sanctions laws in connection with the Listing
“IPO App”	the mobile application for the HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Issuing Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the issue of Shares, as further described in “Appendix V — Statutory and General Information — A. Further Information about our Group — 5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024”
“Joint Bookrunners”	UOB Kay Hian, Cinda International Capital Limited, Maxa Capital Limited and Tiger Brokers (HK) Global Limited
“Joint Lead Managers”	UOB Kay Hian, Chiyu International Capital Limited, Cinda International Capital Limited, Maxa Capital Limited and Tiger Brokers (HK) Global Limited
“Latest Practicable Date”	11 June 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Licence Agreement”	the licence agreement dated 10 December 2021 between (i) Accelerate (as licensor) and (ii)(A) Metasurface Technologies and (B) Metaoptics Technologies (each as licensee)
“Listing”	the listing of the Shares on GEM

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“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or around Tuesday, 2 July 2024, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on GEM
“Macau”	the Macao Special Administrative Region of the PRC
“Malaysia Legal Advisers”	Shearn Delamore & Co., the legal advisers to our Company as to Malaysia law
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 7 June 2024, as amended, modified or otherwise supplemented from time to time
“Meson Technology”	Meson Technology Pte. Ltd, an exempt private company limited by shares incorporated on 4 November 2016 in Singapore and an independent third party of our Group
“Metaoptics Technologies”	Metaoptics Technologies Pte. Ltd. (formerly known as Q’Son Advanced Optics Pte. Ltd.), a private company limited by shares incorporated on 15 June 2021 in Singapore, indirectly held by our Company as to approximately 17.10%
“Metasurface Technologies”	Metasurface Technologies Pte. Ltd. (formerly known as Q’Son Precision Engineering Pte Ltd), an exempt private company limited by shares incorporated on 6 January 2000 in Singapore and a directly wholly-owned subsidiary of our Company
“MMI”	MMI Holdings Limited (formerly known as Micro-machining Industries Pte Ltd), a public company limited by shares incorporated on 7 July 1989 in Singapore, a Pre-IPO Investor in our Company, a shareholder in Metaoptics Technologies and an independent third party of our Group
“Mr. A Chua”	Mr. Aloysius CHUA Hao Peng (蔡昊澎), nephew of Dato’ Sri Chua and Mrs. Chua. Mr. A Chua acts in concert with Dato’ Sri Chua and Mrs. Chua
“Mr. Soh”	Mr. SOH Cheng Joo (蘇振裕), a director of SGP Malaysia, the spouse of Ms. Pang and a member of our senior management
“Mr. Thng”	Mr. THNG Chong Kim (程章金), an executive Director, a substantial Shareholder and a shareholder in Metaoptics Technologies

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“Mrs. Chua”	Ms. JEE Wee Jene (余偉娟), a Controlling Shareholder and an executive Director. Mrs. Chua is the spouse of Dato’ Sri Chua and aunt of Mr. A Chua. Mrs. Chua acts in concert with Dato’ Sri Chua and Mr. A Chua
“Ms. Pang”	Ms. PANG Chen May (彭菁咪), a director of SPW, a Shareholder and the spouse of Mr. Soh
“OFAC”	the U.S. Department of Treasury’s Office of Foreign Assets Control
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%) of no more than HK\$3.00 and expected to be not less than HK\$2.38, at which the Offer Shares are to be subscribed for and issued pursuant to the Share Offer, to be determined in the manner as further described in the section headed “Structure and Conditions of the Share Offer — Pricing of the Share Offer”
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the Placing Underwriting Agreement, as further described in “Structure and Conditions of the Share Offer”
“Placing Shares”	the 24,300,000 Shares being initially offered by our Company pursuant to the Placing, subject to adjustment as described in the section headed “Structure and Conditions of the Share Offer”
“Placing Underwriter(s)”	the underwriters of the Placing
“Placing Underwriting Agreement”	the underwriting agreement relating to the Placing, which is expected to be entered into by, among others, our Company and the Placing Underwriters, as further described in the section headed “Underwriting — The Placing”
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally approved and adopted by our Company on 7 June 2024, particulars of which are set out in “D. Post-IPO Share Option Scheme” in Appendix V to this prospectus

DEFINITIONS

“Post-IPO Share Options”	options granted under the Post-IPO Share Option Scheme
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this prospectus only, Hong Kong, Macau and Taiwan
“Pre-IPO Investments”	the 1st Pre-IPO Investment, the 2nd Pre-IPO Investment and the 3rd Pre-IPO Investment
“Pre-IPO Investor(s)”	Accelerate, MMI, Zou Shuling, Hong Haicheng, Soo Siew Har and Ho Gim Hai, Chua Lee Chai, Tan Beng Kiat, Deborah Chua Wee Wei, Tan Kok Thye George and Poh Seng Kah
“Price Determination Date”	the date, expected to be on or before 12:00 noon on Thursday, 27 June 2024 unless otherwise announced, on which the Offer Price is to be determined for the purpose of the Share Offer
“Primary Sanctioned Activity”	any activities in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Target which has a nexus with a Relevant Jurisdiction (Sanctions), such that it is subject to the relevant sanctions law and regulation
“Public Offer”	the offer by us of the Public Offer Shares to the public in Hong Kong for subscription at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%), on and subject to the terms and conditions set out in this prospectus, as further described in the section headed “Structure and Conditions of the Share Offer”
“Public Offer Shares”	the 2,700,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Public Offer, subject to adjustment as described in the section headed “Structure and Conditions of the Share Offer”
“Public Offer Underwriter(s)”	the underwriters of the Public Offer whose names are set forth in the section headed “Underwriting — Public Offer Underwriters”
“Public Offer Underwriting Agreement”	the underwriting agreement dated 20 June 2024 relating to the Public Offer entered into by, among others, our Company and the Public Offer Underwriters, as further described in “Underwriting”
“Regulation S”	Regulation S under the U.S. Securities Act

DEFINITIONS

“Relevant Jurisdiction (Sanctions)”	any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation
“Relevant Persons (Sanctions)”	the Company, together with its investors and shareholders and persons who might directly or indirectly, be involved in permitting the listing, trading, clearing and settlement of the Shares including the Stock Exchange and related group companies
“Relevant Persons (Share Offer)”	the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMI, the Underwriters, any of their or the Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer
“Relevant Region”	Russia (excluding Crimea)
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are set out in “History and Development — The Reorganisation”
“Repurchase Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the repurchase of Shares, as further described in “Appendix V — Statutory and General Information — A. Further Information about our Group — 5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024”
“RM” or “Malaysian ringgit”	Malaysian ringgit, the lawful currency of Malaysia
“Sanctioned Person”	certain person(s) and identity(ies) listed on OFAC’s Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia
“Sanctioned Target”	any person or entity that (i) is a Sanctioned Person; (ii) is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) is the target of sanctions under the law or regulation of a Relevant Jurisdiction (Sanctions) because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)

DEFINITIONS

“SDN”	individuals and entities that are listed on the SDN List
“SDN List”	the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, which sets out individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
“Secondary Sanctionable Activity”	certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) (Sanctions) by a Relevant Jurisdiction (Sanctions) (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction (Sanctions) and does not otherwise have any nexus supra that Relevant Jurisdiction (Sanctions)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified or otherwise supplemented from time to time
“SGP BVI”	SGP Capital Holdings Limited, a company incorporated on 3 December 2021 in the BVI with limited liability. SGP BVI is direct wholly-owned by Dato’ Sri Chua and is a Controlling Shareholder
“SGP Malaysia”	SGP 1st Engineering Sdn. Bhd., a private company limited by shares incorporated on 6 August 2013 in Malaysia and is an indirect wholly-owned subsidiary of our Company
“SGX”	the Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Shareholder(s)”	holder(s) of our Shares
“Singapore”	the Republic of Singapore
“Singapore Legal Advisers”	Drew & Napier LLC, the legal advisers to our Company as to Singapore law

DEFINITIONS

“Singapore Special Counsel”	Sim Chong LLC, the special Singapore legal counsel our Group engaged to advise on certain historical matters, as further described in “History and Development — Corporate Development — Names changes of our Group and our connected persons” in this prospectus
“Sole Overall Coordinator”, “Sole Global Coordinator” and “Sole Sponsor”	UOB Kay Hian
“SPW”	Singapore Precision Welding Pte. Ltd. (formerly known as Fluid Science (S.E.A.) Precision Engineering Pte. Ltd.), an exempt private company limited by shares incorporated on 15 November 2006 in Singapore and an indirectly wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”, “SGD” or “SG dollars”	Singapore dollars, the lawful currency of Singapore
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
“Track Record Period”	two years ended 31 December 2022 and 2023
“treasury shares”	has the meaning ascribed to it in the GEM Listing Rules
“UK”	the United Kingdom
“UN”	the United Nations
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“UOB Kay Hian”	UOB Kay Hian (Hong Kong) Limited, a corporation licenced under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act 1933, as amended or supplemented from time to time

DEFINITIONS

“US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent.

In this prospectus, unless the context otherwise requires, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “core connected person”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the GEM Listing Rules.

Unless otherwise specified, all references to any shareholdings in our Company do not take into account any Shares which may be issued and allotted upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme.

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides explanations of some of the technical terms and abbreviations commonly found in our industry. The terms and their meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms:

“build-to-print”	a type of contract manufacturing that refers to the process of building products to client work instructions. This is commonly used to manufacture components or pieces of equipment
“CAD-CAM software”	CAD is a software used for computer-aided design and CAM is a software used for computer-aided manufacturing. The CAD-CAM software is used for translating computer-aided design to manufacturing workpieces with computer-aided manufacturing on CNC machines
“CNC”	the abbreviation for “computer numerical controls”, where the functions and motions of a machine tool are controlled by means of a prepared programme containing alphanumeric data. CNC can control the motions of a workpiece or tool, the input parameters such as feed, depth of cut, feed and the functions, such as turning the spindle on/off or coolant on/off
“CNC machine”	automated machines operated by computers executing pre-programmed sequences of controlled commands
“CNC machining centre”	mechanical engineering manufacturing equipment operable under CNC automation by making use of several axes and a variety of tools and operations. They are capable of performing multiple machining operations in the same set up with a variety of tools
“components”	machined parts, weldments and sub-assemblies
“contract manufacturers”	third-party manufacturers which manufacture products, in whole or in parts based on the specifications provided by their customers. The products produced by the contract manufacturers are then sold under the brand name of their customers
“coordinate measuring machine”	a coordinate measuring machine is a measuring device that measures the geometry of objects by establishing discrete points on a physical surface using a contact probe
“ISO 9001:2015”	an internationally recognised standard for quality management systems

GLOSSARY OF TECHNICAL TERMS

“milling”	the process of spinning a cutting tool against a stationary workpiece using primarily square or rectangular bar stock to produce components
“OEM”	original equipment manufacturers
“orbital welding”	automated welding of secured tubes or pipes with the electrode rotating (or orbiting) around the tube
“precision engineering”	the machining process that removes material and creates machined components with a narrow range of tolerance. Types of precision machining include turning, milling, grinding, drilling, etc.
“precision welding”	the process in which welds are applied to a workpiece in a very precise and controlled fashion. Dimensional tolerances are tight for both the position of the weld line as well as the depth of the weld. Precision welding is typically used for small parts, parts with tight dimensional tolerances, or parts requiring a barely visible line weld
“semiconductor(s)”	a substance that has specific electrical properties that enable it to serve as a foundation for computers and other electronic devices
“SSQA”	a certification for quality management system used in the semiconductor industry by leading semiconductor original equipment manufacturers when selecting suppliers
“sub-assembly”	a simple assembly of cable, wire, and other small parts, which be joined to other sub-assembly processes and components to form a complete product
“surface treatment”	an additional process applied to the surface of material for the purpose of adding functions such as rust and wear resistance or improving the decorative properties to enhance its appearance
“TIG welding”	Tungsten Inert Gas (TIG) welding produces the weld with a non-consumable tungsten electrode. In the TIG welding process, an arc is formed between a pointed tungsten electrode and the workpiece in an inert atmosphere of argon or helium
“TIG welding machines”	arc welding machines that use a non-consumable tungsten electrode to produce high-quality welds
“turning”	the process in which a work piece is rotated against a cutting tool. The turning process is commonly used for machining components

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “estimate”, “predict”, “aim”, “intend”, “will”, “may”, “plan”, “consider”, “anticipate”, “seek”, “should”, “could”, “would”, “continue” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- any changes in the laws, rules and regulations of the government in Singapore, Malaysia and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause our actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as at the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

Prospective investors should consider carefully all of the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations, and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks and you may lose all or part of your investment.

Our Directors believe that there are certain risks involved in our business operations, which can be classified into: (i) risks relating to our business and the industry in which we operate, (ii) risks relating to the Share Offer, and (iii) risks relating to statements made in this prospectus.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

We derive a significant portion of our revenue from our major customers and we cannot assure you that we will successfully maintain business relationships with our major customers and there is no assurance that we will be able to secure new orders from other customers of similar size

During the Track Record Period, we derived a significant portion of our revenue from our major customers. For the years ended 31 December 2022 and 2023, our five largest customers for the corresponding year accounted for approximately 76.0% and 80.0% of our total revenue, respectively. Furthermore, Customer A contributed to 31.8% and 21.7% of our total revenue for the years ended 31 December 2022 and 2023, respectively. To the best knowledge of our Directors, Customer B, Customer C and Customer D are contract manufacturers and/or service providers of Customer A, and it is possible that certain products we manufactured for these customers may be supplied, directly or indirectly, by them to Customer A. See “Business — Our Customers”. According to the CIC Report, it is not uncommon for market participants in the semiconductor segment of precision component engineering industry to have a highly concentrated customer base since the end-use semiconductor manufacturing equipment industry is concentrated and dominated by a limited pool of advanced semiconductor equipment manufacturers with the top three market players accounting for more than 40% of the global market share in terms of revenue in 2023.

RISK FACTORS

We expect revenue from our five largest customers, including Customer A, to continue to account for a significant portion of our revenue. As we do not enter into a long term contract or framework sales agreement with some of our major customers, we cannot assure you that we will be able to maintain business relationships with all our major customers and there is no assurance that we will be able to secure new orders from other customers of similar size. If any of our five largest customers, in particular Customer A, ceases business relationships with us due to reasons including but not limited to us no longer being its approved supplier, or its business and financial performance suffers a decline for any reason, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to diversify our customer portfolio and expand into new markets

We have strategically focused on the provision of precision component engineering services for the semiconductor industry. For the years ended 31 December 2022 and 2023, 91.3% and 87.9% of our total revenue was generated from sales to the semiconductor industry, respectively. The global semiconductor industry and the global semiconductor manufacturing equipment industry are driven by fluctuation of inventory and worldwide economic growth. Accordingly, our business may be adversely affected by the market downturn in the global semiconductor industry. According to the CIC Report, the global semiconductor manufacturing equipment market recorded a CAGR of 14.6% from US\$61.7 billion in 2019 to US\$106.3 billion in 2023. Even though the revenue of global semiconductor industry and global semiconductor manufacturing equipment industry are expected to grow further in the long term, the demand for semiconductor products may experience brief periods of ups and downs in the short term. In particular, the global semiconductor manufacturing equipment market is expected to witness a transition year in 2024 from the de-stocking of inventories accumulated starting in 2023 and have a strong rebound in 2025 and further increase to US\$180.6 billion in 2028 driven by capacity expansion, new fabrication projects, and demand for advanced equipment and solutions across the front-end and back-end segments, including wafer processing, testing, assembly, packaging, etc., of the semiconductor industry, and supportive policies of the semiconductor industry across the world, including Singapore Manufacturing 2030 vision (the government's 10 year plan to increase the manufacturing value-add of Singapore by 50% by 2030 and for Singapore to become a global business, innovation and talent hub for advanced manufacturing), CHIPS and Science Act (a U.S. federal statute enacted in 2022 which provides support to develop domestic production of semiconductors with incentives such as subsidies and investment tax credits in the U.S.), The European Chips Act (an act came into force in 2023 to incentivise public and private investments in semiconductor manufacturing facilities in Europe), etc. according to the CIC Report. The volatility and uncertainty within the global semiconductor industry and the global semiconductor manufacturing equipment industry are driven by systemic economic, political, or financial crisis and impact of tariffs and/or other trade barriers. We cannot guarantee that the favourable development of the global semiconductor industry and the global semiconductor manufacturing equipment industry will sustain and grow as projected or at all. If the global semiconductor industry and the global semiconductor manufacturing equipment industry

RISK FACTORS

cannot achieve the projected growth as disclosed in this prospectus, our Group's business, expansion plans, financial condition and results of operations will be materially and adversely affected.

Our major markets are located in Singapore, Malaysia and the U.S. We intend to diversify our customer portfolio, expand into other industries and enhance our market presence in the aerospace and data storage industries, and expand geographically beyond our major markets. However, we may not be able to successfully expand into new industries or new markets or further expand our presence in the aerospace and data storage industries as there are other established international and local precision component engineering service providers operating in such markets which may possess more in depth experience, more established customer relationships, higher level of expertise, technical know-how and financial ability to capitalise on pricing strategies and to offer more comprehensive services to gain an edge over us in competition. For further information on the competitive landscape of the industry, see "Industry Overview".

Demand for our precision component engineering services depends on, among other things, the trends and developments in the downstream industries, such as semiconductor, aerospace and data storage, and the condition of the global economy

We primarily provide precision engineering services to downstream customers which are involved in manufacturing of equipment for the semiconductor, aerospace and data storage industries. As such, demand for our precision engineering services is closely correlated to the market development of these industries, which in turn depends on the respective demand for the products in these industries. Besides, we mainly manufacture parts and components for integration and assembly into the manufacturing equipment of our customers. The product lifecycle of the machinery and manufacturing equipment produced by our customers will also have a corresponding effect on the demand for our precision engineering services.

Factors affecting our end-markets are beyond our control. If any factor occurs in the future which results in material slowdown of any or all of our major end-markets, or the growth of our end-markets is not sustained, our business, financial condition, results of operations and prospects may be materially and adversely affected. In particular, if future demands for semiconductors related products decrease for any reason, Customer A and other customers in the semiconductor sector may experience a corresponding decrease in demand for their manufacturing equipment, which in turn may materially reduce demand for our precision component engineering services and materially and adversely affect our business, results of operations and financial condition.

We do not enter into long-term agreements with most of our customers

We do not enter into a long-term contract or framework sales agreement with most of our customers, which is not uncommon in the precision engineering industry according to the CIC Report. As our customers mainly place orders with us on an order-by-order basis, there is no assurance that our customers will continue placing orders with us at a comparable level as they did during the Track Record Period or at all.

RISK FACTORS

The volume of purchase orders from our customers may vary significantly from time to time and we cannot guarantee that our business will grow or remain stable as it did during the Track Record Period. If our customers reduce their orders or cease placing orders with us, our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to effectively and efficiently manage the supply and quality of our raw materials and we generally do not enter into long term supply agreements with our major suppliers of raw materials

Our manufacturing process involves precision machining and precision welding of components and parts using raw materials specified by our customers according to the product specifications. We procure raw materials from third party suppliers, some of which are designated by our customers, and we may outsource some of the production processes to third party suppliers. Although we have implemented stringent control over procurement, inspection and acceptance of raw materials and outsourced processes, we may not be able to ensure the adequacy of supply and quality of raw materials procured and processes outsourced.

We generally do not maintain long term supply agreements with our major suppliers or maintain excess inventories of raw materials. If, for whatever reason, any of our major suppliers of raw materials and third party service providers ceases to supply us with sufficient amount of raw materials and processing services, it would cause disruption in our supplies and we may experience material production delays. If any of these events occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our business and results of operations may be materially and adversely affected if we fail to retain or hire qualified engineering staff and production personnel

We consider knowledge, skills and experience of our technical staff as one of our most valuable assets which differentiate us from our competitors and believe that one of the major factors to our success is the continued service of our core team of experienced employees. As our manufacturing processes mainly involve the operation of CNC machines and welding technique by our technical staff, the skills of our labour to achieve the high precision engineering standard demanded by our customers are critical to our quality of services. Our production team generates internal production work instructions to set out the manufacturing process for different orders. The expertise of our production team will determine the quality of our products. Our future success requires the continued service of our current skilled engineering staff and our ability to recruit additional skilled engineering staff in the future. As at 31 December 2023, we had in total 106 production staff members in our Singapore Factory and Malaysia Factory. According to the CIC Report, competition for technicians for advanced manufacturing is intense in Singapore due to COVID-19 travel restrictions and the number of foreign workers a manufacturer can employ is limited by the applicable quota or the dependency ratio ceiling.

RISK FACTORS

Since the outbreak of COVID-19 pandemic, it is more difficult for us to hire high quality engineering staff due to the immobility caused by travel restrictions, and the government levy we have to pay in relation to employment of foreign workers. For details, see “Regulatory Overview”. If we fail to retain or recruit high-quality engineering staff, we may experience difficulties in employing new production techniques, expanding our production capacities or maintaining product quality, which may in turn materially and adversely impact our business, results of operations and our reputation.

In addition, skilled and experienced engineers who are accustomed to our complex production process are not easily and quickly accessible. As a result, if a large number of these engineers terminate employment with us in a short period of time, we may encounter interruption to our production, which would have a material adverse effect on our operations.

Part of our workforce is made up of foreign workers and inability to recruit foreign workers could materially and adversely affect our operations and financial performance

Our business is dependent on the employment of foreign workers because local manufacturing labour force is limited and relatively more costly. As advised by our Singapore Legal Advisers and Malaysia Legal Advisers, supply of foreign labour in Singapore and Malaysia is subject to certain laws and regulations. For details of the relevant laws and regulations, see “Regulatory Overview”. Any shortage in the supply of foreign workers or any further restriction on the number of foreign workers that we can employ for our business will materially and adversely affect our operations and financial performance. As at 31 December 2023, we had 62 and 4 foreign workers in our Singapore Factory and Malaysia Factory, respectively. Consequently, our operations and financial performance may be adversely affected by any shortage in the supply of foreign workers and any increase in cost of foreign labour.

In particular, as advised by our Singapore Legal Advisers, the number of workers that an employer in the manufacturing sector can employ in Singapore is subject to quota and levy imposed by the Ministry of Manpower. For details, see “Regulatory Overview — Laws and Regulations in Singapore — Employment of Foreign Manpower Act”. The tightening of such quota and any increase in the percentage of foreign workers we employ as part of the total workforce could increase the amount of levy we need to pay, which may increase our operating expenses and adversely affect our business and financial performance. In Malaysia, as advised by our Malaysia Legal Advisers, a valid employment permit is required for non-citizens to be employed in Malaysia. For details, see “Regulatory Overview — Laws and Regulations in Malaysia — Employment and Labour Protection — Employment (Restriction) Act 1968”. Any change in policies regarding the employment of foreign workers in Singapore and Malaysia may affect the supply of foreign labour and cause disruptions to our operations, thus causing delays in our productions.

RISK FACTORS

Fluctuations in labour cost and prices of raw materials could negatively impact our operations and adversely affect our profitability and we may not be able to pass on our increased costs of labour and raw materials to our customers

For the years ended 31 December 2022 and 2023, our direct labour costs amounted to approximately S\$4.4 million and S\$5.3 million, representing approximately 18.9% and 22.0% of our total cost of sales, respectively. Also, as advised by our Singapore Legal Adviser, levy is imposed by the Ministry of Manpower of Singapore on employers for each foreign worker hired. According to the CIC Report, with the continuous development of the economy, the average monthly salaries in the manufacturing industry in Singapore and Malaysia have shown an increasing trend during 2019 to 2023. In particular, the average monthly salaries in the manufacturing industry increased by 6.8% and 31.0% in Singapore and Malaysia, respectively in 2022 due to economic recovery from COVID-19 pandemic in both countries and the increase in minimum wage in Malaysia. In the event that there is any significant increase in the staff costs due to rising government levy on foreign workers or the minimum wage rate, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations, financial position and prospects.

Also, during the Track Record Period, we generally procured raw materials primarily including aluminium for our production. According to the CIC Report, prices for iron and steel and aluminium in Malaysia, the U.S., the EU and South Africa are forecasted to grow at CAGRs ranging from 1.1% to 4.0% and 0.3% to 5.7% , respectively, from 2023 to 2028. For the prices and price fluctuation for our major raw materials in the market during the Track Record Period, see “Industry Overview — Cost analysis of the precision component engineering industry in Singapore”. If the price of our raw materials substantially increases, we may incur additional costs to acquire sufficient quantity of these materials to meet our production needs. Although we source certain raw materials from suppliers designated by our customers, we may not be able to shift the increase in cost of raw materials to our customers effectively. If we are unable to increase the prices of our products to set-off any increase in our costs of raw materials in a timely manner, our profit margin and results of operations may be materially and adversely affected.

In addition, if raw materials are not available with the suppliers designated by our customers at acceptable prices or with the required quantity and quality or at all, we may need to identify other alternative sources of raw materials. If we cannot identify alternative sources of raw materials when needed, at acceptable prices or with the required quantity and quality, or at all, the resulting loss of production volume may materially and adversely affect our ability to deliver products to our customers in a timely manner, or at all, and therefore our business, financial condition, results of operations and prospects could be materially and adversely affected.

RISK FACTORS

Our business could be adversely affected by long lead time for procurement of machinery and equipment, the shortened useful life cycle of our machinery and equipment and our reliance on our major machinery suppliers and we generally do not enter into long term agreements with our machinery and equipment suppliers

The success of our business depends on our ability to acquire sufficient quantities of quality machinery and equipment, such as CNC machines, welding machines, coordinate measuring machine and helium leak detector, on commercially acceptable terms and in a timely manner. We maintain a list of qualified suppliers from which to procure our machinery and equipment and our different machinery and equipment used in the precision component engineering process are mostly manufactured by overseas suppliers in Taiwan, Germany and Japan.

In case of any machinery and equipment breakdown, we have to procure spare parts from our machinery suppliers for replacement or wait for our suppliers to provide maintenance services on-site. If the lead time for sourcing the relevant machinery or equipment or parts or provision of maintenance services is longer than expected, we may be unable to deliver the precision engineering services to our customers in time or we may need to source such machinery or equipment at a higher price than anticipated.

Also, the useful life of our machinery and equipment may be shorter than expected as we continue to replace our existing machinery with more advanced versions before the end of their originally expected useful life. We have invested and expect to continue to invest in machinery and equipment for our production and we depreciate the cost of such machinery and equipment over their expected useful life. However, manufacturing technology may evolve rapidly, and we may decide to upgrade our manufacturing process with more advanced equipment more quickly than expected. The useful life of any equipment that would be retired early as a result would then be shortened, causing the depreciation on such equipment to be accelerated. For the years ended 31 December 2022 and 2023, we incurred depreciation expenses on property, plant and equipment in total of approximately S\$1.1 million and S\$1.3 million among our cost of sales and administrative expenses, respectively. To the extent we own our production machinery and equipment, our results of operations could be negatively impacted by the fluctuations of our depreciation expenses.

Also, we mainly source our machinery and equipment from certain machinery suppliers. However, we generally do not enter into long-term agreements with our major machinery and equipment suppliers as we would like to reserve our flexibility to source our machinery as well as various auxiliary tools in different models or from different suppliers in accordance with our customers' requirements. The relationships between us and our major suppliers for machinery and equipment and the willingness of such suppliers to supply machinery and auxiliary tools to us will be critical to our business and operations. If any of our major suppliers does not continue to supply us with the necessary machinery and auxiliary tools and we fail to source from new suppliers in due course with competitive prices or at all, our business, financial condition and results of operations could be adversely affected.

RISK FACTORS

We may fail to maintain and renew our industry-specific certifications in relation to our quality control and production technologies

Our production of precision engineering parts and components requires a high degree of accuracy, repeatability and efficiency. As such, the effectiveness of our quality control system is of utmost importance to our business. The quality assurance of our products requires us to adopt a stringent quality control system which involves us placing a significant amount of capital and human resources to ensure that every step of the production processes is being strictly monitored. For details of our quality control, see “Business — Quality management”. If we are unable to maintain our effective quality control system or to renew our quality control certifications, it may result in a decrease in demand for our services which would diminish our competitiveness in the precision engineering market. Furthermore, we may risk delivering products or services that are faulty, irregular or ineffective, which in turn would cause us to become liable to various product liability claims or other forms of litigation.

In addition, some of our existing or potential customers require us to source products only from suppliers that are accredited with certain certifications in relation to technological standards. They may also have specific internal procedures and standards that potential suppliers need to meet before qualifying as their approved suppliers such as obtaining SSQA certification and ASME BPVC Section IX: 2017 certification, passing specific internal procedures such as copy exact training and assessment, acquiring certifications such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 certifications and cleanroom licence. These industry-specific certifications are crucial to the operation of our business and are generally subject to periodical review and renewal by the relevant issuing authorities. However, we cannot assure you that we can successfully renew these certifications or that these certifications are sufficient for us to conduct all of our present or future business. Moreover, as we further develop and expand our operations, we may need to obtain additional approvals, permits, licences and/or certifications. New and more stringent laws and regulations may be adopted from time to time by different authorities of jurisdictions where we operate. As such, we may be required to obtain additional approvals, permits, licences and/or certifications in order to comply with such new and stricter laws and regulations. If we fail to obtain or maintain any of the required licences or approvals, our operations may be interrupted or restricted, or we may be subject to potential penalties. Any such interruption or penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Besides, our customers may also require us to source raw materials from the designated suppliers approved by them. Accordingly, if we fail to effectively maintain our production standards or renew any of our certifications, pass the specific internal procedures and standards, or source from the designated suppliers, these customers may cease to place orders with us or reduce orders to be placed with us, and we may be unable to maintain or develop business relationships with these existing and potential customers.

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We may not be able to respond to change in technical requirements to meet the product specifications by our customers in an efficient and timely manner and we may not be able to maintain our expertise in engineering, technological and manufacturing process

The downstream industries of our customers, including semiconductors, aerospace and data storage industries, are constantly evolving and the technical requirements for our products utilised in such industries are ever-changing. As a result, the technical requirements and the product specifications in the precision engineering industry are subject to continuous evolutions and changes. As we strategically focus on manufacturing high-precision and highly complex machined components, our products may be required to meet increasingly demanding requirements in light of product specifications and precision parameters. Therefore, we are required to respond adequately and promptly to these evolutions and changes to remain competitive.

In the past, our endeavours to improve our manufacturing technologies and processes placed us in a competitive position. We believe our continuous efforts in enhancing our manufacturing technologies and processes will be critical to our ability to continuously improve the quality and performance of our products and services to meet the expectations of our customers. However, we cannot assure you that we could successfully adapt to the changing product specifications and performance parameters in the future. If we fail to adapt to the changing product specifications and precision parameters in an efficient and timely manner or at all, or if our manufacturing technologies and processes are rendered obsolete, we may not be able to manufacture products and provide services that meet our customers' evolving needs or adapt to the market trends or enable us to effectively compete with our competitors, in which case our business, financial positions, results of operations and prospects could be materially and adversely affected.

Any failure to adequately protect our accumulated expertise and technical know-how or any potential infringement of third party intellectual property rights by us may adversely affect our business and reputation

We rely substantially on our accumulated expertise and technical know-how to conduct our business. The success of our business depends on our ability to protect and apply our technical know-how relevant to our production process without infringing the proprietary rights of other third parties. However, we cannot ensure that we will be able to continue applying our expertise to design and generate internal production work instructions and to programme such instructions into the relevant machinery and equipment successfully to meet our customers' requirements, the failure of which could reduce or eliminate our competitive advantages, which could in turn adversely affect our business.

Also, there is also a risk that third parties may bring a claim against us for infringing their intellectual property rights, thereby requiring us to defend or settle any related intellectual property infringement allegations or disputes. We may be required to incur substantial costs to develop non-infringing alternatives or to obtain the required licences.

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There is no assurance that we will succeed in developing such alternatives or in obtaining such licences on reasonable terms, or at all, and any failure to do so may disrupt our designing processes, damage our reputation and adversely affect our results of operations.

Leakage of confidential technical information could damage our reputation and substantially harm our business and results of operations

During the course of our operations, we are routinely exposed to confidential information such as the design in the customer production drawings which our customers provide to us and require us to maintain strict confidentiality on the highly sensitive technical know-how. We rely on the security of our computer system, non-disclosure agreements, anonymising product drawings, the integrity of our staff and physical security of our premises to preserve confidentiality of these information. Also, the technicians are not given access to our email system to prevent the dissemination of confidential information electronically. Despite the above measures, our servers may be vulnerable to hacking, data theft and subsequent leakage of confidential information to unauthorised third parties. It is our contractual obligations to our customers to preserve confidentiality of sensitive information. We may be exposed to potential liabilities, such as complaints, claims, legal actions initiated by our customers or potential termination of business relationships arising from any leakage or loss of confidential data. Our reputation, business and financial position may be materially and adversely affected as a result.

We rely substantially on our senior management and key personnel

In order to keep pace with the evolving technological advancements, we rely on our key personnels to gather industry intelligence and insights to stay tuned with the highly dynamic end-use industries. Also, we rely on our key personnel and senior management to provide our Group with long term strategic planning and direction as well as to maintain relationships with our customers. As such, our operation performance substantially depends on the retention of our senior management and key personnel. For details of the biographical information of our Directors and senior management team, see “Directors and Senior Management”. We cannot assure you that we will be able to retain members of our senior management and key personnel in the future. In the event of their departure or absence, we may not be able to recruit suitable candidates for replacement in a timely manner and on acceptable terms or at all, which may materially and adversely affect our business, financial condition and results of operations.

A material disruption of our operations could adversely affect our business

Our production facilities are subject to operation risks, such as the breakdown or failure of our major equipment, power supply shortage or maintenance, natural disasters, industrial accidents and the need to comply with the requirements of relevant government authorities, which could therefore lead to temporary, permanent, partial or complete shut-downs in our operations.

The occurrence of any of these risks may result in a material adverse effect on our results of operations and if continue, even on our business prospects. We may be required to carry out planned shutdowns of our production facilities for maintenance, statutory

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inspections and testing. Our business, financial condition and results of operations may be adversely affected by any disruption of operations at our production facilities, whether caused by any of the factors mentioned above or otherwise.

We may not be able to renew our current leases or locate desirable alternatives for our production facilities in Singapore

Our headquarter in Singapore, which is also one of our production facilities, is presently located on a premise leased from an independent third party. Upon expiry of such lease in Singapore, which is expected to be 30 January 2038, we may not be able to successfully negotiate an extension of the lease and may therefore be forced to relocate our production facility, or the rent we pay may increase significantly. Also, if we commit any material breach on the provisions under the lease agreement, the lease may be terminated prior to the expiry date. This could disrupt our operations and adversely affect our profitability. In addition, we may not be able to obtain new leases at desirable locations and on acceptable terms to accommodate our future growth or at all, which could materially and adversely affect our business, financial condition and results of operations.

We have limited insurance coverage which could expose us to significant costs and business disruption

During the Track Record Period and up to the Latest Practicable Date, we maintained various insurance policies such as business insurance (which covers property, business interruption, public and production broadform liability), work injury compensation insurance, hospital and surgical (for foreign workers) policy, industrial all risk insurance, public liability insurance and combined general liability insurance, in line with the industry practice. However, we cannot give assurance that our current insurance policies are sufficient to cover all the risks associated with our operations. Any business disruption, litigation or natural disaster may consume our management resources, affect our reputation and/or require us to spend significant sums on legal costs. There is no assurance that the insurance policies we maintain are sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies for sufficient compensations and on a timely manner, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to risk of inventories obsolescence

We had inventories of approximately S\$7.9 million and S\$6.6 million as at 31 December 2022 and 2023, respectively. Our inventories mainly consist of raw materials, work in progress, finished goods and product consumables. During the Track Record Period, we have entered into a consignment arrangement with Customer A, under which we, as consignor are required to deliver specified items when the stock level of such item drops below a minimum level up to the maximum level as determined by Customer A. For details, see “Business — Our customers — Customer concentration and reliance on our five largest customers — PACE Agreements”. Demand for our precision component engineering services depends on, among other things, the trends and developments in the downstream

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industries. Any unexpected change in the economic condition or degree of economic activities of our customers may render our inventories obsolete. We measure our inventories at the lower of cost and net realisable value. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. As such, failure to manage our inventories effectively may adversely affect our financial condition and results of operations. We have written off finished goods with cost of approximately S\$130,000 and nil for the years ended 31 December 2022 and 2023 respectively. Besides, we have made inventory provision of nil and approximately S\$0.4 million for the years ended 31 December 2022 and 2023, respectively. The amount and proportion of our inventories written off or provided may further increase, which may have an adverse impact on our financial position and results of operations.

Our cash flows and working capital may deteriorate due to potential mismatch in time between receipt of payments from our customers, and payments to our third party suppliers and service providers and failure of our customers to pay the amounts owed to us in a timely manner may adversely affect our liquidity, financial condition and operating results

To remain competitive, we need to retain a sufficient level of working capital to guarantee smooth business operations and support the growth in demand for our products. During the Track Record Period, we typically granted our customers a credit term of 30 to 60 days from the date of invoice, whereas the credit term typically offered by our suppliers also ranged from 30 to 60 days. However, certain overseas suppliers may require us to make payment in advance either in full purchase amount or 50% partial down payment payable upon placing order. With our revenue continuously growing, any cashflow mismatch due to the lead time in our production may put us at liquidity risk. Further, any default or delay in payment by our customers or our failure to collect trade receivables from them in a timely manner or at all may broaden our cashflow mismatch, which may result in potential cashflow shortfalls in the future and adversely affect our liquidity, financial condition and results of operations.

During the Track Record Period, we mainly satisfy our working capital needs from cash generated from our operating activities, borrowings and funds from our shareholders and investors. However, there can be no assurance that the cash flow generated from our operations will be sufficient to fund our future development and expansion plans, nor can we assure you that we may always be able to timely or fully obtain additional external financing on satisfactory or commercially acceptable terms, or at all. Our ability to obtain adequate external financing on commercially acceptable terms will depend on a number of factors, including our financial performance and results of operations, as well as other factors beyond our control, including the global and regional economies, prevailing interest rates, the applicable laws, regulations, rules and conditions in connection with our industry and the underlying industries of our customers in the geographical regions where we operate. As such, if we fail to obtain the desired financing in a timely manner or at commercially acceptable terms or at all, our business and operations may suffer and the implementation of our business plans may be delayed.

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In addition, although our customers generally have good repayment record during the Track Record Period, if any of our customers have insufficient liquidity or face any financial difficulty, we may encounter significant delays or defaults in payments owed to us by such customers, and we may need to extend our payment terms or restructure the receivables owed to us, which could have a material adverse effect on our financial condition. Any deterioration in the financial condition of our customers could affect such customers' ability to settle our receivables in a timely manner or at all or result in the customers going into bankruptcy or reorganisation proceedings, which will increase the risk of uncollectible receivables.

Share-based payments and Listing expenses may have a material and adverse effect on our financial performance and share-based payments may dilute shareholding of the existing Shareholders

During the Track Record Period, our share-based payments arose from grant of shares and exercise of anti-dilution rights granted to certain employees and shareholders of our Group. In particular, the anti-dilution rights were designed to reward our key management members and employees for their continual contribution to us, including the development and expansion of our business and introduction of external investors. For more information, see "History and Development — Corporate Development — Anti-dilution Undertaking". For the years ended 31 December 2022 and 2023, we incurred share-based payments for the shareholders and the employees of approximately S\$1.2 million and S\$3.3 million, respectively. Expenses incurred with respect to such share-based payments had increased our operating expenses and therefore had a material and adverse effect on our financial performance during the Track Record Period. The grant of shares and exercise of anti-dilution rights granted to certain employees and shareholders of our Group, which led to our share-based payments may dilute the shareholdings of our existing Shareholders. We expect to further incur Listing expenses (including underwriting commissions) of approximately S\$3.8 million (based on the mid-point of our indicative price range for the Share Offer) by the completion of the Share Offer, of which an estimated amount of approximately S\$2.3 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2024. Such Listing expenses we expect to further incur may have a material and adverse impact on our financial performance for the year ending 31 December 2024.

Increase in the interest rates would increase our borrowing costs which could adversely affect our business and financial condition

As at 31 December 2022 and 2023, we had total borrowings amounting to approximately S\$5.5 million and S\$4.2 million, respectively. Some of the borrowings carry a variable interest rate and hence our Group is subject to the interest rate risk.

We expect that some of our bank borrowings will continue to be subject to variable interest rates in the future. Hence, the interest expense on borrowings incurred by us may follow the trend of the prevailing interest rates and the cost of funds of the lenders. We have

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not hedged against interest rate risks. If there is any substantial increase in interest rate, our interest expenses, cash flows and financial performance may be adversely and materially affected.

We may record impairment losses of goodwill and/or other intangible assets in the future

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. As at 31 December 2022 and 2023, the carrying amount of our goodwill was approximately S\$4.4 million and S\$4.4 million, respectively. Our intangible assets mainly include (i) know-how transferred by Mr. Thng to our Group in 2021 in exchange for his acquisition of certain shareholdings in Metasurface Technologies and Metaoptics Technologies, (ii) customer relationship and customer contracts recognised from the acquisition of SPW, and (iii) licence granted by Accelerate to our Group pursuant to the Licence Agreement for us to use its technologies and intellectual property rights to develop enhancements and commercialise its technologies and licenced products for a consideration of approximately S\$2.9 million. Our intangible assets amounted to S\$6.7 million and S\$2.3 million as at 31 December 2022 and 2023, respectively. There was no provision for impairment of goodwill nor impairment of intangible assets made during the years ended 31 December 2022 and 2023, respectively. We are required to test our goodwill and intangible assets with infinite useful life for impairment annually. We are also required to test the intangible assets with finite useful life when there is an impairment indicator. We may record impairment of goodwill and/or intangible assets if the carrying value of our goodwill and intangible assets are determined to be lower than the recoverable amount. Any material impairment losses could negatively affect our financial condition and performance.

We are subject to credit risk for trade and other receivables arising from our customers and other parties

Failure to collect our trade and other receivables fully or timely may have material adverse effect on our business operations and financial condition. We usually grant our customers a credit period ranging from 30 to 60 days. As at 31 December 2022 and 2023, we had trade and other receivables of approximately S\$9.3 million and S\$7.7 million, respectively. As a result, we may be exposed to credit risk.

For the years ended 31 December 2022 and 2023, the average trade receivables turnover days were approximately 65 days and 69 days, respectively. Based on the impairment review conducted by our management, during the Track Record Period, we expect the occurrence of losses from non-performance by the counterparties of our trade and other receivables was remote and loss allowance provision for our trade and other receivables was immaterial. As a result, there was no bad debt or provision on our trade receivables made during the Track Record Period. In the event that the actual recoverability is lower than expected, we may need to make provision on our trade receivables, which may in turn materially and adversely affect our business, financial condition, and results of operations. Our customers may experience financial difficulties, which could negatively

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impact our ability to collect the amount due to us. Such adverse financial condition may negatively affect the length of time that it will take for us to collect the associated trade receivables or impact the likelihood of ultimate collection, which could result in an adverse effect on our business, financial condition, and results of operations. For more details on our trade and other receivables, see “Financial Information — Description of Selected Consolidated Statements of Financial Position Line Items — Trade and other receivables”.

We are subject to risk of currency fluctuations

During the Track Record Period, our sales are mainly denominated in SGD and USD while our purchases are mainly denominated in SGD, Malaysian ringgit and USD and our reporting and functional currency is SGD. In addition, we have production facilities and/or offices in Singapore and Malaysia, of which overheads are settled in local currencies and therefore expose us to foreign exchanges risks. Our net currency exchange gains or (losses) for the years ended 31 December 2022 and 2023 amounted to approximately S\$108,000 and S\$(489,000), respectively. For more information on our currency exchange gain or loss, see “Financial Information — Description of Selected Consolidated Statements of Comprehensive Income Line Items — Other Gains”.

Fluctuations in foreign exchange rates are subject to various unforeseen factors and unpredictable. We cannot guarantee that we will not suffer losses on our foreign exchange in the future. During the Track Record Period, we did not use forward contracts or other derivative instruments to manage our foreign exchange risks as our foreign currency exposure has been partially mitigated by the offsetting of our foreign currency cash and bank balance as well as receivables against our foreign currency payables. Any fluctuation in exchange rates may have an adverse effect on our results of operations. Foreign exchange risks to each individual entity within our Group arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency. Any future exchange rate volatility relating to the SGD, Malaysian ringgit and USD may give rise to uncertainties in the value of our net assets, earnings and dividends. Appreciation of the value of the SGD and Malaysian ringgit against USD may subject us to increased competition from foreign competitors, and depreciation in the value of the SGD and Malaysian ringgit against USD may adversely affect the value of our net assets, earnings and dividends that can be distributed from our subsidiaries in Singapore and Malaysia.

We may be subject to additional tax liabilities in connection with our transfer pricing arrangements, which could have adverse impacts on our financial condition

During the Track Record Period, we carried out certain intra-group transactions, in particular the sales and purchase of tangible goods between Metasurface Technologies and SGP Malaysia relating to our transfer pricing arrangements. Metasurface Technologies developed business opportunities and secured transactions from customers. From time to time, Metasurface Technologies assigned production orders which are simpler and involve intensive labour activities and polishing procedures to SGP Malaysia and sold raw materials to SGP Malaysia at original purchase cost for further processing; and SGP Malaysia then manufactured the finished goods based on Metasurface Technologies’s

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instructions and sold the finished goods back to Metasurface Technologies based on standard costs incurred during production which include raw material costs, direct labour cost and machine costs as well as production overhead cost. For details regarding our transfer pricing arrangements, see “Business — Transfer pricing arrangements”. Our profit allocation and income tax positions in the jurisdictions in connection with such transfer pricing arrangements are subject to the applicable rules and regulations with respect to transfer pricing in these jurisdictions as well as interpretations by the relevant tax authorities in these applicable jurisdictions. Significant judgement and the use of estimates are required in determining the reasonableness of our profit allocation and income tax positions in terms of our transfer pricing arrangements. Based on the assessment results of the independent transfer pricing tax consultant, the sales and purchase of tangible goods between Metasurface Technologies and SGP Malaysia during the Track Record Period could be considered as reasonable and generally consistent with the arm’s length principle from both Singapore and Malaysia transfer pricing perspectives, and in compliance with the relevant transfer pricing rules, guidance and regulations in Singapore and Malaysia. However, there is no assurance that the respective tax authorities would not challenge the appropriateness of our transfer pricing arrangements or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority of the relevant jurisdiction later determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax with statutory interest or fines.

We recorded accumulated losses during the Track Record Period, which may adversely affect our ability to declare and pay dividends

We recorded accumulated losses of approximately S\$10.7 million and S\$6.1 million as at 31 December 2022 and 2023, respectively.

We have generated profits of approximately S\$2.7 million and S\$4.4 million for the year ended 31 December 2022 and 2023, respectively, which has partially offset and reduced our accumulated losses position as at 31 December 2022 and 2023. However, we cannot assure you that we will be able to continue to generate net profits in the future. We incorporated Metaoptics Technologies on 15 June 2021 in Singapore as our insignificant subsidiary with the intention of investing and venturing into metalens technology business. Subsequent to various rounds of investments and share transfers, Metaoptics Technologies became our associate upon completion of the reorganisation. Any loss arising from the investments and share transfers may render our Group a net loss position during the financial periods when such transactions occur and increase our accumulated losses. For more information, see “Financial Information — Overview”. We may still continue to record accumulated loss. Such accumulated loss may adversely affect our distributable reserves and hence our overall ability to declare and pay dividends after the Listing.

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We may not be entitled to government grants in the future

From time to time, we may receive different kinds of wage support and government grants for our operation in Singapore. For the years ended 31 December 2022 and 2023, we received government grants, mainly consisting of Wage Credit Scheme and Special Employment Credit in Singapore, of approximately S\$86,000 and S\$87,000, respectively. For more details in relation to the government grants we received during the Track Record Period, see “Financial information — Other Income”. It is in the Singapore government’s sole discretion to decide when, under what conditions and the amount of grants to be given or whether the government grants should be given to us at all. We do not rely heavily on government grants during the Track Record Period, but we cannot assure you that we will continue to be entitled to any government grants or the Singapore government will not impose new conditions for receiving the government grants in the future. If we are unable to obtain or maintain the government grants or any other favourable government incentives in the future, our business, financial condition and results of operations may be affected.

Our credit facilities contain covenants that may limit our ability to operate our business and any material breach of the undertakings and/or covenants in our credit facilities could adversely affect our business and financial condition

The agreements for our bank borrowings contain a number of undertakings and covenants which include but not are limited to:

- Restriction on change of control and disposal of material assets
- Financial covenants restricting us from incurring additional indebtedness or encumbrance over our assets
- Compliance with certain financial thresholds set out in the relevant facility letter(s)/agreement(s), such as a certain level of minimum tangible net worth and loan to equity ratio
- Obligation to notify the relevant lender(s) in the event that we plan for listing

These covenants and undertakings could restrict our ability to respond to changes in business and economic conditions, to engage in potentially beneficial transactions and to obtain other required financing.

Our current liabilities included borrowings by our Group with a total carrying amount of approximately S\$5.5 million, S\$4.0 million and S\$3.7 million as at 31 December 2022, 31 December 2023 and 30 April 2024, respectively.

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Our Directors confirm that we have not received, during the Track Record Period and up to the Latest Practicable Date, any notice of material breach of any covenant or undertaking which may result in early termination or modification of any credit facilities contracts or agreements which are material to our business. Nevertheless, if we fail to comply with any of such undertakings and covenants in all material aspects in the future, it may constitute a breach of the relevant contracts or agreements, and as a result may entitle the lender(s) to accelerate the maturity of the credit facilities or terminate the relevant credit facilities with us. In any of these events, our business, operating results, and financial condition could be adversely and materially affected.

We may be unable to successfully develop or market commercially viable products and technologies in relation to optical metalens in a timely manner, or at all to respond to changes in market conditions

In 2021, we entered into the Licence Agreement with Accelerate, pursuant to which, Accelerate grants our Group the rights to, among others, use Accelerate's technologies and intellectual property rights to develop enhancements on and to commercialise Accelerate's technologies and licenced products, and we intend to ride on the strategic cooperation to capture market opportunities in the field of optical metalens. Development of meta optics technology and products require substantial technical, financial and human resources. However, we cannot assure you that such efforts will allow us to successfully deliver the intended results.

According to the CIC Report, the optical metalens industry is rapidly developing at its early stage of commercialization with relatively low product awareness. Companies need to have strong research and development capabilities to demonstrate their technological know-how to support product development and to successfully penetrate into the existing and potential application fields. It is also important for companies to enter the field early to gain the first-mover advantage and establish brand awareness and reputation before others enter into the market. In addition, a large amount of capital is also required to cover the cost of product design and development as well as product manufacturing and distribution. We cannot guarantee that we will be able to develop and manufacture optical metalens that successfully meet the needs of our customers. Also, we cannot assure you that we will be able to develop and introduce new optical metalens products in a timely and effective manner and our meta optics products may not be commercially successful or yield the anticipated returns to cover our investment costs. Moreover, our competitors may launch new and competing products earlier than us or market such products in a more effective manner, or our end customers may prefer their products. If our development for optical metalens is ultimately proven to be unsuccessful, our business, financial condition and operating results may be adversely affected as a result.

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Personal injuries or fatal accidents may occur at our production facilities, which may subject us to administrative penalties and/or compensation claims, which could materially and adversely affect our reputation, business and financial results

In the course of our operations, we rely on our employees to adhere to and follow all safety measures and procedures we have stipulated. However, there remains risks of personal injuries or even fatal accidents in our production facilities, especially when our employees fail to comply with our safety measures, or when our supervisors fail to provide adequate trainings or guidance to implement proper safety policies and measures.

We have implemented stringent safety policies in our production at all times. For more details, see “Business — Health, Safety, Environmental, Social and Governance matters — Health and Safety, Social Responsibilities and Corporate Governance”. However, we cannot guarantee that material workplace injuries or fatal accidents will not occur in the future. In any case of material workplace accidents, we may be subject to government investigations and administrative penalties. Even if such accidents may not be caused by our fault or negligence, such accidents may still render us substantial costs and damages to our reputation, such as negative publicity, which may materially and adversely affect our business and financial results.

Our business operations and financial results may be adversely affected by the global outbreak of COVID-19

The global widespread of COVID-19 and the emergence of different variants have posed a serious public health threat in Singapore, Malaysia and globally. Though our Group and our suppliers had gradually resumed operation, the extent to which the COVID-19 outbreak may impact our production and the supply chain of raw materials will depend on future developments of the pandemic, which are highly uncertain and unpredictable.

Furthermore, with COVID-19 and the different variants spreading globally, there is no assurance that our major customers located in countries with significant reported cases of COVID-19 including the United States would be able to (a) maintain their normal business operation without significant disruptions, and/or (b) engage us to manufacture their components as usual in the event that restrictions on freight logistics or transportation bans are imposed, and there is no guarantee that we would be able to secure purchase orders from these customers with volume similar to that before. In consequence, we may suffer loss or reduction of purchase orders from our customers and thus, our operations and financial performance would be adversely affected.

Despite the continual administration and use of vaccines for preventing and controlling COVID-19 infections, their efficacy may vary among individuals and thus the effect of the vaccines on the global economy still remains uncertain. Hence, the operation and financial performance of our customers may be adversely affected by the development of COVID-19 and thus our customers may default payments to us or take longer time to settle our payments. In such event, we may incur significant impairment loss for the

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outstanding payments owed to us by our customers. These adverse impacts, if materialise and persist for a substantial period, may significantly and adversely affect our business operation and financial performance.

Our operations may be affected by adverse weather conditions, natural disasters, acts of God or wars and terrorism

Our business operations are vulnerable to adverse weather conditions. If the adverse weather persists or natural disasters occur, we may be prohibited from performing work at our production facilities, and as a result, we may not be able to meet the specified delivery time schedule. If we have to stop our operations during adverse weather or natural disaster, we may continue to incur operating expenses such as labour costs and other overheads and our revenue and profitability would be adversely affected.

Besides, we are subject to other acts of God which are beyond our control. Acts of wars and terrorism may also injure our employees, cause loss of lives, disrupt our operations and destroy our works performed. Such incidents could adversely affect our revenue, costs, financial conditions and growth potential. It is also difficult to predict the potential effect of these incidents and their materiality to the business of our customers and suppliers and us.

If our production is delayed and the terms and conditions do not accommodate for such delays or our customers do not grant us a sufficient time extension for the completion, we may be liable to pay for any liquidated damages to our customers according to the relevant contract terms, which will adversely affect our financial position.

We rely on computer systems for operation of our machinery and any disruptions in our system could materially and adversely affect our business

We rely on our computer systems to support our technological capabilities, including the operation of our CNC machines, and other functions. As with any computer systems, unforeseen issues may arise from time to time. In the event that our computer systems do not work effectively, our ability to receive and process adequate, accurate and timely data could be adversely affected, which in turn could inhibit our operations. Furthermore, it is possible that our computer systems could experience a complete or partial shutdown and we have to wait for our suppliers to provide on-site maintenance services. If such a shutdown occurs and we could not obtain the maintenance services to restore our operations in a timely manner or at all, it could materially and adversely affect our ability to deliver our products to our customers according to the required schedule, for which our business and reputation could be adversely affected.

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There is no guarantee that regulatory requirements applicable to the industry in which we operate will not change in the future

Our operations are subject to laws and regulations that relate to matters such as employment of foreign workers, workplace health and safety, and environment. There is no guarantee that regulatory requirements applicable to our operation and our industry will not change in the future. Any change in the applicable laws and regulations may result in time-consuming and costly adjustments to our risk management and internal control systems and may increase our legal and other professional cost and burden to comply with these new laws and regulations, thereby materially and adversely affecting our business and financial position and prospect.

Changes in international trade policies and the ongoing conflict and emergence of a trade war between the U.S. and China may have an adverse effect on our business

Adverse changes and developments in the global trade policies, such as the imposition of new trade barriers, tariffs, sanctions, export controls, boycotts and other measures which are beyond our control could negatively affect the financial and economic conditions in the jurisdictions where we operate, as well as our overseas expansion plan, and thus our financial condition and results of operations.

During the Track Record Period, the U.S. government imposed various restrictions on international trade, especially with China, and in particular imposed significant increases in tariffs and restriction on trading on specific imported goods. These actions by the U.S. government have resulted in retaliation from China which may further escalate the tensions between the countries or even lead to a trade war. Any escalation in trade tensions, or the perception that such escalation or a trade war could occur, may have negative impact on the global economies. These trade tensions between China and the United States may continue and could intensify in the future, and the U.S. government could adopt a more hostile trade policy against China. Since October 2022, the U.S. government has implemented changes to export control regulations which restricted the export of certain semiconductor manufacturing equipment and related components and technologies to China.

Although our Directors believe that the tariffs and the changes in U.S. export control regulations did not lead to material adverse impact on our business in Singapore as at the Latest Practicable Date, these restrictions or regulations, and similar or more extensive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our customers' ability to export technologies, systems, devices or components to China which may be critical to their service offerings and business operations and indirectly affect their demand for our parts and components. In particular, certain of our overseas customers' international sales may depend on their ability to obtain certain export licences. Inability to obtain the required licence may cause such customers to be displaced by foreign businesses and competitors and adversely affect their results of operation. In addition, government authorities may impose conditions that require the use of local suppliers or partnerships with local companies, or engage in other efforts to promote local businesses and their local competitors, which could have a significant adverse impact on such customers' business. There can be no assurance that the

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current and/or future restrictions or regulations implemented by the U.S. government, or authorities in other jurisdictions, and related developments, will not have a negative impact on our business operations or prospects.

We could be adversely affected as a result of any sales or purchase we make to or from certain countries that are, or become subject to, sanctions administered by the United States, EU, UK, UN, Australia and other relevant sanctions authorities

The United States and other jurisdictions or organisations, including EU, UK, UN and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or certain targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

During the Track Record Period, we indirectly procured aluminium products from the Relevant Region through one of our suppliers in Singapore, who sourced from a sanctioned entity located in the Relevant Region. Our transactions involving the Relevant Region were limited to the aforementioned indirect procurements of Russian-origin aluminium products that were denominated in SGD and took place in Singapore. Our cost of sales attributable to such indirect procurements from the Relevant Region was approximately S\$0.3 million, nil and nil for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date, respectively, which represents approximately 1.2%, nil and nil of the Group's total cost of sales for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date respectively, and approximately 8.1%, nil and nil of the total aluminium products the Group procured for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date, respectively. Since 1 January 2023, the supplier involved in the aforementioned indirect procurements has ceased to supply any Russian-origin aluminium products to us. As advised by our International Sanctions Legal Advisers, during the Track Record Period, our indirect procurement of aluminium products from the Relevant Region from our non-sanctioned supplier in Singapore, who procured from a Russia-based Sanctioned Person designated on the Entity List maintained by the BIS, did not represent a violation of the limited restrictions on the Sanctioned Person.

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of the U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the U.S., EU, UK, UN, Australia or any other relevant sanctions authorities were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. Our procurement of raw materials may also be subject to new or revised international trade restrictions and/or export controls, which may negatively impact the supply chain of raw materials in the future. For details of our business operations in relation to the Relevant Region, see "Business — Business Activities with Supplier in relation to the Relevant Region".

RISK FACTORS

Increasing emphasis on environmental, social and governance issues may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations in relation to environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operations

Increasing emphasis on environmental, social and governance (“ESG”) issues in recent years has exposed our business to changes in regulatory policies and laws and regulations associated with environmental protection and other ESG-related matters. Investor advocacy groups, institutional investors, investment funds have also placed increasing emphasis on the implications and social cost of their investments. Investors may decide to reallocate capital or commit capital based on their assessment of a company’s ESG practices. ESG concern or issue or potential changes in social trend and political policies relating to ESG could increase our regulatory compliance costs or require us to alter our practices in a way that could harm our business. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the regulatory authorities or are perceived to have not responded appropriately to the growing concern for ESG issues, we may suffer reputational damage and our business, financial condition, and the price of our Shares may be materially and adversely affected. For more information about our ESG policies and practices, see “Business — Health, Safety, Environmental, Social And Governance Matters — Our ESG Governance.”

Our business could be adversely affected due to the name changes of Metasurface Technologies and Metaoptics Technologies

Metasurface Technologies, Metaoptics Technologies and the Group’s connected persons, namely Metasurface & Co and Singapore Kitchen Equipment Limited (“SKE”), had used “Q’son” as part of their names in their business operations. On 22 May 2013, Metasurface Technologies undertook to SKE to change the “Q’son” name within three months from the date of the undertaking, cease using the “Q’son” name or brand and cease stating that it is part of the “Q’son group of companies” (the “**Change of Name Undertaking**”). Despite the Change of Name Undertaking, Metasurface Technologies and Metaoptics Technologies had continued to use the “Q’son” name until October 2021 and September 2021, respectively. SKE has reserved its rights to pursue damages and losses in the event that it had actually suffered losses and damages arising out of or in connection with the breach of the Change of Name Undertaking by Metasurface Technologies. In the event that SKE pursues damages and losses against us, our business and our reputation could be adversely affected. Also, there is no assurance that the change of name will not affect our business relationship with our customers.

RISK FACTORS

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained

Prior to the Share Offer, no public market for our Shares existed. Following the completion of the Share Offer, the Stock Exchange will be the only market on which the Shares are publicly traded. There is no assurance that an active trading market for our Shares will develop or be sustained after the Share Offer. In addition, there is no assurance that our Shares will trade in the public market at or above the Offer Price subsequent to the Share Offer. The Offer Price for the Shares is expected to be fixed by the Underwriter(s) and us, and may not be indicative of the market price of the Shares following the completion of the Share Offer. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of our Shares may be materially and adversely affected.

The trading price and volume of our Shares may be volatile, which may result in substantial losses for our investors

The trading price of our Shares may be volatile and may fluctuate widely in response to factors beyond our control, including variations in the level of liquidity of our Shares, changes in securities analysts' (if any) estimates of our financial performance, investors' perceptions of us and the general investment environment, changes in laws, regulations and taxation systems which affect our operations, and general market conditions of the securities markets in Hong Kong. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing business and growth strategies and involvement in material litigation as well as recruitment or departure of our key personnel, may cause the trading price and volume of our Shares to change drastically and unexpectedly.

Further, there will be a gap of several days between the price determination and commencement of trading of the Offer Shares. The Offer Price of our Shares is expected to be determined on the Price Determination Date while our Shares will not commence trading on the Stock Exchange until the Listing Date. As a result, investors may not be able to sell or otherwise deal in our Shares during the period between the Price Determination Date and the Listing Date and hence are subject to the risk that the price of our Offer Shares could fall during the period before trading of our Offer Shares begins.

RISK FACTORS

Future disposal or perceived disposal of a substantial number of our Shares by our major Shareholders in the public market may materially and adversely affect the prevailing market price of our Shares

Disposal of a substantial amount of our Shares in the public market after the completion of the Share Offer, or the perception that such disposal may occur could adversely affect the market price of our Shares and materially impair our future ability to raise capital through offerings of our Shares. There is no assurance that our major Shareholders will not dispose of their shareholdings. Any significant disposal of our Shares by any of the major Shareholders may materially affect the prevailing market price of our Shares. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise further capital. We cannot predict the effect of any significant future disposal on the market price of our Shares.

Future sale of our Shares or issuance of new Shares by us in the public market may materially and adversely affect the market price of our Shares and dilute the shareholdings of our Shareholders

Our Company may issue additional Shares in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, we may need to raise additional funds in the future to finance our operation or business expansion or new development. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the shareholding of the existing Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

Investors may experience difficulties enforcing their shareholders' rights because our Company was incorporated in the Cayman Islands, and the protection of minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions

Our Company was incorporated in the Cayman Islands and its affairs are governed by the Articles of Association, the Companies Act and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on the protection of minority Shareholders is set out in Appendix IV to this prospectus.

RISK FACTORS

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Investors should read the entire prospectus and should not rely on any information contained in press articles or other media coverage regarding us and the Share Offer

We strongly caution our investors not to rely on any information contained in press articles or other media regarding the Share Offer and us. Prior to the publication of this prospectus, there may be press and other media coverage regarding the Share Offer and us. Such press and other media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information to the press or media and do not accept any responsibility for such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and our investors should not rely on such information.

Certain facts, forecasts and other statistics in this prospectus from public official documents or statements have not been independently verified and may not be reliable

Certain facts, statistics and data presented in the section headed “Industry Overview” and elsewhere in this prospectus relating to the industries in which we operate have been derived from a market research report commissioned by us and prepared by CIC as well as various publications and industry-related sources prepared by government officials or independent third parties. We believe that the sources of the information are appropriate sources for such information, and have taken reasonable care in extracting and reproducing such information. In addition, we have no reason to believe that such information is false or misleading or that any material fact has been omitted which would render such information false or misleading. The information from the public official documents or statements has not been independently verified by us or any of the Relevant Persons (Share Offer) and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this prospectus may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such statistics.

RISK FACTORS

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions are intended to identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgement of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in the section headed “Risk Factors” in this prospectus. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the GEM Listing Rules:

JOINT COMPANY SECRETARIES

Pursuant to Rules 5.14 and 11.07(2) of the GEM Listing Rules, we are required to appoint a company secretary who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

Note 1 to Rule 5.14 of the GEM Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 5.14 of the GEM Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he or she played;
- (b) familiarity with the GEM Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 5.15 of the GEM Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants published by the Stock Exchange provides that the Stock Exchange has granted waivers to issuers proposing to appoint a company secretary who does not have the qualification and experience required under Rule 5.14 of the GEM Listing Rules for a specified period. In considering waiver applications under Rule 5.14 of the GEM Listing Rules, it will consider, among others, the following factors:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer is able to demonstrate the need to appoint a person who does not have the acceptable qualification or “relevant experience” as a company secretary; and

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

- (c) why the directors consider the proposed company secretary to be suitable to act as the issuer's company secretary.

The Stock Exchange stated that a waiver under Rule 5.14 of the GEM Listing Rules, if granted, will be for a fixed period of time (the “**Waiver Period**”) subject to the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 5.14 of the GEM Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the GEM Listing Rules by the issuer.

Further, the length of the Waiver Period will depend on the following factors but in any case, will not exceed three years as the proposed company secretary is expected to have acquired the relevant experience required under Rule 5.14 of the GEM Listing Rules within such period:

- (a) the proposed company secretary's experience in handling company secretarial matters and his/her relevant professional qualifications and/or academic background;
- (b) the measures and systems in place to facilitate the proposed company secretary in discharging his/her duties as a company secretary; and
- (c) the issuer's regulatory compliance and/or material deficiencies/weaknesses in internal controls.

Our principal business activities are primarily conducted in Singapore. We believe that our company secretary should, apart from being able to meet the professional qualifications or the relevant experience requirements under the GEM Listing Rules, have sufficient knowledge of (a) the day-to-day affairs, operations and the business of our Group; and (b) the regulatory requirements in Singapore.

We have appointed Ms. Hou Jing (“**Ms. Hou**”), our chief financial officer, and Mr. Ng Cheuk Kin (“**Mr. Ng**”) as the joint company secretaries of our Company. For further details about the qualifications and experience of Ms. Hou and Mr. Ng, please see the section headed “Directors and Senior Management — Joint Company Secretaries” in this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

Although Ms. Hou is not a member of The Hong Kong Chartered Governance Institute, a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)) nor a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)), as required under Rules 5.14 and 11.07(2) of the GEM Listing Rules, our Directors consider that Ms. Hou, by virtue of her background and experience, is capable of discharging the functions of a joint company secretary. Ms. Hou joined our Group in September 2022. Ms. Hou, a member of the Institute of Singapore Chartered Accountants since 2017 and a fellow of the Association of Chartered Certified Accountants since 2019, currently acts as our chief financial officer, being responsible for our overall financial management, accounting and company secretarial affairs. Ms. Hou has been actively involved in the Listing of our Company since the preparatory period, hence she is familiar with the legal and the GEM Listing Rules' requirements and has been assisting the Board on corporate governance matters. Ms. Hou, as our chief financial officer, also attended the training seminar regarding the responsibility of directors of listed companies delivered by our Company's legal advisers as to Hong Kong laws to the Directors and senior management of our Company.

Accordingly, we have applied to the Stock Exchange for, and obtained, a waiver from strict compliance with the requirements under Rules 5.14 and 11.07(2) of the GEM Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on condition that (i) we engage Mr. Ng, who possesses all the requisite qualifications required under Note 1 to Rule 5.14 of the GEM Listing Rules, as a joint company secretary for an initial period of three years commencing from the Listing Date, to work closely with and to assist Ms. Hou in discharging her duties as a company secretary and in gaining the "relevant experience" as required under Note 2 to Rule 5.14 of the GEM Listing Rules, and (ii) the waiver will be revoked immediately if Mr. Ng ceases to provide assistance to Ms. Hou during the three-year period, if Mr. Ng fails to meet the requisite qualifications required under Note 1 to Rule 5.14 of the GEM Listing Rules or if there are material breaches of the GEM Listing Rules by our Company. Before the end of the three-year period, our Company must demonstrate and seek the Stock Exchange's confirmation that during the three-year period, Ms. Hou has attained the "relevant experience" under Note 2 to Rule 5.14 of the GEM Listing Rules and is capable of discharging the functions of company secretary so that a further waiver will not be necessary.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material aspects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this prospectus misleading, and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed “How to Apply for Public Offer Shares” in this prospectus.

The Public Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer, or to make any representation, not contained in this prospectus. Any information or representation not contained herein must not be relied upon as having been authorised by us or any of the Relevant Persons (Share Offer). Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as at any subsequent time.

UNDERWRITING

The Share Offer comprises the Public Offer of initially 2,700,000 Public Offer Shares and the Placing of initially 24,300,000 Placing Shares.

The listing of, and permission to deal in, our Shares on GEM is sponsored by the Sole Sponsor. The Share Offer is managed by the Sole Overall Coordinator. The Public Offer is fully underwritten by the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The Placing is expected to be fully underwritten by the Placing Underwriter(s) pursuant to the Placing Underwriting Agreement and is subject to our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Further information about the Underwriter(s) and the Underwriting Agreements are set out in the section headed “Underwriting” in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or before 12:00 noon on Thursday, 27 June 2024. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and us by 12:00 noon on Thursday, 27 June 2024, the Share Offer will not proceed and will lapse.

The Offer Price is currently expected to be no more than HK\$3.00 per Offer Share and no less than HK\$2.38 per Offer Share. The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.metatechnologies.com.sg.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

Each person acquiring the Offer Shares under the Public Offer will be required to, or deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus.

No action has been taken in any jurisdiction other than in Hong Kong to permit the offering of the Offer Shares or the distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction other than Hong Kong or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an unauthorised offer or invitation.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws or any applicable rules and regulations of such jurisdictions pursuant to any registration made with or authorisation by the relevant securities regulatory authorities as an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING OF THE SHARES ON GEM

We have applied to the Listing Committee for the granting of, listing of, and permission to deal in, our Shares in issue prior to the Share Offer and to be issued pursuant to the Capitalisation Issue, the Share Offer and the exercise of options that may be granted under the Post-IPO Share Option Scheme.

No part of our Shares is listed on or dealt in any other stock exchange and no such listing or permission to deal in is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be void if permission for the listing of, and dealing in, the Shares on the Stock Exchange has been refused before the expiration of three weeks from the date of closing of the application lists or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of our Company, our Directors and the Relevant Persons (Share Offer) accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

All issued Shares upon completion of the Share Offer are freely transferable. The principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited, and a branch register of members of our Company will be maintained by our Hong Kong Share Registrar in Hong Kong. Unless our Directors otherwise agreed, all transfer and other documents of title of Shares must be lodged for registration with, and registered by Tricor Investor Services Limited, our Hong Kong Share Registrar.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

All the Offer Shares will be registered on the branch register of members of the Company in Hong Kong. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM. Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. If you are unsure about the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposing of or dealing in them, you should consult an expert.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on GEM and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on GEM or on any other date as determined by HKSCC.

Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

COMMENCEMENT OF DEALING IN THE SHARES

Dealing in the Shares on GEM is expected to commence on Tuesday, 2 July 2024. Shares will be traded in board lots of 1,000 Shares each.

EXCHANGE RATE CONVERSION

Unless otherwise specified and for the purpose of illustration only, amounts denominated in SGD have been converted into HKD, and vice versa, in this prospectus at the following rate:

S\$1: HK\$5.9193

No representation is made that any amounts in SGD or HKD can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

For further information on our Directors, please see the section headed “Directors and Senior Management” in this prospectus.

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Dato’ Sri CHUA Chwee Lee (CAI Shuili) (蔡水理) (Chairman and CEO)	6 Parry Avenue Singapore 547228	Singaporean
Ms. JEE Wee Jene (余偉娟)	6 Parry Avenue Singapore 547228	Singaporean
Mr. THNG Chong Kim (程章金)	26 Bayshore Road #04-06 The Bayshore Singapore 469972	Singaporean
<i>Independent non-executive Directors</i>		
Mr. TAN Chek Kian (陳志強)	8 Fudu Walk Singapore 789506	Singaporean
Mr. ANG Yong Sheng, Jonathan (HONG Yongsheng) (洪勇勝)	33 Keppel Bay View #07-98 Singapore 098419	Singaporean
Mr. CHAN Yang Kang (田揚康)	Flat A, 16/F, Block 3 Residence Bel-Air 28 Bel-Air Avenue Cyberport, Hong Kong	Singaporean

PARTIES INVOLVED

Sole Sponsor	UOB Kay Hian (Hong Kong) Limited 6/F, Harcourt House 39 Gloucester Road Hong Kong
Sole Overall Coordinator and Sole Global Coordinator	UOB Kay Hian (Hong Kong) Limited 6/F, Harcourt House 39 Gloucester Road Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Joint Bookrunners

UOB Kay Hian (Hong Kong) Limited
6/F, Harcourt House
39 Gloucester Road
Hong Kong

(in alphabetical order)

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Central
Hong Kong

Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

Tiger Brokers (HK) Global Limited
1/F, No. 308 Des Voeux Road Central
Sheung Wan
Hong Kong

Joint Lead Managers

UOB Kay Hian (Hong Kong) Limited
6/F, Harcourt House
39 Gloucester Road
Hong Kong

(in alphabetical order)

Chiyu International Capital Limited
1/F, 100QRC
100 Queen's Road Central
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Central
Hong Kong

Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

Tiger Brokers (HK) Global Limited
1/F, No. 308 Des Voeux Road Central
Sheung Wan
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Capital Market Intermediaries

UOB Kay Hian (Hong Kong) Limited
6/F, Harcourt House
39 Gloucester Road
Hong Kong

(in alphabetical order)

Chiyu International Capital Limited
1/F, 100QRC
100 Queen's Road Central
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
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CORPORATE INFORMATION

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Headquarters and principal place of business in Singapore	No. 43 Tuas View Circuit Singapore 637360
Principal place of business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Company's website address	<u>www.metatechnologies.com.sg</u> <i>(information on this website does not form part of this prospectus)</i>
Company Secretaries	Mr. NG Cheuk Kin CPA 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong Ms. HOU Jing No. 43 Tuas View Circuit Singapore 637360
Audit committee	Mr. TAN Chek Kian (<i>Chairman</i>) Mr. CHAN Yang Kang Mr. ANG Yong Sheng, Jonathan
Remuneration committee	Mr. CHAN Yang Kang (<i>Chairman</i>) Mr. TAN Chek Kian Mr. ANG Yong Sheng, Jonathan
Nomination committee	Dato' Sri CHUA Chwee Lee (<i>Chairman</i>) Mr. TAN Chek Kian Mr. CHAN Yang Kang
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The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. The information from public official documents or statements has not been independently verified by us or any of the Relevant Persons (Share Offer) (other than CIC) and no representation is given as to their accuracy or completeness.

SOURCES OF INFORMATION

CIC was commissioned to conduct an analysis of, and to report on, the global and Singapore's precision engineering industry and optical metalens industry, at a fee of approximately US\$118,000. The commissioned report was prepared by CIC independent from the influence of the Company and other interested parties. CIC's services include, among others, industry consulting, commercial due diligence, and strategic consulting. Its consulting team has been tracking the latest market trends in multiple business sectors, including the internet, environment, industry, energy, chemicals, healthcare, manufacturing, consumer goods, transportation, agriculture, and finance, and has the relevant and insightful market intelligence in the above industries.

During the preparation of the commissioned report, CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analysing data from various publicly available data sources, such as Singapore Department of Statistics, Department of Statistics Malaysia, Semiconductor Equipment and Materials International (SEMI), etc. The information and data collected by CIC have been analysed, assessed, and validated using CIC's in-house analysis models and techniques.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic, and political environment in Singapore is expected to remain stable during the forecast period; (ii) the Singapore's economy is likely to maintain a steady growth trajectory during the forecast period; (iii) the relevant key industry factors are likely to continue to drive the precision engineering market across the world and Singapore, e.g. growing end-use industries including semiconductor, aerospace, and oil & gas, and advancement of high-precision machine tools provides a higher level of accuracy, repeatability, and efficiency; (iv) there is no extreme force majeure or unforeseen industry regulations under which the market may be affected in either a dramatic or fundamental way; and (v) global economy will gradually recover from the negative effects of the COVID-19 pandemic.

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OVERVIEW OF THE PRECISION ENGINEERING INDUSTRY

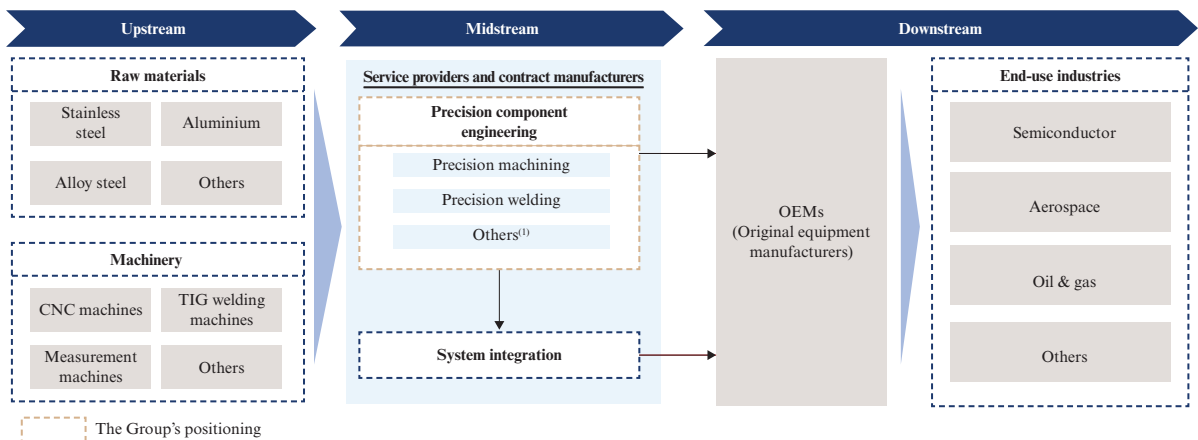
According to the CIC Report, the precision engineering industry comprises precision component engineering and system integration. Precision component engineering refers to metal components manufacturing primarily through precision machining and precision welding, the main value-added processes, with tight tolerance. System integration refers to full systems and subsystems that are assembled together with components and/or other subsystems. The industry serves a wide range of end-use industries, such as the semiconductor, aerospace, and oil & gas industry. In particular, the industry also serves various segments such as display, consumer electronics, and data storage. As such, the growth of the industry is highly related to the growth and broad trend of the end-use industries.

Customers in certain end-use industries often require their suppliers to obtain industry-specific certifications. The lengthy certification process may take from six months to two or three years. For instance, Standardized Supplier Quality Assessment (SSQA), a certification for quality management system used in the semiconductor industry, is a key pre-requisite for industry leading semiconductor original equipment manufacturers (OEMs) when selecting suppliers.

Value chain analysis of the precision engineering industry

The value chain of the precision engineering industry can be divided into upstream, midstream, and downstream. Midstream players create substantial value through precision component engineering and system integration.

Value chain of the precision engineering industry



Note:

(1) Others include precision surface treatment, precision metal fabrication, heat treatment, etc.

Source: CIC Report

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The upstream of the precision engineering industry consists of raw materials and machinery suppliers. Stainless steel, aluminium, and alloy steel are commonly used raw materials in the industry. There are many types of machinery used including Computer Numerical Controls (CNC) machines and Tungsten Inert Gas (TIG) welding machines, etc. Currently, CNC machines are the dominant tools for machining materials.

The midstream of the precision engineering industry involves precision engineering service providers and contract manufacturers. The differences between service providers and contract manufacturers are that: (i) the main responsibility of the service providers is provision of precision component engineering and related services, while that of the contract manufacturers is to manufacture and assemble precision engineering components in accordance with the specifications provided by OEMs, and (ii) the service providers receive orders from both contract manufacturers and OEMs, whereas the contract manufacturers directly receive orders from OEMs and may subcontract part of the production process to service providers. It is common for service providers and contract manufacturers to outsource part of the process to other service providers along the value chain.

The downstream of the precision engineering industry consists of OEMs and diverse end-use industries of their products, mainly including the semiconductor, aerospace, and oil & gas industry. OEMs outsource all or a portion of the engineering and manufacturing of the final products to the specialised suppliers, including contract manufacturers and service providers. OEMs may require contract manufacturers to source components from certain certified service providers to ensure the quality of products.

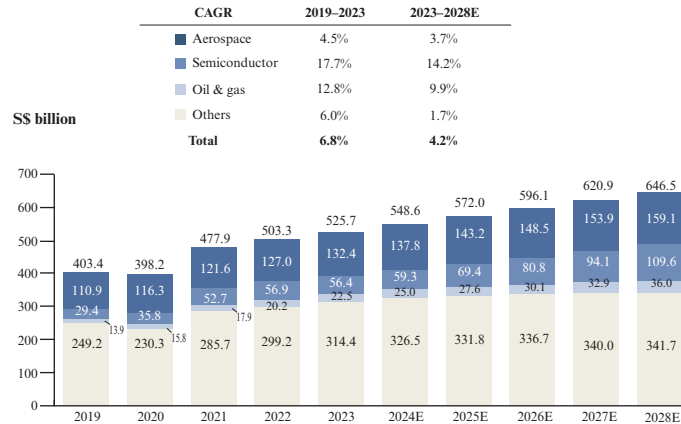
Market size of the global precision engineering industry

The global output value of the precision engineering industry increased from S\$403.4 billion in 2019 to S\$525.7 billion in 2023 at a CAGR of 6.8%, and is expected to increase to S\$646.5 billion in 2028, indicating a CAGR of 4.2% between 2023 and 2028.

With a broad range of drivers including increasing demand for mobile devices driven by evolving 5G technology, new CPU architectures, and the development of cloud, artificial intelligence, and machine learning applications, the global semiconductor market has witnessed significant growth during 2021 and 2022. Despite experiencing a temporary downturn in 2023 due to the de-stocking of inventories accumulated in the semiconductor market, the semiconductor sector of the global precision engineering industry has witnessed robust growth between 2019 and 2023, with a CAGR of 17.7%. Hence, the global semiconductor manufacturing industry is expected to resume growth, starting from the third quarter of 2024, fueled by the surge in demand for artificial intelligence and sales of electronics products and integrated circuits. Looking forward, the global output value of semiconductor sector of the precision engineering industry is expected to reach S\$109.6 billion by 2028 with a CAGR of 14.2% between 2023 and 2028. The oil & gas sector of the precision engineering industry is expected to register a CAGR of 9.9% between 2023 and 2028 considering the oil & gas industry is currently and will remain critical to the global economic activity and prosperity.

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Total output value of the precision engineering industry, by industry sector, Global, 2019–2028E

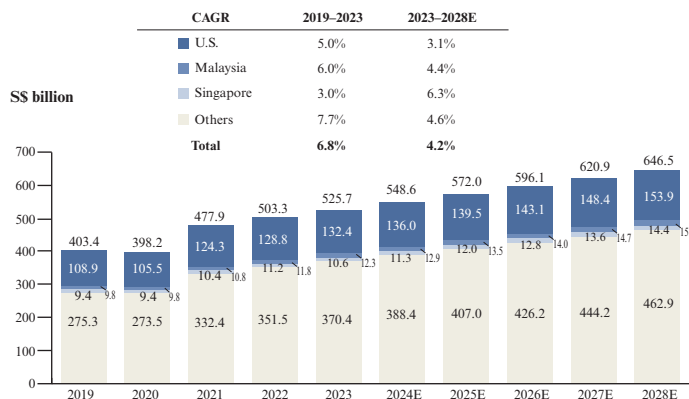


Note: Others include medical devices and automotive, etc.

Source: SEMI, CIC Report

The U.S. represents the largest market in the global precision engineering industry in 2023. Its output value increased from S\$108.9 billion in 2019 to S\$132.4 billion in 2023, registering a CAGR of 5.0% during the period, and is expected to further increase to S\$153.9 billion in 2028, indicating a CAGR of 3.1% between 2023 and 2028. Singapore and Malaysia represent 2.0% and 2.3% of the global precision engineering industry in 2023, respectively, and are expected to grow with a CAGR of 6.3% and 4.4%, respectively, between 2023 and 2028. Other countries include China, Japan and Germany, etc.

Total output value of the precision engineering industry, by geographic location, Global, 2019–2028E



Note: Others include China, Japan and Germany, etc.

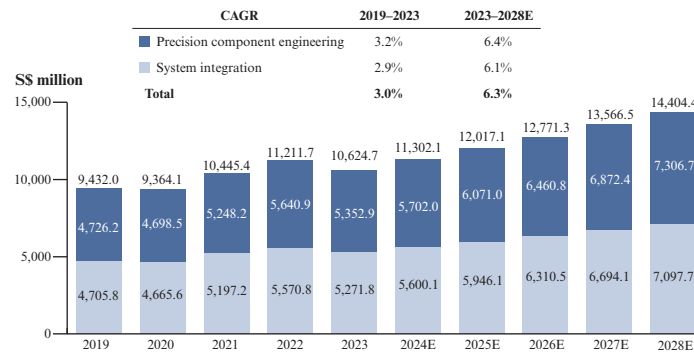
Source: The World Bank, Singapore Department of Statistics, Department of Statistics Malaysia, CIC Report

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OVERVIEW OF SINGAPORE'S PRECISION COMPONENT ENGINEERING INDUSTRY

The Singapore government values the importance of the precision engineering industry and has introduced favourable policies and measures such as Industry Transformation Maps (ITMs) and Precision Engineering Industry Digital Plan (IDP) to support the development and growth of the industry. The precision engineering industry comprises precision component engineering and system integration. The output value of precision component engineering in Singapore increased from S\$4,726.2 million in 2019 to S\$5,352.9 million in 2023, registering a CAGR of 3.2% during the period. It is expected to further increase to S\$7,306.7 million in 2028, indicating a CAGR of 6.4% between 2023 and 2028. The output value of system integration in Singapore also increased from S\$4,705.8 million in 2019 to S\$5,271.8 million in 2023, registering a CAGR of 2.9% during the period, and is expected to increase to S\$7,097.7 million in 2028 with a CAGR of 6.1% between 2023 and 2028.

Total output value of the precision engineering industry, Singapore, 2019–2028E



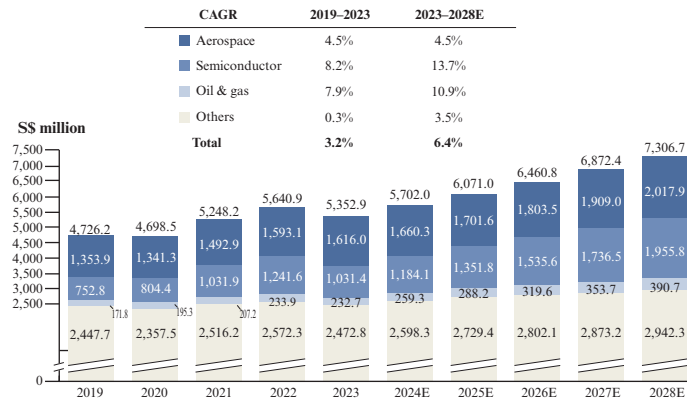
Source: Economic Development Board, CIC Report

The downstream segments of the precision component engineering industry include aerospace, semiconductor and oil & gas industry. The aerospace represents the largest segment in the precision component engineering industry in Singapore as Singapore is the leading aerospace hub within Asia, offering a comprehensive range of maintenance, repair and overhaul (MRO) services and advanced manufacturing capabilities. As a one-stop shop for all aerospace needs, many of the world's leading aerospace related OEMs and MRO service providers have been consolidating their presence in Singapore as a regional hub in Asia. In the semiconductor segment in Singapore, the output value increased from S\$752.8 million in 2019 to S\$1,241.6 million in 2022, and slightly declined to S\$1,031.4 million in 2023, with a CAGR of 8.2% between 2019 and 2023. The decline in output value in 2023 was due to the de-stocking of inventories accumulated in the global and Singapore's semiconductor industry. The global and Singapore's semiconductor market is expected to resume growth trend starting from the third quarter of 2024, fueled by a surge in demand for artificial intelligence technologies and sales of electronic products and integrated circuits. The semiconductor sector of the precision component engineering industry in

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Singapore is expected to further grow to S\$1,955.8 million in 2028, indicating a CAGR of 13.7% between 2023 and 2028, due to the rapid development of downstream industries such as 5G technology, consumer electronics, and cloud service.

Total output value of the precision component engineering industry, by industry sector, Singapore, 2019–2028E



Note: Others include medical devices and automotive, etc.

Source: Economic Development Board, CIC Report

Key growth drivers of Singapore’s precision component engineering industry

The rapid growth of downstream industries such as semiconductor, aerospace, and oil & gas industry: Precision component engineering is widely applied to produce components with complex structures or certain special technical parts in many growing industries including the semiconductor, aerospace, and oil & gas industry. Revenue of global semiconductor industry is projected to reach US\$880.7 billion in 2028 with a CAGR of 10.6% between 2023 and 2028. Global sales of semiconductor manufacturing equipment increased from US\$61.7 billion in 2019 to US\$106.3 billion in 2023, registering a CAGR of 14.6% between 2019 and 2023. The COVID-19 pandemic has disrupted global supply chains, leading to global chip shortage. The lingering effect of the global chip shortage and the surge in demand for electronic products have consequently led to increase in demand in the semiconductor industry in 2022. In 2022, with the eventual uplift of COVID-19 preventive and lock-down measures by governments in different countries, in order to secure the production capacity of their suppliers in the post COVID-19 period to cope with the expected growing demand for chips, semiconductor companies increased its capital expenditure and investment in semiconductor manufacturing equipment. Therefore, the surge in production and demand resulted in accumulation of inventories during 2022. This then caused semiconductor companies and semiconductor equipment manufacturing companies to slow down their purchases and undertake periodic de-stocking measures in 2023. The global semiconductor manufacturing equipment market is expected to witness a transition year in 2024 from the de-stocking of inventories accumulated starting in 2023 and have a strong rebound in 2025. Driven by capacity expansion, new fabrication projects, and demand for advanced equipment and solutions across the front-end and back-end segments, including wafer processing, testing, assembly, packaging, etc., of the semiconductor

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industry, and supportive policies of the semiconductor industry across the world, including (i) *Singapore Manufacturing 2030 vision* (the government's 10 year plan to increase the manufacturing value-add of Singapore by 50% by 2030 and for Singapore to become a global business, innovation and talent hub for advanced manufacturing). In this regard, Singapore has successfully attracted leading international semiconductor companies, such as Global Foundries, Siltronic and UMC to set up operations in Singapore. As a result, our Group, which possesses advanced manufacturing capability to provide precision engineering services for international companies in the semiconductor and other sectors, is considered one of the advanced manufacturing players to benefit from the favourable government policies; (ii) *CHIPS and Science Act* (a U.S. federal statute enacted in 2022 which provides support to develop domestic production of semiconductors with incentives such as subsidies and investment tax credits in the U.S.). It was announced in April 2024 that a U.S. memory chip maker, Micron Technology, would receive US\$6.1 billion in grants under the act from the U.S. Commerce Department to support its plan for the domestic chip factory projects in New York and Idaho; and (iii) *The European Chips Act* (an act came into force in 2023 to incentivise public and private investments in semiconductor manufacturing facilities in Europe). Under the chip act, additional public and private investments of more than €15 billion will complement existing programmes and actions in research and innovation in semiconductors such as Horizon Europe and Digital Europe Programme, the global sale of semiconductor manufacturing equipment is expected to further increase to US\$180.6 billion in 2028, registering a CAGR of 11.2% between 2023 and 2028. The global aerospace and defence market and the global energy investment (including investment in the oil & gas industry) are expected to register a CAGR of 4.3% and 9.8% between 2023 and 2028, respectively. The continual growth of the semiconductor, aerospace, and oil & gas industry in the world drives up the demand and presents more opportunities for precision components and supports the further development of Singapore's precision component engineering industry.

The advancement of high-precision machine tools provides a higher level of accuracy, repeatability, and efficiency: The scope of the precision component engineering industry is expanding due to the advancement of high-precision machine tools. Major advancements include (i) multi-axis CNC machines; (ii) more automated operations; and (iii) more integrated machining centres. These advancements provide a higher level of accuracy, repeatability and efficiency during production. Currently, major downstream sectors of the precision component engineering industry, such as automotive and semiconductor industries, are showing a trend toward more precise and miniaturised components which poses the need for advanced high-precision machine tools. With the rising technological capabilities, further development of high-precision machine tools is expected and will continue to fuel the industry in the long run.

The favourable business environment that supports the development of the precision component engineering industry in Singapore: The favourable policies and incentives in Singapore promises the precision component engineering industry a high potential future and drives this industry towards a digital revolution and global expansion. The Singapore government values the importance of the precision component engineering industry and has introduced various encouraging policies and measures to help the industry prosper. Under the Research, Innovation and Enterprise (RIE) 2025 Plan, the Singapore government

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planned to invest S\$25 billion in research, innovation and enterprise activities between 2021 and 2025. One of the objectives is to leverage the national research and development efforts to reinforce Singapore's position as a global business and innovation hub for advanced manufacturing and connectivity. RIE 2025 efforts will be organised along four strategic domains, among which the Manufacturing, Trade and Connectivity (MTC) is the key focus area. To support the manufacturing activities in Singapore, Agency for Science, Technology and Research (A*STAR), Singapore's lead public sector R&D agency, has established three public-private partnership platforms to drive innovation, knowledge transfer and Industry 4.0 technology adoption, which aim to provide continuous support to companies, including those in precision engineering industry, to gain access to research infrastructure and expertise. RIE 2025 also pays great attention to strengthening the R&D capabilities in the semiconductor industry in Singapore. According to the RIE 2025, innovation is and will continue to be critical to the nextbound of Singapore's industry transformation and economic growth. To reinforce this initiative, ITM 2025 (Industry Transformation Maps 2025) also provides that "The Singapore Economic Development Board (EDB) will continue to attract manufacturing investments to strengthen Singapore's leadership position in high-value components such as semiconductors" and "enable the precision engineering industry to capitalise on digital manufacturing technologies and platforms to innovate and deliver competitive products and services for global markets". Such plans are expected to bolster the development of the precision engineering industry in Singapore and hence our Group's business and future prospects. Precision Engineering Industry Digital Plan (IDP) was developed in 2021 to support small-to-medium companies in Singapore that provide precision engineering services with digital solutions and training to enhance employees digital skills. The favourable business environment for the precision component engineering industry in Singapore is expected to continue in the future, and therefore will support the further development of the industry.

Future trends of Singapore's precision component engineering industry

One-stop-shop manufacturing service: The production of precision engineering equipment involves many manufacturing processes including metal fabrication, precision machining, precision welding, surface treatment, cleaning & packaging, assembly, etc. Service providers and contract manufacturers usually have different mix of in-house manufacturing capabilities which consist of one or more of such services. Major downstream customers have been streamlining and consolidating their supply chains due to convenience and cost-effectiveness considerations. They are looking for manufacturers who can provide a one-stop-shop manufacturing service, covering an extensive range of services. Manufacturers may also strengthen their competitiveness by expanding their service scopes through vertical integration of different manufacturing processes. One-stop-shop manufacturing service providers can reduce the lead time spent on production and transportation, reduce operational costs, ensure stability of the deliverables and increase overall efficiency.

Increasing requirements for high-end equipment and skilled manpower: The end-use industries of the precision component engineering industry are continuously evolving in technology, applications and equipment. Also, in order to minimise massive capital commitment in each manufacturing process, high-end precision manufacturers are dividing

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the entire production processes into more parts and outsourcing to different midstream contract manufacturers and service providers. Therefore, midstream contract manufacturers and service providers in the precision component engineering industry are expected to demand for more advanced capabilities in high-end equipment and skilled manpower to meet their customer's requirements.

The continuous supportive regulatory environment in Singapore: Precision component engineering has been identified as one of the key growth factors for Singapore's manufacturing sector, supporting the production of various complex components required in end-use industries including semiconductors, oil & gas, aerospace, and consumer electronics. More supportive policies, including the refreshed *Industry Transformation Maps (ITMs)* which reflected Singapore's 2025 ambition for building a vibrant ecosystem of digitalised precision engineering enterprises with a global footprint, are expected to be carried out to support the development of Singapore's precision component engineering industry, providing a supportive regulatory environment for future growth.

COMPETITIVE LANDSCAPE OF SINGAPORE'S PRECISION COMPONENT ENGINEERING INDUSTRY IN THE SEMICONDUCTOR SEGMENT

Singapore has a world-class manufacturing ecosystem with a combination of advanced technology, manufacturing excellence, and globalisation in operations management. It has attracted many multinational advanced manufacturing companies, to establish their Asia Pacific headquarters in Singapore. To estimate the market share and ranking of our Group compared to other comparable companies in the semiconductor segment, where our Group mainly operated in, the following metrics are considered: (i) similar industry segment focus (i.e. the semiconductor equipment industry); (ii) similar manufacturing capabilities (i.e. manufacturing precision components mainly through precision machining and precision welding); (iii) the interview result of estimated ranking, revenue, and business segmentation from verified industry experts; and (iv) the research result from annual reports, articles, and government database such as Singapore Department of Statistics.

The competitive landscape of Singapore's precision component engineering industry in the semiconductor segment is fragmented with at least 300 market participants and dominated by the leading players. In 2023, the top ten market players, in terms of revenue, accounted for approximately 48.5% of the market share of semiconductor segment of precision component engineering industry in Singapore. Market participants include service providers and contract manufacturers with in-house production capabilities, including internationally renowned companies with advanced manufacturing capabilities. It is not uncommon for market participants in the semiconductor segment of precision component engineering industry to have a highly concentrated customer base since the end-use semiconductor manufacturing equipment industry is concentrated and dominated by a limited pool of advanced semiconductor equipment manufacturers with the top three market players accounting for more than 40% of the global market share in terms of revenue in 2023, and precision components are often customised to meet the specific needs of a particular customer, which leads to a strong mutual relationship between the supplier and the customer. The semiconductor industry requires a high level of accuracy,

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repeatability and efficiency in the production process of precision component engineering and is thus, characterised by significant barriers to entry, including advanced technologies and know-how, requisite licences and certificates, large capital investments, and well-established customer relationships. Service providers, contract manufacturers and OEMs build a mutual dependence and complementary business relationship, which poses OEMs a high switching cost to assess and perform due diligence on new suppliers and to ensure the quality of products supplied by new suppliers conforms with their requirements, resulting in more and more market share gradually accumulated by top players over time.

In 2023, our Group ranked fifth in the semiconductor segment of the precision component engineering industry in Singapore, with a market share of 3.3%, in terms of revenue.

Top ten market participants in the semiconductor segment of precision component engineering industry, in terms of revenue, Singapore, 2023

Rank	Company	Company background	Segmented revenue ⁽¹⁾ , 2023, S\$ million	Market share
1	Company A	Established in 2000, Company A is a Singapore Exchange-listed company headquartered in Singapore specialising in manufacturing semiconductor equipment components and (sub)systems	120.0	11.6%
2	Company B	Established in 1999, Company B is a Nasdaq-listed company headquartered in the United States specialising in manufacturing fluid delivery components and (sub)systems	102.7	10.0%
3	Company C	Established in 2005, Company C is a non-listed company headquartered in Singapore specialising in manufacturing precision flow control components and (sub)systems	96.9	9.4%
4	Company D	Established in 1992, Company D is a non-listed company headquartered in Singapore specialising in manufacturing precision metal components and (sub)systems for various end-use industries including the aerospace, oil & gas, and semiconductor industries	53.9	5.2%
5	Our Group	Established in 2000, our Group is a precision engineering services provider principally based in Singapore, specialising in providing precision machining and precision welding services for international customers	34.1	3.3%
6	Company E	Established in 1999, Company E is a Singapore Exchange-listed company headquartered in Singapore specialising in manufacturing metal and plastic components and (sub)systems for various end-used industries including the automotive, medical & healthcare, and semiconductor industries	33.6	3.3%

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Rank	Company	Company background	Segmented revenue ⁽¹⁾ , 2023, S\$ million	Market share
7	Company F	Established in 2000, Company F is a Singapore Exchange-listed company headquartered in Singapore specialising in manufacturing precision metal components and (sub)systems for the semiconductor and electronics test industries	28.4	2.7%
8	Company G	Established in 1983, Company G is a Singapore Exchange-listed company headquartered in Singapore specialising in manufacturing high precision components and tools for the wafer-fabrication and assembly processes	13.1	1.3%
9	Company H	Established in 1980, Company H is a Hong Kong Exchange-listed company headquartered in Singapore specialising in manufacturing precision metal components for the semiconductor and machinery industries	9.5	0.9%
10	Company I	Established in 1989, Company I is a non-listed company headquartered in Singapore specialising in manufacturing precision metal components and (sub)systems for the data storage, automotive, and semiconductor industries	8.3	0.8%
	Subtotal		500.5	48.5%
	Others		530.9	51.5%
	Total		1,031.4	100.0%

Source: CIC Report

Note:

- (1) Segmented revenue includes revenue of precision component engineering in the semiconductor segment.

Competitive advantages of our Group

The competitive advantages of our Group include (i) established long-standing business relationships with reputable international customers, (ii) seasoned and visionary management team supported by technical talents, (iii) machinery and technological know-how, and (iv) possession of necessary certifications and qualifications. First, through establishing a proven track record in providing quality and efficient services, our Group has been selected by our customers as a strategic and long-term supplier. Specifically, our Group has built and maintained strong relationships with world-class OEMs and contract manufacturers customers for many years. Second, our Group has accumulated an extensive operational and managerial experience in the industry and has built a dedicated and experienced workforce to cater for our customers' product requirements and support our continuous business growth. Third, our Group has precision machinery, including large and multi-axis CNC machines for producing large

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format vacuum chambers with an accuracy of $\pm 10\mu\text{m}$ while the industry average accuracy is around $\pm 100\mu\text{m}$ to $\pm 10\mu\text{m}$ (the lower the μm , the higher the accuracy), and accumulated technological know-how through years of operation. This has equipped our Group with an advanced capability in the industry and allows our Group to produce highly complex components efficiently when compared to industry peers. Fourth, our Group has been accredited with industry-essential qualifications in the production technologies and quality control systems and become an approved supplier of Customer A. The processes of obtaining such certifications and becoming a qualified supplier take time and are testimony of recognition in the industry.

The Singapore's precision component engineering industry is highly fragmented and dominated by small and medium enterprises, which normally focus on certain end-markets and/or product segments. As a high value-added process in the precision engineering industry, manufacturing know-how and proven record of success are important to the end-customer which require a significant period of time to accumulate. Due to the necessity to obtain components on a consistent and reliable basis, downstream customers generally prefer to work with a limited number of reliable and reputable suppliers with proven capability and product quality which allow them to purchase highly complex components efficiently. The mutual dependence and complementary business relationship between suppliers and customers is therefore established based on trust and reliability. Therefore, proven capability and established long-standing business relationship with internationally renowned customers have formed the core competitive advantages of the Group in the highly fragmented market.

Entry barriers for the precision component engineering industry

Large capital investment in high-end machinery: Existing market participants have continuously invested significantly over years. To compete with existing market participants, new entrants need to invest a large amount of capital in purchasing advanced equipment and building the relevant infrastructure to achieve high accuracy, repeatability and efficiency. For instance, a five-axis CNC cutting machine costs millions of SGD. Also, the cost related to equipment maintenance and upgrading is substantial, making it difficult for new entrants to compete with existing players if they do not possess the ability to make such huge capital commitment.

Possession of skilled workers and technological know-how: The precision component engineering industry serves highly technical sectors, such as the semiconductor industry. Due to the high technical skills required by the industry, there is only a limited number of skilled workers available on the market. Technicians for precision component engineering are under intense competition in Singapore and Malaysia, making it hard for new entrants to recruit a sizeable pool of qualified workers. Also, existing market participants have accumulated considerable technological know-how, which is essential to the success of their business, through years of operations. It requires new entrants a long period of time to acquire sufficient knowledge and experience to compete with existing players.

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Proven capability and stable relationships with customers: Downstream customers of the precision component engineering industry are mostly leading companies in semiconductors, aerospace, automobile, and oil & gas industry. Due to the necessity to obtain the required components on a consistent and reliable basis, downstream customers generally prefer to work with a limited number of reliable and reputable suppliers with proven capability and product quality. The mutual dependence and complementary business relationships between suppliers and customers in the industry is established based on trust and reliability. It is hard for new entrants to compete with existing players because they lack the relative experience and are unable to establish a stable relationship with downstream customers within a short period of time.

Qualification and certification requirements: Market participants need to comply with local regulations and are expected to obtain certain qualifications and certifications, such as ISO 9001:2015. Also, professional standard organisations, such as American Society of Mechanical Engineering (ASME) and American Welding Society (AWS), make rules and classifications for welding positions, techniques and procedures. ASME provides ASME Boiler and Pressure Vessel Code (BPVC) certification and AWS provides Certified Welder (CW) certification and Certified Welding Inspector (CWI) certification. Welders must be certified in each welding position to perform the respective type of welds. Leading downstream customers also require their suppliers to obtain certain industry-specific certifications, such as SSQA for the semiconductor industry. The whole process of obtaining such certifications is time-consuming and may last from six months to two or three years, deterring new entrants from entering the market easily.

Key success factors for the precision component engineering industry

Ability to train and sustain skilled and experienced employees: The precision component engineering industry is a highly technical industry. The success of a business depends on the retention and/or recruitment of new skilled and experienced employees. Companies with more competitive compensation packages and systematic training courses are more likely to attract and recruit skilled and experienced employees, and thus, contributing to their long-term development.

Reliable and cost-advantageous supply chain for sourcing raw materials and service providers: Maintaining a reasonable level of raw material stock and a list of reliable service providers are important to the operation of the business. Therefore, it is important to have a reliable supply chain to ensure stability of the cost and transportation time in order to avoid or minimise any delay or shortage in the supply of raw material or delay in delivery of products, which may undermine the company's reputation.

Continuously upgrading equipment and software to maintain competitiveness: The technology keeps evolving and downstream customers are posing higher requirements for precision components. To maintain competitiveness, companies may need to upgrade and debottleneck the existing equipment and software in a timely manner.

INDUSTRY OVERVIEW

Consistent production of quality components: As the downstream customers are highly concentrated and usually prefer to work with only a limited number of reliable suppliers, companies that prove their ability to deliver high-quality products consistently are likely to receive more orders and gain more market shares in the long term.

Strong and long-standing relationship with customers: It is important for service providers and contract manufacturers to maintain strategic long-term relationships with the OEMs for business opportunities. Therefore, the establishment of mutual dependence and complementary business relationship with customers provides for more sustainable business growth in the future.

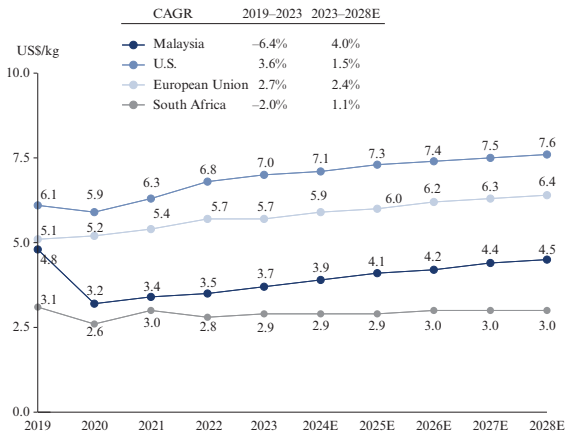
Cost analysis of the precision component engineering industry in Singapore

The primary cost of precision component engineering service providers include raw material costs and labour costs. Raw materials mainly include iron, steel and aluminium.

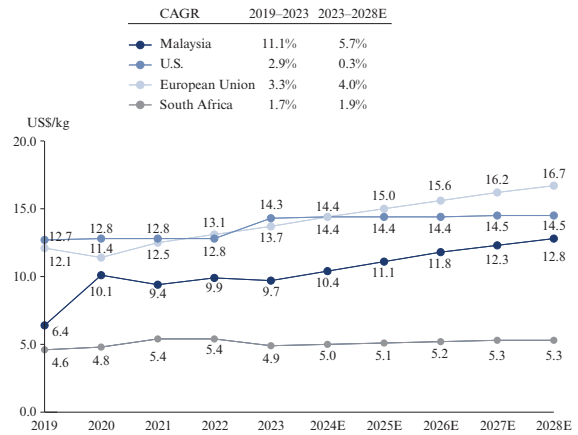
The prices of iron & steel and aluminium directly affect the cost of raw materials in the precision component engineering industry in Singapore. Metal raw materials in Singapore mainly rely on imports from certain major economies such as Malaysia, U.S., the European Union (EU) and South Africa. Prices of iron & steel and aluminium in Malaysia, U.S., EU and South Africa generally maintained an upward trend from 2019 to 2023 without much material fluctuation, except for a drop in iron & steel prices from US\$4.8/kg to US\$3.2/kg and a rise in aluminium prices from US\$6.4/kg to US\$10.1/kg in Malaysia from 2019 to 2020, which could affect the operation costs of the service providers in the precision engineering industry in Singapore and Malaysia, including our Group. The drop in iron & steel prices in Malaysia in 2020 was due to factors such as the lockdown measures during COVID-19 pandemic which reduced demand and prices for steel in key end-use industries, coupled with the excess steel production capacity in Malaysia, while the rise in aluminium prices was due to a large amount of aluminium being demanded and exported to China from Malaysia as China was then under pressure of environmental protection commitment and limited the production of aluminium domestically, which drove up demand and prices of aluminium imported from Malaysia. The prices of iron & steel and aluminium are expected to steadily grow further at CAGRs ranging from 1.1% to 4.0% and 0.3% to 5.7% in Malaysia, U.S., EU and South Africa over the period from 2023 to 2028.

INDUSTRY OVERVIEW

Price of iron & steel⁽¹⁾, Malaysia, U.S., EU and South Africa, 2019–2028E



Price of aluminium⁽¹⁾, Malaysia, U.S., EU and South Africa, 2019–2028E



Source: The World Bank, CIC Report

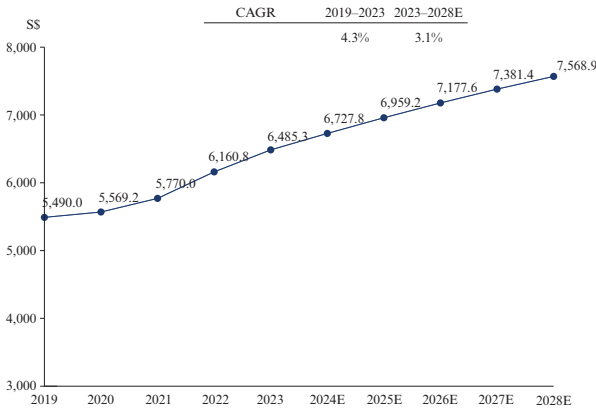
Note:

- (1) The prices are based on average import and export prices in Malaysia, the U.S., the EU and South Africa.

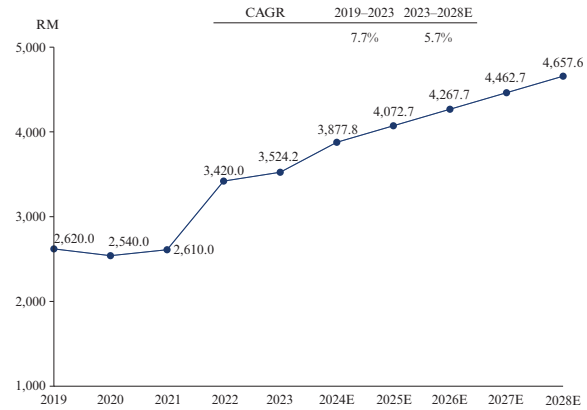
With the continuous development of the economy, the average monthly salaries in the manufacturing industry in Singapore and Malaysia have been continuously increasing during 2019 to 2023 with the CAGR of 4.3% and 7.7%, respectively. In particular, the average monthly salaries in the manufacturing industry increased by 6.8% and 31.0% in Singapore and Malaysia, respectively in 2022 due to economic recovery from COVID-19 pandemic in both countries and the increase in minimum wage in Malaysia. With the expected gradual recovery of the global economy (including Singapore and Malaysia) from the COVID-19 pandemic, the average monthly salaries in the manufacturing industry in Singapore and Malaysia are expected to maintain steady growth over the next five years with the CAGR of 3.1% and 5.7%, respectively from 2023 to 2028.

INDUSTRY OVERVIEW

Average monthly salaries in the manufacturing industry, Singapore, 2019–2028E



Average monthly salaries in the manufacturing industry, Malaysia, 2019–2028E



Source: Singapore Department of Statistics, Department of Statistics Malaysia, CIC Report

Future threats and challenges of the precision component manufacturing industry

Shortage of skilled and experienced manpower: The precision component engineering industry in Singapore generally faces a shortage of skilled and experienced manpower, attributable to factors, including the Singapore government’s policy restricting foreign manpower hiring and the ageing working population.

Regional competition: The precision component engineering industry is fragmented and highly competitive. Singapore’s position in the precision component engineering industry is threatened by the growth and entry of service providers and contract manufacturers from overseas countries.

Digitalisation: The precision component engineering industry is becoming increasingly digital, with the use of digital design tools and simulation software. This presents opportunities to improve efficiency and quality, but also requires new skills and knowledge.

Influence by end-use industries: The major end-use industries of precision component engineering industry, including semiconductor, aerospace and oil & gas, are highly dependent on the factors such as global economic cycle, political environment and demand-supply relationship, which can ultimately affect the development of the precision component engineering industry.

OVERVIEW OF THE OPTICAL METALENS INDUSTRY

The optical metalens is defined as a flat lens technology that uses metasurfaces to focus light. The technology can be used in optical applications that take advantage of the flat surface, with higher focusing efficiency, tunability, etc. to reduce thickness and increase optical performance, compared to classic curved refractive lenses mainly used in conventional optical devices.

INDUSTRY OVERVIEW

The current global optical metalens market is still at its early stage of commercialisation with China and the U.S. leading at the forefront of the research and development. As the design and manufacturing technology gradually get mature and as the technology awareness increases across the global market, it is expected that more companies will enter the field in the future.

Value chain of the optical metalens industry

Value chain of the optical metalens industry can be divided into upstream, midstream, and downstream. The upstream of the optical metalens industry value chain is composed of raw materials for substrate and metasurfaces such as silicon dioxide (SiO_2), silicon (Si), germanium (Ge), etc. The midstream of the optical metalens industry value chain is the manufacturing of optical metalenses. Based on metasurface materials, optical metalenses are normally categorised into dielectric optical metalenses and plasmonic optical metalenses. The downstream industries of optical metalenses include end-use industries such as new energy vehicle (NEV), smartphone, AR/VR, IoT, biomedical, security monitoring, aerospace, industrials, etc.

Key growth drivers of the optical metalens industry

Key growth drivers of the optical metalens industry include (i) the rapid growth of the NEV industry, (ii) the continuous development of the 5G smartphone industry, and (iii) the advancement of global manufacturing technology. The NEV and 5G smartphone industries around the world have been developing rapidly. As optical metalenses are potential substitutes for conventional optical components in NEVs and 5G smartphones, the continuously growing NEV and 5G smartphone industries are set to provide the optical metalens market with strong growth momentum. Meanwhile, driven by progress constantly made in information technology, advanced manufacturing technology is rapidly evolving across the world. This is expected to provide the optical metalens industry with more advanced manufacturing techniques and resources, and ultimately drive the market to grow.

LAWS AND REGULATIONS IN SINGAPORE

Workplace Safety and Health Act

The Workplace Safety and Health Act 2006 of Singapore (“**WSHA**”) provides, among other things, that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of the employer’s employees at work.

These measures include, among other things, providing and maintaining a work environment which is safe, without risk to health, and adequate as regards to the facilities and arrangements for the employee’s welfare at work; ensuring that adequate safety measures are taken in respect of any machinery or equipment used by the employees; ensuring that the employees are not exposed to hazards in their workplace or near their workplace; developing and implementing procedures for dealing with emergencies; and ensuring that the employees have adequate instruction, information, training and supervision.

More specific duties imposed by the relevant regulatory body, the Ministry of Manpower (“**MOM**”), on employers are set out in the Workplace Safety and Health (General Provisions) Regulations of Singapore (“**WSHR**”). Under the **WSHR**, it is the duty of the occupier of a workspace to ensure that:

- (a) every dangerous part (including any flywheel) of any electric generator, motor, transmission machinery or other machinery in the workplace is securely fenced unless the dangerous part of the generator, motor or machinery:
 - (i) is in such a position or of such construction as to be safe to every person at work in the workplace as it would be if securely fenced; or
 - (ii) is made safe for persons at work in the workplace by other effective means which will protect the persons from being injured by the dangerous part when that part is in motion or in use;
- (b) in any room or place in the workplace where transmission machinery is used, there is provided and maintained efficient devices or appliances in that room or place by which the power can promptly be cut off from the transmission machinery; and
- (c) any part of a stock-bar used in a workplace which projects beyond the headstock of a lathe is securely fenced or is otherwise made safe to every person at work in the workplace.

REGULATORY OVERVIEW

Under the WSHR, the fencing or other effective means which are used to render machinery safe may be removed to such extent as is necessary when:

- (a) a person is carrying out in the workplace, while the part of machinery is in motion:
 - (i) any examination of the machinery or part of the machinery; or
 - (ii) any lubrication or adjustment shown by such examination to be immediately necessary,

being an examination, a lubrication or an adjustment which is necessary to be carried out while the part of machinery is in motion; or
- (b) a person is carrying out in the workplace any lubrication or any mounting or shifting of belts in respect of any part of a transmission machinery and if:
 - (i) the Commissioner for Workplace Safety and Health (the “CWSH”) has determined that, owing to the continuous nature of such process, the stopping of that part would seriously interfere with the carrying on of the process in the workplace; and
 - (ii) the lubrication or mounting or shifting of belts is carried out by such methods and in such circumstances and subject to such conditions as the CWSH may determine.

This shall only apply under certain conditions specified in the WSHR.

Any person who breaches his or her duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000 and, if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if the CWSH is satisfied that (a) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work; (b) any person has contravened any duty imposed by the WSHA; or (c) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

REGULATORY OVERVIEW

Under the Workplace Safety and Health (Risk Management) Regulations of Singapore, the employer in a workplace is supposed to, among other things, conduct a risk assessment in relation to the safety and health risks posed to any person who may be affected by his or her undertaking in the workplace, take all reasonably practicable steps to eliminate any foreseeable risk to any person who may be affected by his or her undertaking in the workplace, and where it is not reasonably practicable to eliminate the risk, implement reasonably practicable measures to minimise the risk and safe work procedures to control the risk, specify the roles and responsibilities of persons involved in the implementation of any measure or safe work procedure and inform workers of the same, maintain records of such risk assessments, and measures or safe work procedure implemented for a period of not less than three years, and submit such records to the CWSH when required by the CWSH from time to time.

Work Injury Compensation Act

Work injury compensation is governed by the Work Injury Compensation Act 2019 of Singapore (“**WICA**”), and is administered by the MOM. The WICA applies to all employees (except members of the Singapore Armed Forces, officers of the Singapore Police Force, the Singapore Civil Defence Force, the Central Narcotics Bureau of Singapore and the Singapore Prisons Service, and domestic workers, being an individual employed in or in connection with the domestic services of any private premises) who have entered into or works under a contract of service with an employer, in respect of injury suffered by them arising out of and in the course of their employment and sets out, among other things, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of employment is caused to an employee, the employer of the employee shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with a fixed formula as set out in the WICA, subject to maximum and minimum limits.

Further, the WICA provides, among other things, that, where any person (referred to as the principal) in the course of or for the purpose of his or her trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the Commissioner for Labour (“**CL**”) appointed under Section 3 of the Employment Act 1968 of Singapore (“**EA**”) may direct the principal to fulfil the obligations of the employer under the WICA in relation to any employee of the employer employed in the execution of the work any compensation payable under the WICA as if that employee had been immediately employed by the principal.

REGULATORY OVERVIEW

Employers are required to maintain work injury compensation insurance for two categories of employees engaged under contracts of service, unless exempted. The first category includes all employees doing manual work. The second category includes all non-manual employees earning S\$2,600 or less a month. An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment Act

The EA is administered by the MOM and sets out the basic terms and conditions of employment, and the rights and responsibilities of employers as well as employees who are covered under the EA.

The term “employee” is defined in the EA to mean a person who has entered into or works under a contract of service with an employer and includes, among other things, a workman, but does not include certain specified categories of employees including, among other things, any seafarer or domestic worker.

Part 2 of the EA sets out provisions in relation to contracts of service including, among other things, illegal terms of contract of service, termination of contract, notice of termination of contract, termination of contract without notice, contractual age, when contract deemed to be broken by employer and employee, dismissal, termination by employee threatened by danger, liability on breach of contract, contract of service not to restrict rights of employees to join, participate in or organise trade unions, change of employer, and transfer of employment. Specifically, Section 10 of the EA provides, among other things, that either party to a contract of service may at any time give to the other party notice of the first-mentioned party’s intention to terminate the contract of service, and the length of such notice shall be the same for both employer and employee and shall be determined by any provision made for the notice in the terms of the contract of service.

Part 4 of the EA sets out provisions in relation to rest days, hours of work and other conditions of service, including, among other things, rest day, work on rest day, hours of work, task work, shift workers, payment of retrenchment benefit, retirement benefit, priority of retirement benefits, and payment of annual wage supplement or other variable payment, and only applies to certain categories of employees covered under the EA, namely, workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen or a person employed in a managerial or an executive position) who receive salaries not exceeding S\$2,600 a month.

An employee who is covered under Part 4 of the EA is not allowed to work for more than 12 hours in any one day except in specified circumstances, including, among other things, where the work, the performance of which is essential to the life of the community, and where the work is essential for defence or security. In addition, Section 38(5) of the EA provides that an employee is not permitted to work overtime for more than 72 hours a month.

REGULATORY OVERVIEW

Employers may seek the prior written approval of the CL for exemption if they require an employee or class of employees who are covered under Part 4 of the EA to work for more than 12 hours a day or perform overtime work for more than 72 hours a month. The CL may by written order exempt the employee or class of employees from the daily and overtime limits subject to such conditions as the CL thinks fit.

An employee who is covered under Part 4 of the EA must not be required under his or her contract of service to work:

- (a) more than six consecutive hours without a period of leisure;
- (b) more than eight hours in one day or more than 44 hours in one week:

Provided that:

- (c) an employee who is engaged in work which must be carried on continuously may be required to work for eight consecutive hours inclusive of a period or periods of not less than 45 minutes in the aggregate during which he or she must have the opportunity to have a meal;
- (d) where, by agreement under the contract of service between the employee and the employer, the number of hours of work on one or more days of the week is less than eight, the limit of eight hours in one day may be exceeded on the remaining days of the week, but so that no employee is required to work for more than nine hours in one day or 44 hours in one week;
- (e) where, by agreement under the contract of service between the employee and the employer, the number of days on which the employee is required to work in a week is not more than five days, the limit of eight hours in one day may be exceeded but so that no employee is required to work more than nine hours in one day or 44 hours in one week; and
- (f) where, by agreement under the contract of service between the employee and the employer, the number of hours of work in every alternate week is less than 44, the limit of 44 hours in one week may be exceeded in the other week, but so that no employee is required to work for more than 48 hours in one week or for more than 88 hours in any continuous period of two weeks.

Despite the foregoing, an employee who is engaged under his or her contract of service in regular shift work may be required to work more than six consecutive hours, more than eight hours in any one day or more than 44 hours in any one week but the average number of hours worked over any continuous period of three weeks must not exceed 44 hours per week.

REGULATORY OVERVIEW

Any employer who employs any person as an employee who is covered under Part 4 of the EA and fails to comply with Part 4 of the EA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Under Section 95A of the EA, an employer must, among other things, give each employee who enters into a contract of service with the employer on or after 1 April 2016 and who is employed under that contract for a period not shorter than the prescribed minimum period of service, a written record of the key employment terms of the employee not later than 14 days after the day that the employee starts employment with the employer. An employer is taken to have failed to comply if no written record is given or if the written record given is incomplete or inaccurate, whether or not the employer knew that the record is incomplete or inaccurate.

Under Section 126A(a) of the EA, a failure by an employer to comply with, among other things, Section 95A(2) of the EA is declared to be a civil contravention for the purposes of the EA. Under Section 126B(1)(a) of the EA, an authorised officer may issue a contravention notice to an employer requiring the employer to pay an administrative penalty of the prescribed amount, for each occasion of an alleged failure by the employer to comply with, among other things, Section 95A(2) of the EA with respect to any one employee or former employee.

Under Paragraph 3 of the Schedule to the Employment (Administrative Penalties) Regulations 2016, the administrative penalties for failure under Section 95A(2) of the EA to give an employee a written record of the key employment terms within the time specified in Section 95A(2) of the EA are as follows:

- (a) S\$200 for the first occasion of failure with respect to any one employee or former employee; and
- (b) S\$400 for each subsequent occasion of failure, whether or not with respect to the same employee or former employee.

Under Section 126D of the EA, in lieu of or in addition to giving an employer a contravention notice under Section 126B of the EA, an authorised officer may issue such directions to the employer as the authorised officer thinks appropriate to bring the civil contravention to an end; and where necessary, require the employer to take such action as is specified in the direction to remedy, mitigate or eliminate any effects of the civil contravention and to prevent the recurrence of the civil contravention. An employer who, without reasonable excuse, fails to comply with a direction given to the employer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both.

REGULATORY OVERVIEW

Employment of Foreign Manpower Act

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act 1990 of Singapore (“**EFMA**”), and is administered by the MOM.

Under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him or her. In addition, the employment of the foreign employee must be in accordance with the conditions of the foreign employee’s work pass.

Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine of at least not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

In addition, under Section 25(1) of the EFMA, where any employer (a) makes, or causes to be made to the Controller of Work Passes (the “**Controller**”), an application for a work pass on the basis of the employer’s foreign employee entitlement; and (b) commits, or causes or permits to be committed, any act or omission which facilitates, or which results in, the inflation of the employer’s foreign employee entitlement, the Controller may impose on the employer a financial penalty of an amount, not exceeding S\$20,000, as the Controller may determine.

An employer of foreign workers is also subject to, among other things, the provisions set out in the EA, the EFMA, the Immigration Act 1959 of Singapore and the regulations issued pursuant to these Acts.

To employ migrant workers for the manufacturing sector, an employer will have to meet specific requirements for business activity, worker’s source country or region, quota and levy.

REGULATORY OVERVIEW

An employer can be considered to be under the manufacturing sector if it meets all of these requirements:

- (a) Has a valid factory notification or registration.
- (b) Use machinery to manufacture or produce items from raw materials.
- (c) Operates in a designated industrial setting area.

An employer can employ migrant workers from Malaysia, the PRC and North Asian sources (“NAS”) comprising Hong Kong (holders of HKSAR passports), Macau, South Korea and Taiwan. The minimum age for all non-domestic migrant workers is 18 years old. When applying for a Work Permit, Malaysian workers must be below 58 years old; and non-Malaysian workers must be below 50 years old.

For the manufacturing sector, the maximum number of years a worker can work in Singapore on a Work Permit is as follows:

Source Country/Region	Types of Workers	Maximum Period of Employment
PRC	Basic-skilled (R2)	14 years
PRC	Higher-skilled (R1)	22 years
NAS, Malaysia	All	No maximum period of employment.

The number of Work Permit holders that an employer can hire is limited by quota (or dependency ratio ceiling) and subject to a levy. The levy rates are tiered so that those who hire close to the maximum quota will pay a higher levy.

An employer pays less levy for higher-skilled migrant workers. An employer can apply for the higher-skilled worker levy rate for workers possessing specific certificates of certain types of qualifications.

Before their Work Permits can be issued, first-time non-Malaysian Work Permit holders in the manufacturing sector must attend the Settling-in Programme.

Migrant workers who handle metals and machinery in metalworking industry must complete either the Metalworking Safety Orientation Course or Apply Workplace Safety and Health in Metal Work Course before an employer can get their Work Permits issued. Such migrant workers must complete the course within two weeks from arrival in Singapore and pass the course within three months of arrival, or their Work Permits may be revoked.

REGULATORY OVERVIEW

Central Provident Fund Act

The Central Provident Fund Act 1953 of Singapore (the “**CPF Act**”) governs the contributions made by employers and employees into the central provident fund (the “**Fund**”). The CPF Act is administered by the Central Provident Fund Board.

Section 7(1) of the CPF Act provides that subject to Section 69 of the CPF Act and any regulations made under Section 77 of the CPF Act, every employer of an employee shall pay to the Fund monthly in respect of each employee contributions at the appropriate rates set out in the First Schedule of the CPF Act.

Under Section 7(2) of the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer is allowed to recover from the monthly wages of an employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

Where the amount of the contributions which an employer is liable to pay under Section 7 of the CPF Act in respect of any month is not paid within such period as may be prescribed, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and the interest is to be calculated at the rate of 1.5% per month or the sum of S\$5, whichever is the greater.

Where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act and fails to pay the contributions to the Fund within such time as may be prescribed, the employer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven years or to both.

Any person convicted of an offence under the CPF Act for which no penalty is provided, subject to exceptions, shall be liable on conviction (a) to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six months or to both; and (b) if that person is a repeat offender in relation to the same offence, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Companies Act and Constitution

The Companies Act 1967 of Singapore generally governs, among other things, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new ordinary shares and preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders’ rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

REGULATORY OVERVIEW

In addition, members of a company are subject to, and bound by the provisions of the Constitution. The Constitution contains, among other things, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

Singapore Taxation

The discussion in this section is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

Corporate Tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of dividends, branch profits and service fee income received or deemed to be received in Singapore by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specified conditions are met.

Section 43(1) of the Income Tax Act 1947 of Singapore (“**ITA**”) provides, among other things, that the prevailing corporate income tax rate is 17%. Section 43(6B) of the ITA provides, among other things, that there is partial tax exemption for normal chargeable income of up to S\$200,000 as follows:

- (a) 75% exemption of up to the first S\$10,000 of normal chargeable income; and
- (b) a further 50% exemption on the next S\$190,000 of normal chargeable income.

The chargeable income of a company in excess of the first S\$200,000 (after the partial tax exemption) will be fully taxable at the prevailing corporate income tax rate of 17%.

Dividend Distributions and Withholding Tax

All Singapore tax resident companies are under the one-tier corporate taxation system of Singapore (the “**One-Tier System**”). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (one-tier) dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

REGULATORY OVERVIEW

Singapore currently does not impose withholding tax on dividends paid to resident or non-resident shareholders. Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries or countries of residence and the applicability of any double taxation agreement which the relevant tax jurisdiction may have with Singapore.

Goods and Services Tax

The Goods and Services Tax Act 1993 of Singapore governs goods and services tax (“GST”), which is a consumption tax that is levied on the import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore. GST on the import of goods into Singapore is collected by the Singapore Customs while GST on local supplies of goods and services is collected by GST-registered persons.

The prevailing rate of GST is 9%. Certain supplies are exempt from GST. Broadly, these include the provision of certain financial services, and the sale and lease of residential properties. The provision of international services and the export of goods are generally zero-rated (i.e. subject to GST at a rate of 0%).

Stamp Duty

There is no stamp duty payable on the subscription and issuance of shares.

Where shares evidenced in certificate form are acquired in Singapore and where a company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of such shares at the rate of 0.2% of the consideration for, or the net asset value of, such shares, whichever is higher. The purchaser has an obligation to pay stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore, is subsequently received in Singapore.

The Stamp Duties Act 1929 of Singapore was amended by the Stamp Duties (Amendment) Act 2017 of Singapore with effect from 11 March 2017 to, among other things, introduce the additional conveyance duty to be levied on acquisitions and disposals of equity interests in property-holding entities that own primarily residential properties in Singapore, and imposed the obligation to pay stamp duty once the agreement for the sale and purchase of shares was executed. However, pursuant to the Stamp Duties (Agreements for Sale of Equity Interests) (Remission) Rules 2018 of Singapore which came into operation on 11 April 2018, the position on stamp duty for the sale and purchase of shares before the enactment of the Stamp Duties (Amendment) Act 2017 of Singapore was reinstated. Stamp duties for agreements for the sale and purchase of shares were remitted with effect from 11 April 2018 except where the shares to be transferred are in property-holding entities. Accordingly, stamp duty in respect of the sale and purchase of shares remains payable on the instrument of transfer.

Personal Data Protection Act

The Personal Data Protection Act 2012 of Singapore (the “**PDPA**”) establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organisation) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals.

The PDPA currently imposes ten data protection obligations on organisations collecting, using or disclosing personal data of individuals, namely, the accountability obligation, the notification obligation, the consent obligation, the purpose limitation obligation, the accuracy obligation, the protection obligation, the retention limitation obligation, the transfer limitation obligation, the access and correction obligation, and the data breach notification obligation.

The Personal Data Protection (Amendment) Bill of Singapore has introduced a new data portability obligation, which will take effect when the relevant regulations are issued. Under the data portability obligation, at the request of the individual, organisations are required to transmit the individual’s data that is in the organisation’s possession or under its control, to another organisation in a commonly used machine-readable format.

LAWS AND REGULATIONS IN MALAYSIA

Business Operation

Local Government Act 1976 (“LGA 1976”)

For its business premise, SGP Malaysia requires a business licence from the local authority. The LGA 1976 which provides for the powers of a local authority to grant certain licence or permit also confers on the local authority powers to make, amend and revoke by-laws such as the following by-laws:

- (a) The Licensing of Trades, Businesses and Industries (Iskandar Puteri City Council) By-Laws 2018 provides that no person shall use any place or premises, within the area of the Iskandar Puteri City Council for any trade, business or industry without a licence issued by the Iskandar Puteri City Council.
- (b) The Advertisement (Johor Bahru Tengah District Council) By-Laws 1982 provides that no person shall exhibit or cause to be exhibited any advertisement without a licence issued by the Iskandar Puteri City Council.

Any person who contravenes any of the provisions under these by-laws shall be liable to a fine not exceeding RM2,000 or to imprisonment not exceeding one year or to both.

REGULATORY OVERVIEW

Personal Data Protection Act 2010 (“PDPA 2010”)

The PDPA 2010 is an act to regulate the collection, processing, storage, transfer and retention of individuals’ personal data. It applies to the processing of personal data in commercial transactions including but not limited to employment relationships where a data user is obliged to comply with the personal data protection principles as set out in the PDPA 2010.

The PDPA 2010 prohibits data users from collecting and processing a data subject’s personal data without his consent. Data users are prohibited from disclosing or making the data available to any third party without the consent of data subjects and data users are to inform data subjects on the purpose of its data collection, the class of third party who may have access to the data and the choices that data subjects have on how the data is to be used. In this regard, any processing of data by an employer related to its employees would require consent from the employees. Pursuant to the PDPA 2010, data users are under a duty to develop and implement a security policy to prevent the loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction of data under their care.

A data user who contravenes the foregoing commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment not exceeding two years or to both.

Property and Equipment

National Land Code (Revised 2020) (“NLC”)

The NLC is an act to amend and consolidate the laws relating to land within the Peninsular Malaysia and the Federal Territories.

Pursuant to the NLC, the title or interest of any person or body for the time being registered as proprietor of any land shall be indefeasible unless the exceptions under the NLC apply.

Under the NLC, land is alienated by a state authority either as freehold land (in perpetuity) or as leasehold land (for a term not exceeding 99 years). Land may be subject to one of 3 categories of land use, being “agriculture”, “building” and “industry” which is subject to the respective implied conditions in the NLC.

Under the NLC, the proprietor of any alienated land may grant leases of the whole or any part thereof for a term exceeding 3 years or a tenancy for a term not exceeding 3 years. The interest of any lessee or tenant shall, whether or not it takes effect in possession, vest in the lessee on the registration of the lease or in the tenant on the grant of the tenancy.

For further details on the production facility in Malaysia owned by SGP Malaysia, please refer to the section sub-headed “Business — Properties”.

REGULATORY OVERVIEW

Street, Drainage and Building Act 1974 (“SDBA 1974”)

The SDBA 1974 is an act to amend and consolidate the laws relating to street, drainage and building in local authority areas in Peninsular Malaysia.

Under the SDBA 1974, any person who occupies or permits to be occupied any building without a certificate of completion and compliance shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment not exceeding 10 years or to both. The SDBA 1974 further provides that no certificate of completion and compliance shall be issued except by a principal submitting person in accordance with the SDBA 1974.

For further details on the certificate issued in the name of SGP Malaysia under the SDBA 1974, please refer to the section sub-headed “Business — Licences, Permits and Approvals”.

Fire Services Act 1988 (“FSA 1988”)

The FSA 1988 is an act to make necessary provisions for, amongst others, the protection of persons and property from fire risks or emergencies.

Under the FSA 1988, every designated premise shall require a fire certificate to be issued by the Fire and Rescue Department of Malaysia. Under the Fire Services (Designated Premises) Order 1998, a designated premise includes, among others, a factory which is 2,000 square metres and over in total floor areas with automatic sprinklers systems.

Where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment not exceeding five years or to both.

For further details on the certificate issued in the name of SGP Malaysia under the FSA 1988, please refer to the section sub-headed “Business — Licences, Permits and Approvals”.

Environment Protection

Environmental Quality Act 1974 (“EQA 1974”)

The EQA 1974 is an act relating to the prevention, abatement, control of pollution and enhancement of the environment.

The EQA 1974 provides that no person shall, among others, place, deposit or dispose of, except at prescribed premises only, any scheduled wastes on land or into Malaysian waters, without prior written approval of the Director General of Environmental Quality. Any person who contravenes the foregoing shall be guilty of an offence and shall on conviction be punished with imprisonment not exceeding five years and shall also be liable to a fine not exceeding RM500,000. As at the Latest Practicable Date, the Environmental Quality (Amendment) Act 2024 (“EQAA 2024”) has been enacted but has not come into

REGULATORY OVERVIEW

force. The EQAA 2024 will come into operation on a date to be appointed by the Ministry of Natural Resources and Environmental Sustainability by notification in the gazette. Once the EQAA 2024 comes into operation, the aforementioned punishment will be increased to imprisonment not exceeding five years and fine of not less than RM100,000 and not exceeding RM1,000,000.

The Environmental Quality (Scheduled Wastes) Regulations 2005 further obliges any person who generates scheduled wastes to, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality of the new categories and quantities of scheduled wastes which are generated and to ensure that such person do not store scheduled waste more than 180 days after its generation. Any person who generates scheduled wastes shall also ensure that scheduled wastes generated by him are properly stored, treated on-site, recovered on-site for material or product from such scheduled wastes or delivered to and received at prescribed premises for treatment, disposal or recovery of material or product from scheduled wastes.

Employment and Labour Protection

Employment Act 1955 (“EA 1955”)

The EA 1955 is an act which provides minimum terms and conditions of employment to be adhered to including but not limited to overtime, sick leave, annual leave entitlement, maternity protection and termination benefits.

The EA 1955 provides that any term or condition of a contract of service or of an agreement which is less favourable to an employee than that prescribed under the EA 1955 shall be void and have no effect. To this extent, the more favourable provisions of the EA 1955 will prevail. Conversely, an employer and employee may agree to any terms or conditions of employment which is more favourable to the employee than the provisions of the EA 1955.

Any person who contravenes any provisions of the EA 1955, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

Employment (Restriction) Act 1968 (“ERA 1968”)

The ERA 1968 is an act to provide for the restriction of employment in certain business activities in Malaysia of non-citizens and the registration of such non-citizens.

The ERA 1968 provides that no person shall employ in Malaysia, a non-citizen unless there has been a valid employment permit issued for the non-citizen. It further provides that any person who fails to comply with the foregoing commits an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment not exceeding one year or to both.

REGULATORY OVERVIEW

Immigration Act 1959/63 (“IA 1959/63”)

The IA 1959/63 is an act relating to immigration laws. Pursuant to the IA 1959/63, no person other than a citizen shall enter Malaysia unless the following, among others, applies:

- (a) he is in possession of a valid entry permit;
- (b) his name is endorsed upon a valid entry permit and he is in the company of the holder of such entry permit; or
- (c) he is in possession of a valid pass.

The IA 1959/63 provides that any person who employs any person, other than a citizen or a holder of an entry permit who is not in possession of a valid pass, shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to imprisonment not exceeding 12 months or to both for each such employee.

National Wages Consultative Council Act 2011 (“NWCCA 2011”)

The NWCCA 2011 is an act to establish a National Wages Consultative Council to conduct studies on all matters concerning minimum wages and to make recommendations to the government of Malaysia to make minimum wages orders.

The NWCCA 2011 provides that an employer who fails to pay the basic wages as specified in the minimum wages order to his employees commits an offence and shall, on conviction, be liable to a fine of not more than RM10,000 for each employee and in the case of a continuing offence, in addition to any other penalty in respect of such offence, to a daily fine not exceeding RM1,000 for each day the offence continues after conviction.

Employees Provident Fund Act 1991 (“EPFA 1991”)

The EPFA 1991 is an act governing the scheme of savings for employees’ retirement and the management of the savings for the retirement purposes.

By virtue of the EPFA 1991, a fund called the “Employees Provident Fund” is established into which shall be paid, among others, all contributions required to be made thereunder. The EPFA 1991 provides that an employer shall be liable to pay both the contributions payable by the employer and also, on behalf of and to the exclusion of its employee, the contributions payable by that employee. The employee’s portion of contributions is deducted from his salary. The amount of contribution payable is calculated based on the amount of wages of the employees at the rate set out in the EPFA 1991. It further provides that an employer who fails, within such prescribed period, to pay to the Employees Provident Fund the contributions shall be guilty of an offence and shall, on conviction, be liable to imprisonment not exceeding three years or to a fine not exceeding RM10,000 or to both.

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Employees' Social Security Act 1969 ("ESSA 1969")

The ESSA 1969 is an act to provide social security in certain contingencies and to make provision for certain other matters in relation to it.

The ESSA 1969 provides that all employees in industries to which the ESSA 1969 applies, irrespective of the amount of wages, shall be insured in the manner provided by the ESSA 1969. ESSA 1969 further provides that the employer shall pay the contribution payable by the employer and the contribution payable by the employee to the Social Security Organization at the rates specified in the ESSA 1969. Similarly, the contributions by the employee are deducted from the salary. It further provides that if any person, among others, fails to pay any contribution or any part thereof which is payable by him under the ESSA 1969 or fails to pay within the prescribed time any interest payable, or is guilty of any contravention of or non-compliance with any of the requirements of the ESSA 1969 in respect of which no special penalty is provided, he shall be punishable with imprisonment up to two years, or with a fine not exceeding RM10,000, or to both.

Employment Insurance System Act 2017 ("EISA 2017")

The EISA 2017 is an act to provide for the Employment Insurance System administered by the Social Security Organization.

The EISA 2017 provides that all employees in the industries to which the EISA 2017 applies shall be registered and insured by the employers irrespective of the amount of wages. It provides that the contributions payable under the EISA 2017 shall comprise a contribution payable by the employer and a contribution payable by the employee to be paid to the Social Security Organization at the rates specified in the EISA 2017 based on the amount of the monthly wages of the employee. If the amount of the monthly contribution payable by the employer in respect of an employee is not paid within the relevant period, the employer shall be liable to pay interest on such amount to the Social Security Organization at the rate as prescribed by the Minister of Human Resources in respect of any period during which such amount remains unpaid.

The Employment Insurance System (Registration And Contribution) Regulations 2017 provides that any employer who fails to comply with the requirement to pay the contributions not later than the fifteenth day of the month immediately following the month in respect of which such contribution becomes due, commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment not exceeding two years or to both.

Safety and Health of Employees

Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 is an act to make provisions for, amongst others, securing the safety, health and welfare of persons at work and for protecting others against risks to safety or health in connection with the activities of persons at work. By virtue of the OSHA 1994, every employer is under an obligation to ensure, so far as is practicable, the safety, health

REGULATORY OVERVIEW

and welfare to work of all his employees excluding domestic employment, armed forces and work on board ships. A principal has the duty to take necessary measures, so far as is practicable, to ensure the safety of contractors and sub-contractors as well as to conduct and implement risk assessment. Any person who contravenes the foregoing provisions under the OSHA 1994 is guilty of an offence and is liable on conviction to a fine not exceeding RM500,000 or to imprisonment not exceeding two years or to both.

Pursuant to the Factories and Machinery (Repeal) Act 2022 (“**FMRA 2022**”), the Factories and Machinery Act 1967 (“**FMA 1967**”) was repealed effective from 1 June 2024 and the provisions of the FMA 1967 were integrated into the OSHA 1994. The FMA 1967 provided that no person shall install or caused to be installed any machinery in any factory except with the written approval of the Inspector of Factories and Machinery. Any person who contravenes the foregoing shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment not exceeding two years or to both.

All approvals issued under the repealed FMA 1967 are now dealt with under the OSHA 1994. For further details on the approval issued in the name of SGP Malaysia for the machinery under the repealed FMA 1967, please refer to the section sub-headed “Business — Licences, Permits and Approvals”.

Taxation

Income Tax Act 1967 (“ITA 1967”)

The ITA 1967 is an act for the imposition of income tax. Pursuant to the ITA 1967, income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Companies in Malaysia are generally taxed at 24% on its chargeable income.

The Director General of Inland Revenue may seek to impose penalties on a taxpayer for failure to file a tax return under Section 112 of the ITA 1967, for making an incorrect return under Section 113 of the ITA 1967 and/or for wilful evasion of taxes under Section 114 of the ITA 1967. Under Section 112 of the ITA 1967, a maximum penalty of up to 300% of the tax payable and a fine of up to RM20,000 may be imposed. Under Section 113 of the ITA 1967, a maximum penalty of up to 200% of the tax undercharged and a fine of up to RM10,000 may be imposed. Under Section 114 of the ITA 1967, any person who wilfully and with the intent to evade, or assist any other person to evade, tax is guilty of an offence if he omits income from his return, makes a false statement or entry in his return, or commits fraud. A fine of RM1,000 to RM20,000 and/or imprisonment up to three years, and a special penalty of treble the tax undercharged may be imposed.

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Sales Tax Act 2018 and Service Tax Act 2018

Pursuant to the Sales Tax Act 2018, sales tax is levied on taxable goods manufactured in Malaysia by a registered manufacturer. Sales tax is also imposed upon taxable goods imported into Malaysia by any person. The applicable sales tax rate depends on the type of taxable goods manufactured or imported into Malaysia.

Pursuant to the Services Tax Act 2018, service tax is chargeable on the provision of prescribed taxable services, as follows:

- (a) taxable services provided in Malaysia by a registered person in carrying on his business, if the relevant threshold is reached;
- (b) taxable services acquired by any person in Malaysia from any person who is outside Malaysia (recipient of the imported services is liable to account for service tax, instead of the service provider, in this situation); and
- (c) provision of “digital services” by foreign service providers to any “consumer” in Malaysia.

“Taxable services” are as specified in the Service Tax Regulations 2018 and include, among others, consultancy services, digital services and management services.

Customs Duties

Customs Act 1967 (“CA 1967”)

The CA 1967 is an act relating to customs. The customs duties payable depends on the type and nature of goods along with its tariff classification.

Pursuant to the CA 1967, the Director General of Customs and Excise of Malaysia may grant a licence to any person to carry on any manufacturing process and other operations in respect of goods liable to customs duties. Any such licence would also include a licence for warehousing the goods liable to customs duties. A licenced manufacturing warehouse approved under the CA 1967 may be entitled to certain exemption from customs duties in respect of raw materials, components, machinery or equipment used in the manufacturing process subject to the terms and conditions thereof.

Under Section 138 of the CA 1967, every omission or neglect to comply with and every act done or attempted to be done contrary to, the provisions of the of CA 1967, or any breach of the conditions and restrictions subject to, or upon which, any licence or permit is issued or any exemption is granted under of the CA 1967, shall be an offence against of the CA 1967 and in respect of any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding RM50,000 or to a term of imprisonment not exceeding five years, or both.

REGULATORY OVERVIEW

Foreign Exchange Control

Financial Services Act 2013 (“FSA 2013”)

In exercise of the power conferred by the FSA 2013, the Central Bank of Malaysia issued Foreign Exchange Policy Notices which, amongst others, regulate the remittance of funds from and into Malaysia. Pursuant to the Foreign Exchange Policy Notices:

- (a) non-residents are free to make or receive payment in Malaysian ringgit, in Malaysia, to or from residents for, among others, the income earned or expense incurred in Malaysia or the settlement of a trade in goods or services;
- (b) residents are free to make or receive payment in foreign currency, to or from non-residents for any purpose, excluding payment for certain derivative related exceptions, in accordance with the Foreign Exchange Policy Notice; and
- (c) non-residents are free to repatriate from Malaysia, funds including any income earned or proceeds from divestment of Malaysian ringgit assets, provided that the repatriation is made in foreign currency in accordance with the Foreign Exchange Policy Notices.

Any person who fails to comply with the Foreign Exchange Policy Notices is guilty of an offence and is liable on conviction to imprisonment for 10 years or to a fine not exceeding RM50,000,000 or to both.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisers, have provided the following summary of the sanctions regimes imposed by the U.S., EU, UK, UN and Australia. This summary does not intend to set out the laws and regulations relating to the U.S., EU, UK, UN and Australian sanctions in their entirety.

U.S.

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organised under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity’s domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies’ foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens (“green card” holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

REGULATORY OVERVIEW

Depending on the sanctions programme and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorisation or licence from OFAC.

OFAC’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

UN sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of UN and override other obligations of UN member states.

European Union

Under EU sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to EU sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As at 1 January 2021, UK is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in UK until 31 December 2020. EU sanctions measures had also been extended by UK on a regime by regime basis to apply in UK overseas territories, including the Cayman Islands. Starting from 1 January 2021, UK applies its own sanctions programmes and has extended its autonomous sanctions regimes to apply to and in UK overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.

HISTORY AND DEVELOPMENT

HISTORY AND BACKGROUND

We are a precision engineering services provider headquartered in Singapore, specialising in providing precision machining and precision welding services for international companies in the semiconductor and other sectors. Our history could be traced back to January 2000 when Dato' Sri Chua, an executive Director, our chief executive officer, Chairman of our Board and a Controlling Shareholder, together with his brother-in-law, Mr. Lee Chong Hoe, incorporated our first key operating subsidiary, Metasurface Technologies, in Singapore.

We started our business by machining simple parts and focusing on machining components for sputter machines, a system to manufacture hard disc drive components. With more advanced capabilities to machine more complex components and parts, in 2009, we started providing our precision machining services for the semiconductor industry. Throughout the years, we continued to ramp up our technologies and production capabilities to machine more complex parts which has shaped our current business offerings. In 2014, we acquired SGP Malaysia as a subsidiary of our Group and, by expanding our production facility in Johor, Malaysia, we further enhanced our manufacturing capacity to cope with the increasing demand for our services. In 2021, we acquired SPW (which, immediately prior to our acquisition, was held as to 50% by Dato' Sri Chua and 50% by Ms. Pang) to consolidate SPW's precision welding know-how, capabilities and operations into our Group, in order to expand our Group's precision engineering services' offerings to comprise precision welding services in addition to precision machining services.

Key business milestones

The table below shows a summary of our key achievements and business milestones since our establishment:

Year	Milestone Event
2000	Our first key operating subsidiary, Metasurface Technologies, was incorporated, mainly focusing on machining components for sputter machines, a system to manufacture hard disc drive components
2009	Metasurface Technologies began to provide precision machining services to our first customer in the semiconductor industry
2014	SGP Malaysia became a subsidiary of our Group
2015	Metasurface Technologies expanded its customer base to the aerospace industry

HISTORY AND DEVELOPMENT

Year	Milestone Event
2016	<p>Metasurface Technologies first became an approved supplier of Customer A</p> <p>To cope with the growing demands of our services, we expanded our own production facility in Johor, Malaysia through SGP Malaysia</p>
2021	<p>We began to manufacture components for one of our key customers which is engaged in the oil and gas business</p> <p>We acquired SPW to consolidate its precision welding know-how, capabilities and operations into our Group</p> <p>We entered into the Licence Agreement with Accelerate, pursuant to which, Accelerate grants our Group the rights to, among others, use Accelerate’s technologies and intellectual property rights to develop enhancements on, and to commercialise, Accelerate’s technologies and licenced products</p> <p>We secured investments in Metasurface Technologies for a total amount of S\$3,910,000 from nine investors. For details, see “— Pre-IPO Investments — 1st Pre-IPO Investment by nine investors”</p>
2022	<p>We entered into the 2nd Pre-IPO Investment with Accelerate in connection with the Licence Agreement. For details, see “— Pre-IPO Investments — 2nd Pre-IPO Investment by Accelerate”</p> <p>We entered into the 3rd Pre-IPO Investment with MMI and secured an investment of S\$1,000,000. For details, see “— Pre-IPO Investments — 3rd Pre-IPO Investment by MMI”</p>

Founding of our Group

Our Group was established in January 2000 when our first key operating subsidiary, Metasurface Technologies, was incorporated by Dato’ Sri Chua and his brother-in-law, Mr. Lee Chong Hoe, who funded the initial contributions by their personal wealth from savings and investments. For details of Dato’ Sri Chua’s biography, see “Directors and Senior Management — Board of Directors — Executive Directors”. Mr. Lee Chong Hoe had divested his interests in our Group by 2003, as he intended to focus on his other business ventures.

HISTORY AND DEVELOPMENT

CORPORATE DEVELOPMENT

Our Group comprises our Company and three subsidiaries which had each commenced business after their respective incorporation dates. The information of our Group companies, together with their corporate development history, are as follows:

Our Company

Our Company was incorporated on 7 December 2021 in the Cayman Islands as an exempted company with limited liability. On incorporation, our authorised share capital was HK\$380,000, divided into 380,000,000 Shares of HK\$0.001 each, of which one Share was issued and allotted to our initial subscriber, who was an independent third party, and subsequently transferred to SGP BVI on the same day.

Our Company is an investment holding company. As part of our Reorganisation, our Company became the holding company of our Group and will be the vehicle of the Listing. For details, see “— Reorganisation”.

Our subsidiaries

Metasurface Technologies

Metasurface Technologies was incorporated under the name “Q’son Precision Engineering Pte Ltd” on 6 January 2000 in Singapore as an exempt private company limited by shares. Metasurface Technologies is the principal operating entity of our precision machining services. On incorporation, Metasurface Technologies had two ordinary shares, of which one ordinary share was issued and allotted to Dato’ Sri Chua and one ordinary share was issued and allotted to Mr. Lee Chong Hoe, the brother-in-law of Dato’ Sri Chua. Mr. Lee Chong Hoe ceased to be a shareholder of Metasurface Technologies in 2003. Subsequent to a series of share transfers among and share allotments to the Chua family and independent investors over the years, as at 1 January 2021 and until the commencement of the Reorganisation, Metasurface Technologies was held by Dato’ Sri Chua, Mrs. Chua, Mr. Ng Cheow Boo, Mr. Jee Wee Chek, Ms. Chong Siow Ming and Mr. Lee Liang Seng as to approximately 65.98%, 28.17%, 5.41%, 0.26%, 0.13% and 0.05%, respectively. Mr. Ng Cheow Boo, Ms. Chong Siow Ming and Mr. Lee Liang Seng are personal friends of Dato’ Sri Chua and Mrs. Chua, and are independent third parties of our Group. Mr. Jee Wee Chek is Dato’ Sri Chua’s brother-in-law and Mrs. Chua’s brother.

SPW

SPW was incorporated under the name “Fluid Science (S.E.A.) Precision Engineering Pte. Ltd.” on 15 November 2006 in Singapore as a private company limited by shares. SPW is the principal operating entity of our precision welding business. On incorporation, SPW had 20,000 ordinary issued shares, of which 10,000 ordinary shares were issued to Mr. Chua Hong Kim, the father of Dato’ Sri Chua, and 10,000 ordinary shares were issued to Ms. Lee Heng Ngoh, the mother of Dato’ Sri Chua. On 17 March 2015, each of Mr. Chua Hong Kim and Ms. Lee Heng Ngoh transferred all shares held by them to Dato’ Sri Chua and Ms. Pang, a director of SPW and spouse of Mr. Soh (a director of SGP Malaysia), respectively,

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at a nominal consideration of S\$1 by each of them. The nominal consideration of S\$1 was arrived at among the parties based on the family arrangements for Dato' Sri Chua to inherit the business from his parents, and incentives for recruiting Mr. Soh to join the company. Fluid Science (S.E.A.) Precision Engineering Pte. Ltd. was renamed to Singapore Precision Welding Pte. Ltd. on 23 March 2015. On 21 November 2016, SPW issued and allotted 25,000 ordinary shares to each of Dato' Sri Chua and Ms. Pang, respectively. Since then and immediately prior to the implementation of the Reorganisation, SPW remained 50% owned by each of Dato' Sri Chua and Ms. Pang, respectively.

SGP Malaysia

SGP Malaysia was incorporated on 6 August 2013 in Malaysia as a private company limited by shares. SGP Malaysia holds and operates our manufacturing plant in Malaysia. On incorporation, SGP Malaysia had two ordinary issued shares, with one ordinary share issued and allotted to each of the two former employees of SGP Malaysia. On 5 May 2014, SGP Malaysia issued and allotted 1,360,830 ordinary shares to Metasurface Technologies. On 22 January 2015, each of the two former employee shareholders transferred their one share to Metasurface Technologies at a nominal consideration of Malaysian ringgit 1. Since then, SGP Malaysia became wholly-owned by Metasurface Technologies immediately prior to the implementation of the Reorganisation.

Investment in an associate

Metaoptics Technologies

On 15 June 2021, Metaoptics Technologies was incorporated in Singapore as a private company limited by shares. Upon incorporation, Metaoptics Technologies was held as to 90% by Metasurface Technologies and as to 10% by Mr. Thng, an executive Director and a substantial Shareholder of our Company. At the relevant time, Metaoptics Technologies was an insignificant subsidiary of our Group.

Metaoptics Technologies is principally engaged in the metalens technology business, an industry our Group had no prior experience in which, our Directors believe, has high-growth potentials. Since its inception, it had always been our Directors' intention that Metaoptics Technologies will be a long-term investment of our Group with Mr. Thng (who has extensive experiences in the related technological, electronics, process and product engineering fields, as elaborated in “— Mr. Thng's role in our Group” below) spearheading its entire business operations and strategic development. As in the case of other start-up companies in new and high-growth industries, it had long been the mutual understanding that Metaoptics Technologies will require additional funding from other independent third party investors and thus the equity interests of both Metasurface Technologies and Mr. Thng in Metaoptics Technologies will eventually be diluted.

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Metaoptics Technologies is intended to be a source of long-term investment returns with minimal cashflow injection from our Group. Since its incorporation, the support we rendered to Metaoptics Technologies has largely been intangible in nature, such as the sharing of our administrative resources for its initial development (as further elaborated in “Continuing Connected Transactions — Shared Administrative Services” in this prospectus) and the provision of an established corporate platform (with our existing reputation and industry position within the semiconductor sector) to launch its initial shareholder and customer base. To the best of our Directors’ knowledge, the optical metalens can be manufactured by the fabrication equipment from the semiconductor industry and our Group’s major customers in the semiconductor sector are also expanding or contemplating to expand their business involving metalens to diversify their product portfolio. Therefore, the optics business of Metaoptics Technologies is also expected to bring our Group synergised business development opportunities. In return for our support, Mr. Thng has agreed to contribute his extensive industry experience and connections to, as an executive Director, advise on the general corporate development (including fundraising opportunities in the form of the Pre-IPO Investments), product offerings and customer base of our Group as a whole.

During the course of Metaoptics Technologies’ initial development, our Group has conducted the following additional corporate actions as a form of non-monetary support:

- (a) *Transfer of patents.* From September 2021 to November 2021, Mr. Thng transferred 12 patents registered under his name to Metaoptics Technologies. From our Group’s perspective, the 12 patents provide an initial technical base for Metaoptics Technologies’ business development (which our Directors believe will eventually generate investment returns), serving as a strong technical portfolio to demonstrate the combined capabilities of Metasurface Technologies and Metaoptics Technologies to potential investors and customers, and to pave for other potential opportunities for third-party patent licencing arrangements in the future. In view of these benefits and in consideration of the transfer of these patents, Dato’ Sri Chua agreed to grant Mr. Thng shares and anti-dilution rights under the Anti-dilution Undertaking and the Metaoptics Anti-dilution Undertaking as described in “— Anti-dilution Undertaking” and “— Metaoptics Anti-dilution Undertaking” below.
- (b) *2nd Pre-IPO Investment.* On 14 October 2022, Accelerate subscribed to a 5% equity interest in Metasurface Technologies, the consideration of which was offset by a S\$2,880,000 upfront licencing fee payable by Metasurface Technologies for certain technologies licenced under the License Agreement. These technologies are mainly related to the optics business and used by Metaoptics Technologies for its continual business development. Accelerate became a Shareholder of our Company upon completion of the Reorganisation and has also become a shareholder of Metaoptics Technologies on 22 March 2024. As a result of the 2nd Pre-IPO Investment, an amount due from an associate in the amount of S\$2,880,000 (equivalent to the upfront licencing fee payable under the Licence Agreement) was recognised in our consolidated statements of financial position once Metaoptics Technologies ceased to be our subsidiary and became our

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associate. Such amount is payable by Metaoptics Technologies upon demand and is expected to be settled by the on-going operating cash generated by Metaoptics Technologies and investment from its investors. For details of the 2nd Pre-IPO Investment, see “— Pre-IPO Investments — 2nd Pre-IPO Investment by Accelerate” and for details of the License Agreement, see “— Business — Research and Development — Investment in associate — The Licence Agreement”.

Up until May 2023, Metaoptics Technologies has continually developed its initial product offerings and successfully raised funds from different independent third-party investors. In line with our Group’s original intention for Metaoptics Technologies to be a form of investment for long-term growth and returns, we have reached an understanding with Mr. Thng to dispose of our control in Metaoptics Technologies and transfer our approximately 33.32% equity interests to Mr. Thng at a consideration of S\$180,000 in aggregate. In addition, this transfer was also prompted by our Directors’ understanding that a number of potential investors of Metaoptics Technologies have indicated, as a matter of investment philosophy and condition, that Mr. Thng, being the key personnel with extensive experiences in the optics industry spearheading the development of Metaoptics Technologies, shall be its largest shareholder and take more substantive control over the company. Our Group remained as an investor with approximately 20.19% equity interests in Metaoptics Technologies immediately after the transfer. Metaoptics Technologies then ceased to be our subsidiary and instead became an associate of our Group.

The transfer of our approximately 33.32% equity interests in Metaoptics Technologies to Mr. Thng resulted in the recognition in our consolidated statements of comprehensive income for the year ended 31 December 2023 (a) gains on disposal of a subsidiary of approximately S\$2.5 million, and (b) share-based payments of approximately S\$2.1 million because the transfer is perceived to be a form of compensation to remunerate Mr. Thng’s past services and contribution to our Group as an employee. The consideration of this transfer, being S\$180,000, was at a discount to the then fair value of Metaoptics Technologies. Our Directors, in agreeing to this discount, have taken into account that (i) Mr. Thng has continued to be the only key personnel with meaningful experiences and industry connections to spearhead the operations and business development of Metaoptics Technologies, (ii) the continual contributions and advice of Mr. Thng, aside from his duties in Metaoptics Technologies, to our Group, such as his technical knowledge on the product and process engineering field and his successful introduction of Accelerate and MMI as Pre-IPO Investors to our Company, as disclosed in “— Mr. Thng’s role in our Group” below, (iii) Metaoptics Technologies, after the initial ramp-up period, is expected to operate independently without significant support from our Group, and (iv) our actual monetary investment into Metaoptics Technologies has been minimal.

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Mr. Thng's role in our Group

Dato' Sri Chua first became acquainted with Mr. Thng in around 2011 when Mr. Thng was employed at one of our Group's customers at that time. Mr. Thng was then responsible for directly liaising with Dato' Sri Chua and our Group's relevant employees on handling the procurement from our Group.

Since joining our Group in July 2021, Mr. Thng has been contributing to the growth of our Group's business by providing technical knowledge and advice on our Group's operations by leveraging his familiarity with our Group's customers based on his previous work experience at Benchmark Electronics Manufacturing (S) Pte Ltd and knowledge on the product and process engineering field in general. Mr. Thng has also been continuously exploring new potential opportunities for our Group to expand its product offerings and customer base.

Mr. Thng has also contributed to the fund-raising activities of our Group. Since 2021, he has introduced several pre-IPO investors to our Group and negotiated terms of the investments on behalf of our Company. In particular, he successfully brought in Accelerate and MMI as two of our Company's Pre-IPO Investors in 2021 and 2023, respectively, in which he represented our Company in commercial negotiations for these Pre-IPO Investments. For details on the Pre-IPO Investments by Accelerate and MMI, see “— Pre-IPO Investments — 2nd Pre-IPO Investment by Accelerate” and “— Pre-IPO Investments — 3rd Pre-IPO Investment by MMI”, respectively.

Other than building relationships with external parties on behalf of our Company, Mr. Thng has also been taking part in our Group's internal affairs such as administration, human resources and corporate governance. He assisted in selecting suitable employees and external advisers to facilitate our Group's daily operations and improve corporate governance.

Transfer of Mr. Thng's patents

Mr. Thng transferred 12 patents to Metaoptics Technologies from September 2021 to November 2021. The following table sets out details of the transferred patents:

No.	Patent name	Type of patent	Place of registration	Patent number	Application date	Expiry date
1.	Optical Module and Manufacturing Method thereof and Method for Soldering Optical Module on Printed Circuit Board (光學模組及其製造方法與焊接光學模組於電路板的方法)	Invention	Taiwan	1722528	8 August 2019	7 August 2039
2.	Optical Module (光學模組)	Utility model	Taiwan	M586360	11 November 2019	7 August 2029

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No.	Patent name	Type of patent	Place of registration	Patent number	Application date	Expiry date
3.	Optical Module (光學模組)	Invention	PRC	CN112394426A	13 August 2019	N/A. In the process of registration <i>Note</i>
4.	Optical Module (光學模組)	Utility model	PRC	CN210572832	13 August 2019	13 August 2029
5.	Laser Module and Laser Die and Manufacturing Method thereof (雷射模組及其雷射晶粒與製造方法)	Invention	Taiwan	I752498	15 May 2020	14 May 2040
6.	Laser modules and laser die thereof (雷射模組及其雷射晶粒)	Utility model	Taiwan	M605139	15 May 2020	14 May 2030
7.	Laser Module and Laser Die and Manufacturing Method thereof (激光模組及其激光晶粒與製造方法)	Invention	PRC	CN113745959A	15 May 2020	N/A. In the process of registration <i>Note</i>
8.	Laser Module and Laser Die thereof (雷射模組及其雷射晶粒)	Utility model	PRC	CN212162325U	15 May 2020	15 May 2030
9.	Active Alignment System and Active Alignment Method (主動式對準系統以及主動式對準方法)	Invention	Taiwan	I734535	19 June 2020	18 June 2040
10.	Active Alignment System (主動式對準系統)	Utility model	Taiwan	M605138	19 June 2020	18 June 2030
11.	Active Alignment System (主動式對準系統)	Invention	PRC	CN113922200A	23 June 2020	N/A. In the process of registration <i>Note</i>
12.	Active Alignment System (主動式對準系統)	Utility model	PRC	CN212571686U	23 June 2020	23 June 2030

Note: As at the Latest Practicable Date, (i) in respect of the application of patent number CN112394426A, replies to questions raised by the relevant PRC authority had been submitted and are currently under the relevant PRC authority's review; and (ii) in respect of the application of patent numbers CN113745959A and CN113922200A, these applications were under substantive examination stage in which the relevant PRC authority may raise questions or objections against the invention patent applications. To the best of the knowledge of our Directors, the prolonged registration period is caused by the backlog in invention patent applications pending to be reviewed and processed by the relevant authorities in the PRC.

As Metaoptics Technologies was only incorporated in June 2021, the 12 patents were Metaoptics Technologies' initial assets and served as a starting point for Metaoptics Technologies' further development in its know-how and technology. Metaoptics Technologies, with its design and manufacturing capabilities, leverages the patents to

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make modules. The patents also enhanced Metaoptics Technologies' portfolio and valuation to attract collaboration with potential business partners and investors in Metaoptics Technologies and Metasurface Technologies (being a shareholder of Metaoptics Technologies).

To reward Mr. Thng's contribution to our Group and the transfer of his 12 patents to Metaoptics Technologies, (i) Dato' Sri Chua granted Mr. Thng an anti-dilution right to his shareholding in Metasurface Technologies pursuant to the Anti-dilution Undertaking (defined below), and (ii) Metasurface Technologies granted Mr. Thng an anti-dilution right to his shareholding in Metaoptics Technologies pursuant to the Metaoptics Anti-Dilution Undertaking (defined below), as detailed below. For details on his shareholding changes in our Group and Metaoptics Technologies in light of exercising the anti-dilution rights, see “— Mr. Thng's shareholding changes in our Group and Metaoptics Technologies”.

Anti-dilution Undertaking

On 13 December 2021, as a reward for Mr. Thng's continual contribution to the growth of Metasurface Technologies' business and its fund-raising activities as well as providing valuable know-how to our Group, Dato' Sri Chua agreed to grant Mr. Thng an anti-dilution right to maintain his 10.00% shareholding in Metasurface Technologies and undertook to transfer, or procure the transfer of, such number of shares in Metasurface Technologies to Mr. Thng from time to time prior to the submission of the listing application of Metasurface Technologies or a related corporation for the purpose of the Listing to maintain Mr. Thng's shareholding proportion of 10.00% in the event Mr. Thng's shareholding in Metasurface Technologies is diluted to below 10.00% (the “**Anti-dilution Undertaking**”).

The Anti-dilution Undertaking was terminated on 25 April 2023 in preparation for the Listing.

Metaoptics Anti-dilution Undertaking

On 28 April 2022, as a reward for Mr. Thng's continual contribution in the growth of Metaoptics Technologies' business and its fund-raising activities as well as providing the valuable know-how to Metaoptics Technologies including the grant of patents, Metasurface Technologies agreed to grant Mr. Thng an anti-dilution right to maintain his 20.00% shareholding in Metaoptics Technologies and undertook to transfer, or procure the transfer of, such number of shares in Metaoptics Technologies to Mr. Thng from time to time prior to the submission of the listing application of Metasurface Technologies or a related corporation for the purpose of the Listing to maintain Mr. Thng's shareholding proportion of 20.00% in the event Mr. Thng's shareholding in Metaoptics Technologies is diluted to below 20.00% (the “**Metaoptics Anti-dilution Undertaking**”).

The Metaoptics Anti-dilution Undertaking was terminated on 25 April 2023 in preparation for the Listing.

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Mr. Thng's shareholding changes in our Group and Metaoptics Technologies

The following table sets out a chronology of Mr. Thng's shareholding changes in our Group, including circumstances where his anti-dilution rights were exercised:

Date	Shareholding changes and/or the events and circumstances leading to such changes
Early 2021 to July 2021	In early 2021, Dato' Sri Chua approached Mr. Thng and sought for his advice on fund-raising and expanding our Group's business. In July 2021, Mr. Thng joined Metasurface Technologies and began to introduce potential projects and investors to the Group.
8 October 2021	To reward Mr. Thng for his contribution to the Group, Dato' Sri Chua transferred 391,164 ordinary shares in Metasurface Technologies to Mr. Thng at a nominal consideration of S\$1 pursuant to agreed arrangements later formally documented in the Anti-dilution Undertaking. Upon completion of this share transfer, Mr. Thng held 10.00% shares in Metasurface Technologies.
1 December 2021	Following the consolidation of SPW into our Group, Metasurface Technologies issued and allotted 371,343 ordinary shares to each of Dato' Sri Chua and Ms. Pang. Upon completion of this share allotment, Mr. Thng held approximately 8.40% shares in Metasurface Technologies.
28 December 2021	In conjunction with the 1st Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 86,401 ordinary shares and 12,132 ordinary shares (in total 98,533 ordinary shares) in Metasurface Technologies to Mr. Thng, respectively, at nil consideration pursuant to the Anti-dilution Undertaking. Upon completion of this share transfer, Mr. Thng held 10.00% shares in Metasurface Technologies.

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Date	Shareholding changes and/or the events and circumstances leading to such changes
27 September 2022	<p>An amount of S\$4,285,301.09 owed by Metasurface Technologies to Mrs. Chua was set-off against the issue and allotment of 279,800 ordinary shares in Metasurface Technologies to Mrs. Chua.</p> <p>Pursuant to the Anti-dilution Undertaking, Dato' Sri Chua and Mrs. Chua transferred 13,990 ordinary shares and 13,990 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 10.00% shares in Metasurface Technologies.</p>
14 October 2022	<p>In conjunction with the 2nd Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 13,623 ordinary shares and 13,623 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1 pursuant to the Anti-dilution Undertaking.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 10.00% shares in Metasurface Technologies.</p>
30 January 2023	<p>In conjunction with the 3rd Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 7,364 ordinary shares and 7,364 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1 pursuant to the Anti-dilution Undertaking.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 10.00% shares in Metasurface Technologies.</p>
26 April 2023	<p>Pursuant to a restructuring deed, Mr. Thng transferred all 559,651 ordinary shares in Metasurface Technologies held by him to our Company. In return, our Company issued 559,651 Shares to Angelling, an entity wholly owned by Mr. Thng.</p> <p>Upon completion of this step, Mr. Thng, through Angelling, held approximately 10.00% Shares in our Company.</p>

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The following table sets out a chronology of Mr. Thng's shareholding changes in Metaoptics Technologies before Metaoptics Technologies became our associate, including circumstances where his anti-dilutions rights were exercised:

Date	Shareholding changes and/or the events and circumstances leading to such changes
June 2021	<p>On 15 June 2021, Metasurface Technologies, together with Mr. Thng, incorporated Metaoptics Technologies with the intention of investing and venturing into metalens technology business. Mr. Thng was allotted 29,000 shares, representing 10.00% of the total issued share capital of Metaoptics Technologies.</p>
30 September 2021	<p>Pursuant to agreed arrangements later formally documented in the Metaoptics Anti-Dilution Undertaking, Metasurface Technologies transferred 29,000 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.</p> <p>Upon completion of this share transfer, Mr. Thng held 20.00% shares in Metaoptics Technologies.</p>
11 March 2022	<p>Following Metaoptics Technologies' issue and allotment of 31,865 ordinary shares to Origin (defined below), pursuant to the Metaoptics Anti-Dilution Undertaking, Metasurface Technologies transferred 6,373 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 20.00% shares in Metaoptics Technologies.</p>
12 April 2022	<p>Following Metaoptics Technologies' issue and allotment of 16,093 ordinary shares to Autec (defined below), pursuant to the Metaoptics Anti-Dilution Undertaking, Mr. A Chua, who acted in accordance of the instructions of Dato' Sri Chua, transferred 3,219 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 20.00% shares in Metaoptics Technologies.</p>

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Date	Shareholding changes and/or the events and circumstances leading to such changes
25 August 2022	<p>Following Metaoptics Technologies' issue and allotment of 35,574 ordinary shares to MMI (defined below), pursuant to the Metaoptics Anti-Dilution Undertaking, Metasurface Technologies transferred 7,896 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 19.99% shares in Metaoptics Technologies.</p>
31 March 2023	<p>Mr. Thng transferred 37,744 ordinary shares in Metaoptics Technologies, representing approximately 9.99% of the entire issued share capital of Metaoptics Technologies, to Aquaspring (defined below) at a consideration of S\$800,000^(Note).</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 9.99% shares in Metaoptics Technologies.</p>
16 May 2023	<p>Metasurface Technologies transferred 125,767 ordinary shares in Metaoptics Technologies, representing approximately 33.32% of the entire issued share capital of Metaoptics Technologies, to Mr. Thng at a consideration of S\$180,000.</p> <p>Upon completion of this share transfer, Mr. Thng held approximately 43.32% shares in Metaoptics Technologies.</p>

Note:

Aquaspring Group Limited (“**Aquaspring**”), an independent third party of our Group and Mr. Thng, is legally and beneficially wholly-owned by Mr. Lin Shui Ching (“**Mr. Lin**”), who operates a specialty chemical business based in Taiwan offering plastic pigments, dyes and fine chemical raw materials. Mr. Lin’s investment in Metaoptics Technologies is expected to be the first step of the anticipated collaborations for Aquaspring to become a potential business partner of Metaoptics Technologies in the future. Mr. Lin’s investment in Metaoptics Technologies was in the form of share transfer from Mr. Thng because, according to Mr. Thng and our Directors’ understanding, Mr. Thng intended to partially realise his personal financial investment in Metaoptics Technologies, which had yet to declare any dividend or distribution otherwise commensurate to Mr. Thng’s efforts, experiences and expertise.

The consideration of this transfer was determined based on arm’s length commercial negotiations between Mr. Thng and Aquaspring with reference to a valuation report prepared by an independent valuer.

Aquaspring, other than being a shareholder of Metaoptics Technologies as described above, has no other past or present relationship (including family, employment, business, financing, trust or otherwise) with our Company, its subsidiaries, its shareholders, directors or senior management, or any of their respective associates.

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Save as Mr. Thng's directorship in our Company as disclosed in the section headed "Directors and Senior Management" in this prospectus, his shareholding in our Group, the agreements and arrangements he entered into with our Group and/or our Shareholders as described in this section, his previous employment at one of our Group's customers as described in "— Mr. Thng's role in the Group" above and being a common member of a charity foundation in Singapore with Dato' Sri Chua from January 2023 to March 2023, Mr. Thng has no other past or present relationship (including family, employment, business, financing, trust or otherwise) with our Company, its subsidiaries, its shareholders, directors or senior management, or any of their respective associates.

Name changes of our Group and our connected persons

Background

Metasurface Technologies (formerly known as Q'son Precision Engineering Pte Ltd) and Metaoptics Technologies (formerly known as Q'son Advanced Optics Pte. Ltd. and was initially incorporated as an insignificant subsidiary of Metasurface Technologies) had historically adopted the "Q'son" name which was originally intended as a common name for the Chua family's various (but separate) business ventures. The "Q'son" name is or was, for example, also used by certain connected persons of our Group such as Metasurface & Co (formerly known as Q'son Corp) and Singapore Kitchen Equipment Limited ("SKE" and, together with its subsidiaries, the "SKE Group"), the shares of which are listed on the SGX (SGX: 5WG). The "Q'son" name was used by (i) Metasurface Technologies from incorporation (January 2000) until October 2021, (ii) Metaoptics Technologies from incorporation (June 2021) until September 2021, and (iii) Metasurface & Co from incorporation (September 2015) until June 2022. The SKE Group has been using the "Q'son" name since the founding of its business in September 1996. Other than the SKE Group which is still using the "Q'son" name as at the Latest Practicable Date, Metasurface Technologies, Metaoptics Technologies and Metasurface & Co had changed their names in October 2021, September 2021 and June 2022, respectively, as elaborated below.

Metasurface & Co was incorporated under the name "Q'SON CORP" by Mr. Jee Wee Liang ("**Mr. Jee**"), brother of Mrs. Chua and brother-in-law of Dato' Sri Chua, on 22 September 2015. The company was named after "Q'son" at incorporation because its establishment was primarily intended to procure components, parts and materials from U.S. based suppliers for Q'son Precision Engineering Pte Ltd. During the Track Record Period, Metasurface & Co procured and supplied certain raw materials, including stainless screw heads, corrosion resistant ball screws, pull handles and helicoils to our Group. Notwithstanding the family relationship among Mr. Jee, Dato' Sri Chua and Mrs. Chua, Metasurface & Co has always been ultimately owned and controlled by Mr. Jee since its incorporation, and was not, and currently is not, a subsidiary of our Company. Metasurface & Co had used "Q'son" as part of its name in its business operations since incorporation until its name change in June 2022 as elaborated below.

Dato' Sri Chua's sister, Ms. Chua Chwee Choo Sally ("**Ms. Sally Chua**"), is a controlling shareholder, executive director and chief executive officer of SKE, the shares of which are listed on the SGX (SGX: 5WG). Since the incorporation of SKE, SKE has been

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principally engaged in the business of designing, fabricating, installation, repair, maintenance and supplying kitchen equipment in Singapore and other Southeast Asian regions. The SKE Group includes Q'son Kitchen Equipment Pte Ltd (a company incorporated in Singapore on 30 September 1996), with "Q'son" being one of the SKE Group's kitchen equipment brands, in line with the family consensus as elaborated below.

Despite the common use of the "Q'son" name, it had always been a consensus among Dato' Sri Chua, Ms. Sally Chua and their family members since founding their separate businesses for Metasurface Technologies, Metaoptics Technologies and Metasurface & Co (on one hand), and the SKE Group (on the other) to be separate and independent business ventures. Besides, during the Track Record Period, there had been no instances of cross-shareholding among Metasurface Technologies, Metaoptics Technologies and Metasurface & Co (on one hand), and the SKE Group (on the other). To the best of our Directors' knowledge and based on publicly available information, SKE and our Group do not have overlapping customers during the Track Record Period.

In 2013, as part of its listing process on the SGX, SKE issued an offer document which disclosed that Metasurface Technologies (which was then known as "Q'son Precision Engineering Pte Ltd") had undertaken on 22 May 2013 "to change its "Q'son" name within three months from the date of the undertaking and to no longer utilise the "Q'son" name or brand as well as to no longer state that it is part of the "Q'son group of companies" (the "**Change of Name Undertaking**"). However, Metasurface Technologies had carried on using the "Q'son" name despite the Change of Name Undertaking due to Dato' Sri Chua's inadvertent oversight. Besides, subsequent to the Change of Name Undertaking, the SKE Group or their directors, shareholders and management did not approach the Group on execution of the name change, did not explicitly or implicitly object to Metasurface Technologies using the "Q'son" name thereafter and even continued its business relationship with Metasurface Technologies (while it was still using the "Q'son" name).

Change of names

Since late 2021, (i) Metasurface Technologies changed its name from "Q'son Precision Engineering Pte Ltd" to "Metasurface Technologies Pte. Ltd." on 22 October 2021, (ii) Metaoptics Technologies changed its name from "Q'son Advanced Optics Pte. Ltd." to "Metaoptics Technologies Pte. Ltd." on 30 September 2021, and (iii) Metasurface & Co changed its name from "Q'SON CORP" to "Metasurface & Co" on 27 June 2022 (collectively, the "**Change of Names**").

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Assurances

During 2021 to 2023, as part of the preparation works of our Company's listing application, Metasurface Technologies, Metaoptics Technologies and Metasurface & Co (although both Metaoptics Technologies and Metasurface & Co were not a party to the Change of Name Undertaking) undertook to SKE that, among other things (the "**Assurances**"):

- (i) following the Change of Names, each of them will not use the "Q'son" name any further, and
- (ii) at all material times, including after the Change of Name Undertaking was given, each of Metasurface Technologies, Metaoptics Technologies and Metasurface & Co had not represented to third parties that they were part of the SKE Group before and after the date of the Change of Name Undertaking, and there was no potential conflict of interest in using the "Q'son" name, given that, among others, each of them is engaged in fundamentally different industries and businesses as the SKE Group and has a different customer base from that of the SKE Group.

SKE's waiver, release and discharge

During 2021 to 2023, in response to the Assurances, SKE:

- (i) confirmed that the SKE Group has retrospectively acquiesced to such use of the "Q'son" name for such time period prior to the respective Change of Names, provided that Metasurface Technologies, Metaoptics Technologies and Metasurface & Co had at no point in time represented to third parties that they were part of the SKE Group; and
- (ii) unconditionally and irrevocably waived, released and discharged Metasurface Technologies, Metaoptics Technologies and Metasurface & Co from any claims or liabilities (including but not limited to intellectual property rights) (the "**Claims**") from the date of the Change of Name Undertaking or from their respective dates of incorporation (as the case may be) arising out of or in connection with the Change of Name Undertaking and the use of the "Q'son" name on the condition that, among others, the Assurances confirming that Metasurface Technologies, Metaoptics Technologies and Metasurface & Co will not use the "Q'son" name any further and that they had at no point in time represented to third parties that they were part of the SKE Group, were accurate as at the date of granting the release, waiver and discharge (the "**SKE Waiver, Release and Discharge**").

HISTORY AND DEVELOPMENT

Singapore Special Counsel's views

Remote possibility of successful claim by SKE

SKE has unconditionally and irrevocably waived, released and discharged Metasurface Technologies, Metaoptics Technologies and Metasurface & Co from the Claims pursuant to the SKE Waiver, Release and Discharge which is subject to, *inter alia*, there being no actual loss and damage suffered by SKE and/or no breach of the Assurances (the “**Conditions**”). Further, SKE confirmed (on the basis of the Assurances) that the SKE Group has retrospectively acquiesced to the use of the “Q’son” name for such period of time prior to the Change of Names. As advised by our Singapore Special Counsel, the risk of SKE suffering any actual loss and damage is extremely low and given that SKE has unequivocally communicated to Metasurface Technologies, Metaoptics Technologies and Metasurface & Co that it has elected to voluntarily abandon the right to pursue the Claims against them, it will not be open to SKE to revive its right to pursue such Claims save only in case of breach of a Condition.

The Singapore Special Counsel, on the basis that:

- (i) as at the Latest Practicable Date, SKE has not notified Metasurface Technologies, Metaoptics Technologies or Metasurface & Co that it has suffered any actual loss or damage which it confirmed it will otherwise endeavour to do so, and
- (ii) none of Metasurface Technologies, Metaoptics Technologies or Metasurface & Co was (or is) in breach of the Assurances,

is of the view that the risks of SKE commencing any subsequent claim against Metasurface Technologies, Metaoptics Technologies or Metasurface & Co, with such claim (if commenced) succeeding, are remote.

Remote possibility of SGX commencing action against Metasurface Technologies, Metaoptics Technologies or Metasurface & Co

As none of Metasurface Technologies, Metaoptics Technologies or Metasurface & Co is listed on (and therefore not regulated by) SGX, and assuming the Change of Name Undertaking was given in favour of SKE (rather than SGX), the Singapore Special Counsel advises that, it is unlikely that Metasurface Technologies, Metaoptics Technologies or Metasurface & Co owes any duties or obligations to SGX as SGX has no standing to sue or bring an action under the Change of Name Undertaking and the possibility of SGX commencing any action against Metasurface Technologies, Metaoptics Technologies and/or Metasurface & Co for the Change of Name Undertaking is remote.

HISTORY AND DEVELOPMENT

Unlikely that a Singapore court will determine that the delay in Change of Names will impact upon the integrity of the relevant directors

To the best of the Singapore Special Counsel's understanding, Metasurface Technologies' delay in performing its obligations pursuant to the Change of Name Undertaking was neither deliberate nor calculated. The Singapore Special Counsel is of the view that a Singapore court is unlikely to find that the delay in effecting the Change of Names will impact upon the integrity of the directors of Metasurface Technologies, Metaoptics Technologies and Metasurface & Co, given that Metasurface Technologies, Metaoptics Technologies and Metasurface & Co did not seek to gain any upside or advantage by the said delay, as evidenced by the following factors:

- (i) they had not represented to third parties that they were part of the SKE Group before and after the date of the Change of Name Undertaking,
- (ii) there was no potential conflict of interest in using the "Q'son" name and to the best of the Directors' knowledge and based on publicly available information, there was no overlap in the customer base between any of them and the SKE Group. Metasurface Technologies and SKE served a vastly different clientele. SKE's major clientele is service providers who operate primarily in the food and beverage and hospitality services industries, such as central kitchens, restaurants and hotels, whilst Metasurface Technologies' top customers include global original equipment manufacturers (OEMs) in various sectors, including semiconductor, aerospace and data storage industries as well as their contract manufactures and service providers,
- (iii) Metasurface Technologies' customers are highly selective and have stringent certification requirements and internal procedures in selecting suppliers. The evaluation and selection process takes into account objective criteria such as qualifications and certifications in relation to production technologies. Metasurface Technologies has been officially selected by Customer A as its approved supplier since 2016 and has also passed the routine qualification assessment process of Customer A from time to time on the condition that, to the best of the Directors' knowledge, it possesses the requisite industry-specific qualifications and certifications but not due to the use of "Q'son" name, and
- (iv) after the Change of Name Undertaking was given: (a) the businesses of Metasurface Technologies and the SKE Group co-existed for many years, (b) the SKE Group continued to engage Metasurface Technologies to supply component parts despite being aware that Metasurface Technologies had yet to change its name, and (c) there were no notices or demands made by the SKE Group for Metasurface Technologies to change its name.

HISTORY AND DEVELOPMENT

Directors' and Sole Sponsor's views

Our Directors are of the view that the Change of Names did not and will not have a material adverse impact on our Group's business operation and financial performance (in particular, the business relationship with our Group's customers and suppliers), given that (i) after the Change of Names, our Group has, as soon as practicable, communicated with our customers and suppliers regarding the Change of Names and assisted them to ensure a smooth transition (for instance, reminding them to update invoices and other business correspondence), (ii) our Directors believe that our Group has an established reputation and proven track record with our customers and suppliers, which were developed based on successful business collaborations and our Group's continued quality services delivered to our customers and consistent support given to our suppliers, and the Change of Names will not affect these established relationships. In particular, our Group produces parts which may undergo further processing by contract manufacturers and/or other service providers for the OEMs and thus the parts produced by our Group do not carry any of our own brand name (neither under "Q'son" nor "Metasurface"). Therefore, our customers mainly consider our production capabilities instead of our company name when engaging us for business, (iii) based on our Group's financial performance for the year ended 31 December 2022, our Group's revenue increased when compared to the year ended 31 December 2021 following the Change of Names, and (iv) our Group took this opportunity to rebrand our business such as updating the signage at our premises, our business correspondence and product packaging, which our Directors believe can help modernise our Group's corporate image for marketing purposes.

Our Directors are also of the view that the former use of the "Q'son" name would not affect our Directors' suitability, given that (i) the delay in the Change of Names was neither deliberate or calculated, (ii) Metasurface Technologies and Metaoptics Technologies did not seek to gain any upside or advantage by using the "Q'son" name as described above, and (iii) as advised by the Singapore Special Counsel, a Singapore court is unlikely to find that the delay in effecting the Change of Names will impact upon the integrity of the directors of Metasurface Technologies.

Based on the above, the Sole Sponsor is not aware of any material finding which would cause it to disagree with the views expressed by our Directors.

REASONS FOR THE LISTING

For reasons for the Listing and details of our future plans, see "Future Plans and Use of Proceeds".

HISTORY AND DEVELOPMENT

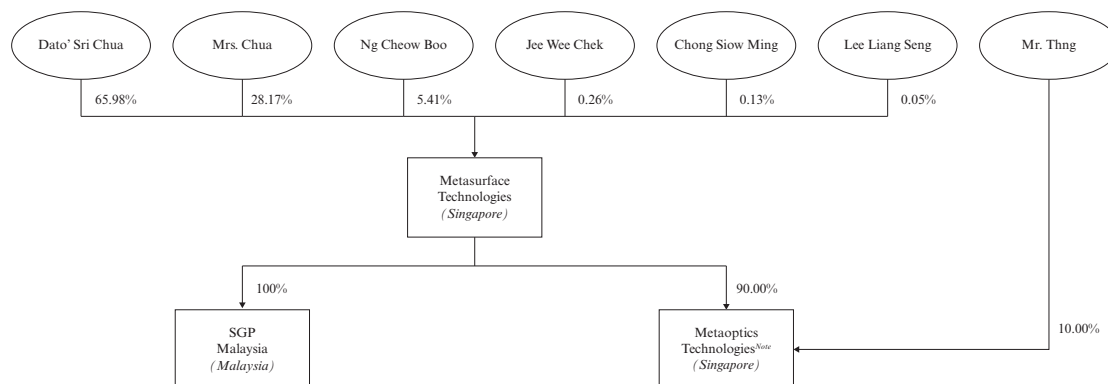
REORGANISATION

The table below shows the shareholding of Metasurface Technologies immediately prior to the implementation of our Reorganisation:

Shareholders of Metasurface Technologies	No. of ordinary shares	Approximate shareholding percentage
Dato' Sri Chua	2,581,077	65.98%
Mrs. Chua	1,101,982	28.17%
Ng Cheow Boo ^(Note)	211,581	5.41%
Jee Wee Chek ^(Note)	10,000	0.26%
Chong Siow Ming ^(Note)	5,000	0.13%
Lee Liang Seng ^(Note)	2,000	0.05%
Total	<u>3,911,640</u>	<u>100%</u>

Note: Mr. Ng Cheow Boo, Ms. Chong Siow Ming and Mr. Lee Liang Seng are personal friends of Dato' Sri Chua and Mrs. Chua and are independent third parties of our Group. Mr. Jee Wee Chek is Dato' Sri Chua's brother-in-law and Mrs. Chua's brother.

The chart below shows the shareholding and corporate structure of our Group immediately prior to the implementation of our Reorganisation:



Note: We incorporated Metaoptics Technologies in June 2021 with the intention of investing and venturing into metalens technology business. Subsequent to various rounds of investments and share transfers, Metaoptics Technologies became an associate of our Group with Metasurface Technologies directly holding approximately 20.19% interests upon completion of the Reorganisation. Metaoptics Technologies was previously our insignificant subsidiary prior to becoming our associate. For details on the shareholding in Metaoptics Technologies as at the Latest Practicable Date, see “— Corporate and Shareholding Structure upon Completion of the Reorganisation and the Pre-IPO Investments”.

HISTORY AND DEVELOPMENT

We implemented our Reorganisation in preparation for the Listing to incorporate our Company as the holding company of our Group and the vehicle of the Listing, and to consolidate our business operations under our Company. Our Reorganisation had the following steps:

1. Transfers of shares in Metasurface Technologies

To consolidate the shareholding structure in preparation for the Listing, on 8 October 2021, as a private arrangement among shareholders of Metasurface Technologies, each of Mr. Jee Wee Chek, Mr. Lee Liang Seng, Mr. Ng Cheow Boo and Ms. Chong Siow Ming transferred 10,000 ordinary shares, 2,000 ordinary shares, 211,581 ordinary shares and 5,000 ordinary shares in Metasurface Technologies, respectively, to Dato' Sri Chua, at a nominal consideration of S\$1 in aggregate. The consideration was determined with reference to the financial position shown on the then latest available management accounts of the previous financial year. On the same day, Dato' Sri Chua transferred 391,164 ordinary shares in Metasurface Technologies to Mr. Thng at a nominal consideration of S\$1 pursuant to agreed arrangements later formally documented in the Anti-dilution Undertaking. For more information, see “— Corporate Development — Anti-dilution Undertaking”. Upon completion of this step, Metasurface Technologies became directly owned by each of Dato' Sri Chua, Mrs. Chua and Mr. Thng as to approximately 61.83%, 28.17% and 10.00%, respectively.

2. Acquisition of SPW

As part of our Controlling Shareholders' plan to consolidate their precision engineering related businesses, including SPW in which Dato' Sri Chua already held 50% interest prior to this step, on 1 December 2021, pursuant to share purchase agreements dated 16 November 2021, Dato' Sri Chua and Ms. Pang transferred 35,000 ordinary shares and 35,000 ordinary shares in SPW, respectively, to Metasurface Technologies, at a consideration of S\$5,474,550 and S\$5,474,550, respectively. The consideration was satisfied by the issue and allotment of 371,343 ordinary shares in Metasurface Technologies to each of Dato' Sri Chua and Ms. Pang. The consideration of this transaction was determined based on the fair valuation of each of SPW conducted by an independent valuer. Immediately upon completion of this step, SPW became directly wholly-owned by Metasurface Technologies, and Metasurface Technologies became directly owned by Dato' Sri Chua, Mrs. Chua, Mr. Thng and Ms. Pang as to approximately 59.94%, 23.68%, 8.40% and 7.98%, respectively. The acquisition was properly and legally settled in full on 1 December 2021 and no regulatory approval was required. SPW was consolidated into our Company's financial statements by way of the acquisition method of accounting.

HISTORY AND DEVELOPMENT

3. Incorporation of BVI holding entities and our Company

On 3 December 2021, SGP BVI was incorporated in the BVI as a company with limited liability. On incorporation, 100 ordinary shares were issued and allotted to Dato' Sri Chua at an aggregate consideration of US\$100. SGP BVI is the intermediate holding company of Dato' Sri Chua's interests in our Company.

On 3 December 2021, Baccini was incorporated in the BVI as a company with limited liability. On incorporation, 100 ordinary shares were issued and allotted to Mrs. Chua at an aggregate consideration of US\$100. Baccini is the intermediate holding company of Mrs. Chua's interests in our Company.

On 3 December 2021, Angelling was incorporated in the BVI as a company with limited liability. On incorporation, 100 ordinary shares were issued and allotted to Mr. Thng at an aggregate consideration of US\$100. Angelling is the intermediate holding company of Mr. Thng's interests in our Company.

On 7 December 2021, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. On incorporation, the authorised share capital was HK\$380,000 divided into 380,000,000 Shares of a nominal value of HK\$0.001 each, of which one Share was issued and allotted to the initial subscriber, who was an independent third party, and subsequently transferred to SGP BVI on the same day.

4. 1st Pre-IPO Investment by nine investors

On 28 December 2021, nine investors each entered into a subscription agreement with Metasurface Technologies to subscribe for ordinary shares in Metasurface Technologies. For details, see “— Pre-IPO Investments — 1st Pre-IPO Investment by nine investors”.

On the same day, in conjunction with the 1st Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 86,401 ordinary shares and 12,132 ordinary shares (in total 98,533 ordinary shares) in Metasurface Technologies to Mr. Thng, respectively, at nil consideration pursuant to the Anti-dilution Undertaking.

HISTORY AND DEVELOPMENT

The following table shows the shareholding of Metasurface Technologies upon completion of this step:

Shareholders of Metasurface Technologies	No. of ordinary shares held	Approximate shareholding (%)
Dato' Sri Chua	2,703,436	55.21
Mrs. Chua	1,089,850	22.26
Mr. Thng	489,697	10.00
Ms. Pang	371,343	7.58
Zou Shuling	43,440	0.89
Hong Haicheng	40,958	0.84
Soo Siew Har and Ho Gim Hai	37,235	0.76
Chua Lee Chai	31,029	0.63
Tan Beng Kiat	31,029	0.63
Deborah Chua Wee Wei	31,029	0.63
Tan Kok Thye George	15,514	0.32
Poh Seng Kah	<u>12,412</u>	<u>0.25</u>
Total	<u><u>4,896,972</u></u>	<u><u>100</u></u>

5. Loan capitalisation in Metasurface Technologies

Pursuant to a deed entered into by Metasurface Technologies and Mrs. Chua dated 27 September 2022, on the same day, the amount of approximately S\$4,285,000 owed by Metasurface Technologies to Mrs. Chua was set-off against the issue and allotment of 279,800 ordinary shares in Metasurface Technologies to Mrs. Chua. The valuation of the capitalisation loan was determined with reference to a valuation report of Metasurface Technologies prepared by an independent valuer, together with the expected enhanced valuation and business prospects brought about by the then Pre-IPO Investors and the consolidated businesses of our Group.

On the same day, pursuant to the Anti-dilution Undertaking, Dato' Sri Chua and Mrs. Chua transferred 13,990 ordinary shares and 13,990 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1.

HISTORY AND DEVELOPMENT

The following table shows the shareholding of Metasurface Technologies upon completion of this step:

Shareholders of Metasurface Technologies	No. of ordinary shares held	Approximate shareholding (%)
Dato' Sri Chua	2,689,446	51.95
Mrs. Chua	1,355,660	26.19
Mr. Thng	517,677	10.00
Ms. Pang	371,343	7.17
Zou Shuling	43,440	0.84
Hong Haicheng	40,958	0.79
Soo Siew Har and Ho Gim Hai	37,235	0.72
Chua Lee Chai	31,029	0.60
Tan Beng Kiat	31,029	0.60
Deborah Chua Wee Wei	31,029	0.60
Tan Kok Thye George	15,514	0.30
Poh Seng Kah	<u>12,412</u>	<u>0.24</u>
Total	<u><u>5,176,772</u></u>	<u><u>100</u></u>

6. 2nd Pre-IPO Investment by Accelerate

On 14 October 2022, Accelerate entered into a subscription agreement with Metasurface Technologies to subscribe for ordinary shares in Metasurface Technologies. For details, see “— Pre-IPO Investments — 2nd Pre-IPO Investment by Accelerate”.

On the same day, in conjunction with the 2nd Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 13,623 ordinary shares and 13,623 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1 pursuant to the Anti-dilution Undertaking.

HISTORY AND DEVELOPMENT

The following table shows the shareholding of Metasurface Technologies upon completion of this step:

Shareholders of Metasurface Technologies	No. of ordinary shares held	Approximate shareholding (%)
Dato' Sri Chua	2,675,823	49.10
Mrs. Chua	1,342,037	24.63
Mr. Thng	544,923	10.00
Ms. Pang	371,343	6.81
Accelerate	272,462	5.00
Zou Shuling	43,440	0.80
Hong Haicheng	40,958	0.75
Soo Siew Har and Ho Gim Hai	37,235	0.68
Chua Lee Chai	31,029	0.57
Tan Beng Kiat	31,029	0.57
Deborah Chua Wee Wei	31,029	0.57
Tan Kok Thye George	15,514	0.29
Poh Seng Kah	<u>12,412</u>	<u>0.23</u>
Total	<u><u>5,449,234</u></u>	<u><u>100</u></u>

7. 3rd Pre-IPO Investment by MMI

On 30 January 2023, MMI entered into a subscription agreement with Metasurface Technologies to subscribe for ordinary shares in Metasurface Technologies. For details, see “— Pre-IPO Investments — 3rd Pre-IPO Investment by MMI”.

On the same day, in conjunction with the 3rd Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 7,364 ordinary shares and 7,364 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1 pursuant to the Anti-dilution Undertaking. On the same day, pursuant to Accelerate's anti-dilution right (granted as part of the 2nd Pre-IPO Investment) in the Shareholders' Agreement (as defined below), Accelerate subscribed for, and Metasurface Technologies issued and allotted to Accelerate, 7,364 ordinary shares in Metasurface Technologies at a nominal consideration of S\$1.

HISTORY AND DEVELOPMENT

The following table shows the shareholding of Metasurface Technologies upon completion of this step:

Shareholders of Metasurface Technologies	No. of ordinary shares held	Approximate shareholding (%)
Dato' Sri Chua	2,668,459	47.68
Mrs. Chua	1,334,673	23.85
Mr. Thng	559,651	10.00
Ms. Pang	371,343	6.64
Accelerate	279,826	5.00
MMI	139,913	2.50
Zou Shuling	43,440	0.78
Hong Haicheng	40,958	0.73
Soo Siew Har and Ho Gim Hai	37,235	0.67
Chua Lee Chai	31,029	0.55
Tan Beng Kiat	31,029	0.55
Deborah Chua Wee Wei	31,029	0.55
Tan Kok Thye George	15,514	0.28
Poh Seng Kah	<u>12,412</u>	<u>0.22</u>
 Total	 <u><u>5,596,511</u></u>	 <u><u>100</u></u>

8. Transfer of shares in Metasurface Technologies by Mrs. Chua to the nine investors of the 1st Pre-IPO Investment

On 10 April 2023, Mrs. Chua transferred an aggregate of 208,615 ordinary shares in Metasurface Technologies to the nine investors of the 1st Pre-IPO Investment at a nominal consideration of S\$1 to align their investment cost with the then valuation of Metasurface Technologies conducted by the management with reference to the then latest available information on financial performance in the previous year, as well as the enhanced value of our Shares in contemplation of the Listing. For details, see “— Pre-IPO Investments — 1st Pre-IPO Investment by nine investors”.

HISTORY AND DEVELOPMENT

9. Consolidation of our Group under our Company

Pursuant to a restructuring deed dated 26 April 2023, each shareholder in Metasurface Technologies transferred all shares held by him/her/it to our Company, in consideration for our Company issuing and allotting such number of Shares to him/her/it (or an entity designated by him/her/it) (the “**Restructuring**”) as set out in the table below:

Shareholders of Metasurface Technologies	No. of ordinary shares held in Metasurface Technologies transferred to our Company	Name of allottee of the consideration Shares	No. of consideration Shares issued and allotted by our Company
Dato’ Sri Chua	2,668,459	SGP BVI	2,668,458 ^(Note)
Mrs. Chua	1,126,058	Baccini	1,126,058
Mr. Thng	559,651	Angelling	559,651
Ms. Pang	371,343	Ms. Pang	371,343
<i>1st Pre-IPO Investment</i>			
Zou Shuling	80,789	Zou Shuling	80,789
Hong Haicheng	76,172	Hong Haicheng	76,172
Soo Siew Har and Ho Gim Hai	69,247	Soo Siew Har and Ho Gim Hai	69,247
Chua Lee Chai	57,706	Chua Lee Chai	57,706
Tan Beng Kiat	57,706	Tan Beng Kiat	57,706
Deborah Chua Wee Wei	57,706	Deborah Chua Wee Wei	57,706
Tan Kok Thy George	28,853	Tan Kok Thy George	28,853
Poh Seng Kah	23,082	Poh Seng Kah	23,082
<i>2nd Pre-IPO Investment</i>			
Accelerate	279,826	Accelerate	279,826
<i>3rd Pre-IPO Investment</i>			
MMI	<u>139,913</u>	MMI	<u>139,913</u>
Total	<u><u>5,596,511</u></u>		<u><u>5,596,510</u></u>

Note:

Prior to completion of the Restructuring, SGP BVI already held one fully paid Share.

Upon completion of the Restructuring, our Group was consolidated under our Company.

10. Disposal of Metaoptics Technologies

On 16 May 2023, Metasurface Technologies transferred 125,767 ordinary shares in Metaoptics Technologies (representing approximately 33.32% of the entire issued share capital therein) to Mr. Thng at a consideration of S\$180,000. For details on the reasons of the disposal of our control over Metaoptics Technologies and the basis of determining the consideration, see “— Corporate Development — Investment in an

HISTORY AND DEVELOPMENT

associate — Metaoptics Technologies”. Accordingly, gains on disposal of a subsidiary of approximately S\$2.5 million were recognised during the year ended 31 December 2023. The disposal was properly and legally settled in full on 16 May 2023 and no regulatory approval was required. See note 38 to the Accountant’s Report included in Appendix I to this prospectus.

Immediately upon completion of the share transfer, Metaoptics Technologies became our associate and was held by Metasurface Technologies as to approximately 20.19%. Subsequent to a series of share transfers among shareholders as well as issuance of new ordinary shares to existing shareholders and new investors of Metaoptics Technologies, as at the Latest Practicable Date, Metaoptics Technologies was held by Metasurface Technologies as to approximately 17.10%.

The table below shows the shareholding of our Company immediately upon completion of our Reorganisation and the Pre-IPO Investments and immediately prior to the Capitalisation Issue and the Share Offer:

Shareholders of our Company	No. of Shares	Approximate shareholding (%)
SGP BVI	2,668,459	47.68
Baccini	1,126,058	20.12
Angelling	559,651	10.00
Ms. Pang	371,343	6.64
<i>1st Pre-IPO Investment</i>		
Zou Shuling	80,789	1.44
Hong Haicheng	76,172	1.36
Soo Siew Har and Ho Gim Hai	69,247	1.24
Chua Lee Chai	57,706	1.03
Tan Beng Kiat	57,706	1.03
Deborah Chua Wee Wei	57,706	1.03
Tan Kok Thye George	28,853	0.52
Poh Seng Kah	23,082	0.41
<i>2nd Pre-IPO Investment</i>		
Accelerate	279,826	5.00
<i>3rd Pre-IPO Investment</i>		
MMI	139,913	2.50
Total	5,596,511	100

HISTORY AND DEVELOPMENT

Our Reorganisation was legally and properly completed and settled on 16 May 2023 after Metaoptics Technologies became our associate and no regulatory approval was required.

PRE-IPO INVESTMENTS

We underwent three rounds of Pre-IPO Investments. Details of the Pre-IPO Investments are set out below.

1st Pre-IPO Investment by nine investors

On 28 December 2021, nine individual investors each entered into a subscription agreement with Metasurface Technologies to subscribe for an aggregate of 242,646 ordinary shares in Metasurface Technologies, totalling an investment of S\$3,910,000. Each of the nine individual investors is a long-time personal friend of our Controlling Shareholders, Dato' Sri Chua and Mrs. Chua, known through mutual friends. They are not professional or sophisticated investors and their role in our Group has always been limited to passive investors. In 2021, when Metasurface Technologies had capital and funding needs, Dato' Sri Chua and Mrs. Chua sought financial support from each of them. Out of mutual trust and long-term friendship, they provided support in the form of injecting working capital in their personal capacities. As they subsequently agreed to become Pre-IPO Investors, Dato' Sri Chua and Mrs. Chua negotiated with each of them to formalise their investments in writing, to standardise all terms of investment across the nine individual investors and to reach a consensus on the valuation of our Group. As such, Metasurface Technologies formally entered into subscription agreements with each of them on 28 December 2021, which was after the investment amounts were settled.

The following table sets out details of the 1st Pre-IPO Investment:

Name of the Pre-IPO Investor	Number of shares subscribed in Metasurface Technologies	Total consideration paid (S\$)	Date of settlement of consideration
Zou Shuling	43,440	700,000	23 September 2021
Hong Haicheng	40,958	660,000	30 October 2021
Soo Siew Har and Ho Gim Hai	37,235	600,000	21 October 2021
Chua Lee Chai	31,029	500,000	30 August 2021
Tan Beng Kiat	31,029	500,000	30 October 2021
Deborah Chua Wee Wei	31,029	500,000	18 March 2021
Tan Kok Thye George	15,514	250,000	30 October 2021
Poh Seng Kah	12,412	200,000	30 October 2021
Total	242,646	3,910,000	

HISTORY AND DEVELOPMENT

Subsequently, during the course of preparing for our Listing, Dato' Sri Chua and Mrs. Chua noted that the then investment cost per Share (taking into account the Capitalisation Issue) of the 1st Pre-IPO Investment was approximately HK\$4.34, which represented a premium of approximately 61.3% to the mid-point of the Offer Price (i.e. HK\$2.69). Dato' Sri Chua and Mrs. Chua were of the view that such investment cost per Share did not reflect a more updated valuation of our Group based on the latest market conditions. To show the appreciation for the 1st Pre-IPO Investors' support during the time when Metasurface Technologies had capital and funding needs, on 10 April 2023, Mrs. Chua transferred an aggregate of 208,615 ordinary shares in Metasurface Technologies to the nine investors of the 1st Pre-IPO Investment at a nominal consideration of S\$1 to align their investment cost per Share (taking into account the Capitalisation Issue) with the Offer Price range of HK\$2.38 to HK\$3.00. In determining the new valuation of our Group, Dato' Sri Chua and Mrs. Chua made reference to the then latest business, financial and operational performance of our Group, the prevailing market conditions such as the market valuation of similar companies listed on the Stock Exchange, as well as the enhanced value of our Shares in contemplation of the Listing. Since the share transfer was conducted among existing shareholders and for the purpose other than payment for goods or services supplied to our Group, together with the consideration of the average subscription price for the 1st Pre-IPO Investment made on 28 December 2021 and 10 April 2023, there was no impact on our Group's financial statement as a result of the share transfers.

The following table sets out details of the share transfers:

Name	Number of ordinary shares in Metasurface Technologies transferred from Mrs. Chua	Total number of ordinary shares in Metasurface Technologies held after the share transfer
Zou Shuling	37,349	80,789
Hong Haicheng	35,214	76,172
Soo Siew Har and Ho Gim Hai	32,012	69,247
Chua Lee Chai	26,677	57,706
Tan Beng Kiat	26,677	57,706
Deborah Chua Wee Wei	26,677	57,706
Tan Kok Thye George	13,339	28,853
Poh Seng Kah	10,670	23,082
Total	208,615	451,261

HISTORY AND DEVELOPMENT

2nd Pre-IPO Investment by Accelerate

On 14 October 2022, Metasurface Technologies and Accelerate entered into a subscription agreement pursuant to which, Accelerate subscribed for, and Metasurface Technologies issued and allotted to Accelerate, 272,462 ordinary shares in Metasurface Technologies at an aggregate consideration of S\$2,880,000. The consideration payable by Accelerate to Metasurface Technologies for the share subscription was settled in full by offsetting the upfront fee of S\$2,880,000 payable by Metasurface Technologies to Accelerate pursuant to the Licence Agreement.

Our Group became acquainted with Accelerate through introduction by Mr. Thng. We have entered into the Licence Agreement with Accelerate in which Accelerate contributes to Metaoptics Technologies' technological development by licencing to it technologies and intellectual property rights. The licenced technology is mainly related to optics and therefore is utilised by Metaoptics Technologies to develop and commercialise Accelerate's technologies and licenced products. Accelerate also continues to introduce new technologies that could enhance the value of our investment in associate through R&D collaborations with Metaoptics Technologies in the optical metalens technology business. For details on the Licence Agreement, see "Business — Research and Development — Investment in associate".

3rd Pre-IPO Investment by MMI

On 30 January 2023, Metasurface Technologies and MMI entered into a subscription agreement pursuant to which, MMI subscribed for, and Metasurface Technologies issued and allotted to MMI, 139,913 ordinary shares in Metasurface Technologies at an aggregate consideration of S\$1,000,000. The consideration was settled in full by MMI on 26 January 2023. Our Group became acquainted with MMI through introduction by Mr. Thng. MMI's role in our Group is to provide support, as a strategic partner, on expanding our business and product coverage for standard machining parts and sub-assemblies such as cables, connectors and metal cabinet modules used in the semiconductor manufacturing equipment. As a strategic partner, the management of MMI may also offer us strategic advice beneficial to the overall growth and development of our Group.

Share swap

Pursuant to a restructuring deed dated 26 April 2023, each shareholder in Metasurface Technologies transferred all shares held by him/her/it to our Company in return for Shares issued and allotted by our Company. For more information, see "— Reorganisation — 9. Consolidation of our Group under our Company".

HISTORY AND DEVELOPMENT

Principal terms of the Pre-IPO Investments

The below table summarises the principal terms of the Pre-IPO Investments by the Pre-IPO Investors.

	1st Pre-IPO Investment	2nd Pre-IPO Investment	3rd Pre-IPO Investment
Total no. of Shares	451,261 ⁽¹⁾	272,462 ⁽²⁾	139,913 ⁽³⁾
Total consideration (S\$)	3,910,000	2,880,000	1,000,000
Implied valuation (S\$)⁽⁴⁾	48,491,578	57,600,000	40,000,000
Approximate investment cost per Share (taking into account Capitalisation Issue) (HK\$)	2.33	2.77	1.92
Approximate (discount)/ premium to the Offer Price⁽⁵⁾ (%)	(13.38)	2.97	(28.62)

HISTORY AND DEVELOPMENT

	1st Pre-IPO Investment	2nd Pre-IPO Investment	3rd Pre-IPO Investment
Basis of determination of the consideration	<p>The consideration was determined by commercial negotiations based on the valuation of Metasurface Technologies conducted by the management with reference to the then latest available financial information.</p>	<p>The consideration was determined by commercial negotiations based on the then indicative pre-money valuation of Metasurface Technologies with reference to a valuation report prepared by an independent valuer and the shareholders' rights granted to Accelerate as detailed in "— Special rights" below, among which, the put option right, call option right and anti-dilution right were exclusively granted to Accelerate and MMI. The investment of Accelerate was at a slight premium to the mid-point of the indicative Offer Price, given that Metaoptics Technologies is contractually obligated to commercialise Accelerate's technology (i.e. know-how and patents licenced to our Group pursuant to the Licence Agreement) in accordance with the Licence Agreement and, after the technology is commercialised, sell products which incorporate Accelerate's licenced technology and pay Accelerate annual royalties on the gross revenue attributable to the commercialised products.</p>	<p>The consideration was determined by commercial negotiations with reference to the valuation of prior rounds of Pre-IPO Investments, the then latest available financial information of Metasurface Technologies and the strategic benefits expected to be brought about by MMI. Our Directors believe that, as our Group is primarily supplying specific custom-designed machining parts for semiconductor manufacturing equipment, the industry expertise in standard machining parts and sub-assemblies of MMI may allow us to leverage our manufacturing capabilities to diversify and expand our business and product coverage in the semiconductor manufacturing equipment industry. Our Directors also believe that MMI's management, with its wealth of experience in managing a wide range of portfolio of assets and businesses, will be able to offer strategic advice beneficial to the overall growth and development of our Group.</p>

HISTORY AND DEVELOPMENT

	1st Pre-IPO Investment	2nd Pre-IPO Investment	3rd Pre-IPO Investment
Use of proceeds from the Pre-IPO Investments	The proceeds were fully utilised on labour costs, raw material procurement, utilities, administrative fees, settlement of principal loan amount and finance cost.	Consideration for the share subscription payable by Accelerate to our Group was fully utilised and offset by the upfront fee of the same amount payable by us to Accelerate pursuant to the Licence Agreement. Under the Licence Agreement, Accelerate grants our Group the rights to, among others, (i) use Accelerate's technologies to develop enhancements on and (ii) use, manufacture, distribute, market and sell Accelerate's licenced products. Our Group agrees to commercialise such technologies and licenced products within a specified timeline.	The proceeds were fully utilised on labour costs, raw material procurement, utilities, administrative fees, settlement of principal loan amount and finance cost.

As at the Latest Practicable Date, the aggregate proceeds from the 1st Pre-IPO Investment and 3rd Pre-IPO Investment had been fully utilised. The consideration for the 2nd Pre-IPO Investment was not in the form of cash.

HISTORY AND DEVELOPMENT

	1st Pre-IPO Investment	2nd Pre-IPO Investment	3rd Pre-IPO Investment
Strategic benefits from the Pre-IPO Investments to our Group	At the time of entering into the 1st Pre-IPO Investment, our Directors were of the view that our Group could benefit from the additional funds and working capital provided by the Pre-IPO Investors' investments in our Group.	At the time of entering into the Licence Agreement and the 2nd Pre-IPO Investment, our Directors were of the view that the agreements were a strategic collaboration with Accelerate. Accelerate's licenced technologies mainly relate to optics and are therefore utilised by Metaoptics Technologies to commercialise Accelerate's products which can in turn generate new sources of income (in form of investment returns) for our Group.	At the time of entering into the 3rd Pre-IPO Investment, our Directors were of the view that our Group and MMI could collaborate on our manufacturing capabilities and capacity.
Lock-up	There is no lock-up provision in the agreements in respect of the Pre-IPO Investments. Each of the Pre-IPO Investors had separately entered into a lock-up deed on 18 June 2024, pursuant to which, they are subject to lock-up undertakings for a period of the first six months following the Listing Date.		

Notes:

1. The aggregate number of Shares to be held by the nine Pre-IPO Investors of the 1st Pre-IPO Investment upon completion of the Capitalisation Issue and the Share Offer is 9,917,804.
2. In conjunction with the 3rd Pre-IPO Investment, on 30 January 2023, 7,364 ordinary shares in Metasurface Technologies were issued and allotted to Accelerate pursuant to Accelerate's anti-dilution right in the Shareholders' Agreement. Since then, Accelerate held a total of 279,826 ordinary shares in Metasurface Technologies. The number of Shares to be held by Accelerate upon completion of the Capitalisation Issue and the Share Offer is 6,150,010.
3. The number of Shares to be held by MMI upon completion of the Capitalisation Issue and the Share Offer is 3,075,005.
4. The implied valuation is calculated by dividing the total investment amount from the relevant Pre-IPO Investment by the percentage of shareholding of the relevant Pre-IPO Investor(s) on fully diluted basis immediately after completion of the relevant Pre-IPO Investment on 10 April 2023, 14 October 2022 and 30 January 2023, respectively.

HISTORY AND DEVELOPMENT

The higher implied valuation of the 2nd Pre-IPO Investment as compared to that of the 1st Pre-IPO Investment is mainly due to the expectation that Metaoptics Technologies shall devote its manpower and resources to commercialise Accelerate's technology and pay Accelerate annual royalties on the gross revenue attributable to the commercialised products. The Group and Accelerate reached a consensus on the terms of the 2nd Pre-IPO Investment (including the implied valuation) in late 2021 but the share subscription agreement was only entered into in October 2022 to minimise the administrative costs (such as costs relating to the preparation of legal and corporate secretarial documentations and procedures in obtaining financial and legal advisory services as well as internal corporate authorisations and approvals) incurred by Accelerate and us each time Accelerate exercises its anti-dilution right in connection with a new round of pre-IPO investment in our Company before the first submission of the Listing application.

The lower implied valuation of the 3rd Pre-IPO Investment as compared to that of the 2nd Pre-IPO Investment is mainly due to our management's commercial decision to offer MMI favourable terms of investment in order to attract MMI to become one of our Pre-IPO Investors and our strategic partner, considering MMI's background, reputation, shareholder profile and potential business opportunities it can bring to our Group.

5. The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$2.69 per Share, being the mid-point of the indicative Offer Price range of HK\$2.38 to HK\$3.00.

Special rights

In addition to the terms described above, a shareholders' agreement (the "**Shareholders' Agreement**") was entered into among the Pre-IPO Investors and the then shareholders of Metasurface Technologies (the "**MST Shareholders**") on 30 January 2023, pursuant to which certain shareholder rights were agreed among the parties, as summarised below:

- **Right of first refusal.** If any MST Shareholder proposes to transfer any shares held by him/her/it in Metasurface Technologies to any third party, he/she/it shall first offer to transfer such shares in Metasurface Technologies to other MST Shareholders.
- **Drag along right.** All MST Shareholders shall participate in the disposal of shares in Metasurface Technologies in the event that any one or more of the MST Shareholders holding more than 50% of shares in Metasurface Technologies decide to sell their interests in Metasurface Technologies to a third party.
- **Put option right.** Each of Accelerate and MMI is granted an option (but not the obligation) to require the other MST Shareholders to purchase all (and not part only) of the shares in Metasurface Technologies held by it if any of the following events occur: (i) a sale of all or substantially all of the assets of Metasurface Technologies, (ii) a transaction in which shares in Metasurface Technologies carrying more than 30% of all the voting rights exercisable at general meetings of Metasurface Technologies at the time of the transaction are transferred to any number of persons, or (iii) a reorganisation, reconstruction, merger or amalgamation which results in a change in the holders of the voting rights of more than 50% of all the voting rights exercisable at general meetings of

HISTORY AND DEVELOPMENT

Metasurface Technologies at the time. Each of Accelerate and MMI is also granted an option (but not the obligation) to require the other MST Shareholders to purchase all (and not part only) of the shares in Metasurface Technologies held by it in the event that the submission of an application for Listing does not take place within five years from the date of the Shareholders' Agreement.

- **Call option right.** Each of Accelerate and MMI grants the other MST Shareholders an option (but not the obligation) to, either individually or jointly, purchase all of the shares in Metasurface Technologies held by it, provided that at least 50% of such shares in Metasurface Technologies must be purchased by the other MST Shareholders if the option is exercised.
- **Tag along right.** In the event Dato' Sri Chua and Mrs. Chua desire to transfer, in a single transaction or a series of related transactions, all but not some of their shares in Metasurface Technologies in a *bona fide* sale to a third party before the Listing, Dato' Sri Chua and Mrs. Chua grant the remaining MST Shareholders a right to participate in the transfer of shares in Metasurface Technologies on the same terms and conditions, and the remaining MST Shareholders shall elect the number of shares in Metasurface Technologies they wish to transfer.
- **Anti-dilution right.** For so long as Accelerate holds at least 5% of the shares in Metasurface Technologies, Accelerate's shareholding interest in Metasurface Technologies shall be non-dilutable, until (i) Metasurface Technologies has an implied equity valuation based on an indicative fair market valuation of S\$60.0 million and (ii) Metasurface Technologies receives an amount of at least an additional S\$7.0 million in equity financing. Prior to (i) and (ii) being satisfied, Metasurface Technologies shall in the event of an equity financing round make a bonus issue of such number of shares in Metasurface Technologies to Accelerate for no additional consideration such that Accelerate's shareholding interest in Metasurface Technologies shall on a fully-diluted basis remain the same immediately after any equity financing round. For so long as MMI holds at least 2.5% of the shares in Metasurface Technologies, Metasurface Technologies shall in the event of an equity financing round where Metasurface Technologies has an implied equity valuation based on an indicative fair market valuation of less than S\$40.0 million, make a bonus issue of such number of shares in Metasurface Technologies to MMI for no additional consideration such that MMI's shareholding interest in Metasurface Technologies shall on a fully-diluted basis remain the same immediately after any equity financing round.
- **Reserved matters.** The affirmative vote of MST Shareholders holding at least 50% of the Shares (other than Dato' Sri Chua and Mrs. Chua) shall be required to pass resolutions relating to the appointment of and changes in the auditors of Metasurface Technologies, material change in Metasurface Technologies's accounting policies, amendment to the constitutional documents of Metasurface Technologies, winding up, judicial management, receivership and/or dissolution of Metasurface Technologies, or the entry into a compromise or arrangement by Metasurface Technologies with its creditors.

HISTORY AND DEVELOPMENT

- **Non-Listing put option.** In the event the Listing fails to materialise by a date falling 12 months after the first submission of our Listing application (which shall automatically be extended until, whichever is earlier, (i) the date of our successful Listing, or (ii) the date upon the earliest occurrence of any one of the following events (the “**Event of Reinstatement**”): (a) our Company formally withdraws the Listing application or (b) the Listing application lapses and our Company does not submit a renewed Listing application within six months after the lapse), MMI has the option (but not the obligation) to require our Company to purchase all (and not part only) of its shares held on the date it issues a put option notice, at a price equivalent to the subscription consideration paid by MMI, plus interest on the subscription consideration commencing on the date immediately following the date falling 12 months after the first submission of our Listing application and continue until the date of MMI’s put option notice. The interest shall be fixed at a simple interest rate of 6% per annum and be prorated by the number of days where the period of time is not a full calendar year.
- **Information right.** Metasurface Technologies shall provide MST Shareholders with access to all other information that the MST Shareholders are entitled to access under relevant laws and regulations, including but not limited to, minutes of general meetings, financial statements, and consolidated financial statements.

All such special shareholder rights were terminated and were of no further force or effect on 26 April 2023 when the Pre-IPO Investors ceased to be a shareholder of Metasurface Technologies (and became a Shareholder of our Company instead).

As such, no such special rights granted to the Pre-IPO Investors will survive on and after the Listing Date. In the event the Listing fails to materialise by a date falling 24 months after the first submission of our Listing application (which shall be automatically extended until, whichever is earlier, (i) the date of our successful Listing on the Stock Exchange, or (ii) the date of Event of Reinstatement), the special rights shall then be automatically reinstated.

Information about the Pre-IPO Investors

Accelerate

Accelerate is the commercialisation arm of the Agency for Science, Technology and Research (“**A*STAR**”), Singapore’s lead public sector R&D agency that drives mission-oriented research that advances scientific discovery and technological innovation. Accelerate is an independent third party of our Group.

MMI

MMI is a public company limited by shares incorporated in Singapore in 1989. MMI was previously listed on the SGX and was subsequently delisted in July 2007. As at the Latest Practicable Date, MMI is indirectly owned and controlled by Precision Capital

HISTORY AND DEVELOPMENT

Holdings Limited which is directly owned as to approximately 80.30%, 13.88% and 5.82% by KKR Asian Fund L.P., KKR Partners II (International) L.P. and KKR 2006 Fund (Overseas), Limited Partnership, respectively.

KKR Asian Fund L.P. is an exempted limited partnership established in the Cayman Islands, and its general partner is KKR Associates Asia L.P., an exempted limited partnership also established in the Cayman Islands. KKR Asia Limited, a company incorporated in the Cayman Islands, is the general partner of KKR Associates Asia L.P. Kohlberg Kravis Roberts & Co. L.P. acts as the investment manager of KKR Asian Fund L.P. Kohlberg Kravis Roberts & Co. L.P. and KKR Asia Limited are ultimately controlled by KKR & Co. Inc. (NYSE: KKR), which is a Delaware corporation listed on the New York Stock Exchange.

MMI is a global supplier of high precision components and integrated automation solutions for multiple industries. MMI possesses advanced technological capabilities and manufacturing expertise in precision machining and assembly of electro-mechanical components in cleanrooms as well as design and assembly of automation equipment. MMI is an independent third party of our Group.

Mr. Chua Lee Chai

Mr. Chua Lee Chai is the father of Ms. Deborah Chua Wee Wei (one of our Pre-IPO Investors) and has retired. He was a director and managing director of a company based in Singapore engaged in wholesale of furniture. Mr. Chua Lee Chai is an independent third party of our Group.

Ms. Deborah Chua Wee Wei

Ms. Deborah Chua Wee Wei is a vice president of DBS Bank in Singapore. Ms. Deborah Chua Wee Wei is the daughter of Mr. Chua Lee Chai (one of our Pre-IPO Investors) and is an independent third party of our Group.

Mr. Ho Gim Hai and Ms. Soo Siew Har

Mr. Ho Gim Hai is a director and an indirect shareholder of Tat Lee Engineering Private Limited. Founded in 1973 in Singapore, Tat Lee Engineering Private Limited provides sealing technology to the shipbuilding industry, mobility and transportation industry, manufacturing industry, petrochemical industry, water industry and power energy plants. Mr. Ho Gim Hai is the spouse of Ms. Soo Siew Har and each of Mr. Ho Gim Hai and Ms. Soo Siew Har is an independent third party of our Group.

Ms. Hong Haicheng

Ms. Hong Haicheng is a director and shareholder of Ho Heng Food & Enterprise Pte. Ltd., a food and beverage company established in 2015 that operates a central kitchen supplying food products to its own food and beverage restaurant brands across Singapore. Ms. Hong Haicheng is an independent third party of our Group.

HISTORY AND DEVELOPMENT

Mr. Poh Seng Kah

Mr. Poh Seng Kah was a director and shareholder of Hock Chuan Hong Corporation Pte. Ltd. (“**Hock Chuan Hong**”) (which is currently known as Greentec Energy Pte. Ltd.) until August 2023. Founded in 2009, Hock Chuan Hong provided waste collection, process and industrial plant engineering design and consultancy services. Our Group entered into business transactions with Hock Chuan Hong during the Track Record Period. We incurred approximately S\$1,000 and S\$1,200 in relation to procurement of services from Hock Chuan Hong for the collection of waste coolant services for the years ended 31 December 2022 and 2023, respectively. Save as the aforementioned business relationship, each of Mr. Poh Seng Kah and Hock Chuan Hong is an independent third party of our Group.

Mr. Tan Beng Kiat

Mr. Tan Beng Kiat is a director and shareholder of MJ Food Industry Pte. Ltd., a company incorporated in 2016 in Singapore that operates two central kitchens in Singapore, specialising in supplying Chinese food products and Malay sauces. Mr. Tan Beng Kiat is an independent third party of our Group.

Mr. Tan Kok Thye George

Mr. Tan Kok Thye George has retired and, in 2006, was awarded the BBM “Bintang Bakti Masyarakat” Public Service Star by Singapore. He was an owner of a partnership based in Singapore engaged in retail sale of flowers. Mr. Tan Kok Thye George is an independent third party of our Group.

Ms. Zou Shuling

Ms. Zou Shuling is a director and shareholder of Refined Manpower Pte. Ltd., an employment agency established in Singapore in 2016 that supplies labour workers. Ms. Zou Shuling is an independent third party of our Group.

Compliance with the Guide for New Listing Applicants

On the basis that (i) the considerations for the Pre-IPO Investments had been irrevocably settled more than 28 clear days before the date of the first submission of the application form for the Listing and (ii) no special rights granted to the Pre-IPO Investors referred to in “— Pre-IPO Investments — Special rights” will survive after the Listing, the Sole Sponsor is of the view that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Public float

To the best of our Directors’ knowledge, each of our Pre-IPO Investors (i) is not a core connected person of our Company, (ii) has not been financed directly or indirectly by a core connected person of the Group for the subscription of Shares, and (iii) is not accustomed to taking instructions from a core connected person of our Group in relation to the

HISTORY AND DEVELOPMENT

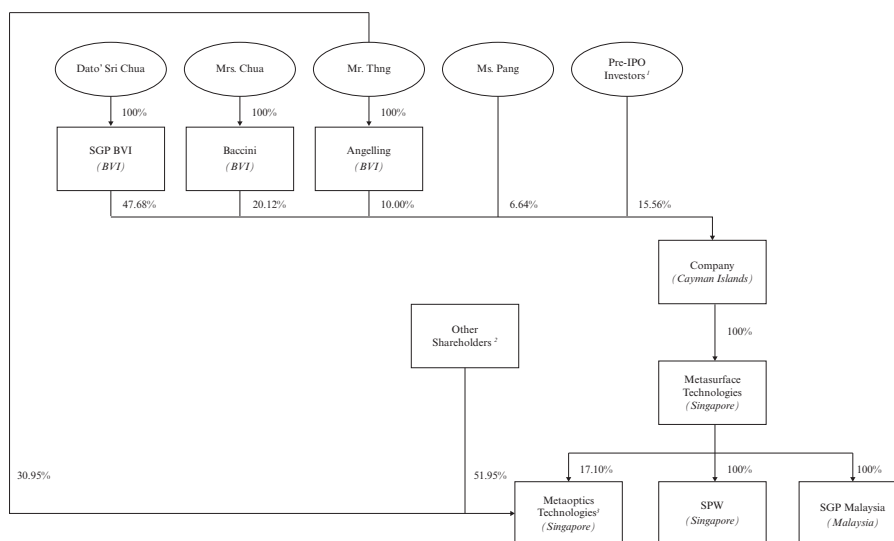
acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it, and such Shares held by them will constitute part of the public float for the purposes of Rule 11.23 of the GEM Listing Rules.

Ms. Pang and acquisition of SPW

On 1 December 2021, immediately upon completion of the acquisition of SPW which is part of the Reorganisation, Ms. Pang became a shareholder of Metasurface Technologies as to approximately 7.98%. For details, see “— Reorganisation — 2. Acquisition of SPW”.

CORPORATE AND SHAREHOLDING STRUCTURE UPON COMPLETION OF THE REORGANISATION AND THE PRE-IPO INVESTMENTS

The following diagram illustrates the corporate and shareholding structure of our Group as at the Latest Practicable Date after the completion of the Reorganisation and the Pre-IPO Investments and immediately prior to the Capitalisation Issue and the Share Offer:



Notes:

1. The Pre-IPO Investors comprise Accelerate, MMI, Zou Shuling, Hong Haicheng, Soo Siew Har and Ho Gim Hai, Chua Lee Chai, Tan Beng Kiat, Deborah Chua Wee Wei, Tan Kok Thye George and Poh Seng Kah. They do not act in concert with each other.
2. Other shareholders of Metaoptics Technologies comprise MMI (13.70%), Aquaspring (11.32%), Origgin (8.38%), Accelerate (5.93%), Autec (4.92%), Haur-Jye Technology Co., Ltd. (“**Haur-Jye**”) (2.22%), Dong & Geng Capital Pte. Ltd. (“**Dong & Geng**”) (1.82%), Dr. Arseniy Kuznetsov (“**Dr. Kuznetsov**”) (1.69%), Z&H Brothers Oversea Investment Pte. Ltd. (“**Z&H**”) (1.21%) and Mr. A Chua (0.76%). They do not act in concert with each other.

For details on MMI, see “— Pre-IPO Investments — Information about the Pre-IPO Investors — MMI” above.

HISTORY AND DEVELOPMENT

Aquaspring is an investment holding company incorporated in the BVI in 2019. It is beneficially and wholly owned by Mr. Lin Shui Ching, who operates a specialty chemicals business based in Taiwan providing plastic pigments, dyes and fine chemical raw materials. Each of Mr. Lin Shui Ching and Aquaspring is an independent third party of our Group.

Origgin is a pre-seed investment and deep technology venture capital firm based in Singapore and established in 2019, which provides capital funding to technology start-ups and, through working with industry partners and leading research institutes, provides entrepreneurial, commercial and management expertise to support such start-ups. Its investment portfolio of deep technology innovative start-ups spans across industries such as agri-food, advanced engineering, healthcare, information and communications technology. Origgin is an independent third party of our Group.

For details on Accelerate, see “— Pre-IPO Investments — Information about the Pre-IPO Investors — Accelerate”.

Autec is a private company limited by shares incorporated in Singapore in 2010 which is specialised in providing design and total solutions for high precision components made with polymeric and elastomeric materials. Applications of Autec’s solutions cover various industries including medical, automotive, electronics and lifestyle. Autec is an independent third party of our Group.

Haur-Jye is a limited company incorporated in Taiwan in 2004 which is principally engaged in electronics components manufacturing and wholesale of hardware and industrial catalyst. Haur-Jye is an independent third party of our Group.

Dong & Geng is an exempt private company limited by shares incorporated in Singapore in 2021. It is an investment holding company. Dong & Geng is an independent third party of our Group.

Dr. Kuznetsov is currently a principal scientist at A*STAR and an independent third party of our Group.

Z&H is an exempt private company limited by shares incorporated in Singapore in 2023. It is principally engaged in management consultancy services. Z&H is an independent third party of our Group.

For details on Mr. A Chua, see “Relationship with our Controlling Shareholders — Background of our Controlling Shareholders — Controlling Shareholders and Mr. A Chua acting in concert”.

3. Metaoptics Technologies is an associate of our Group.

POST-REORGANISATION CORPORATE ACTIONS

Increase of authorised share capital

On 7 June 2024, our Shareholders resolved that the authorised share capital of our Company be increased to HK\$1,000,000 divided into 1,000,000,000 Shares of HK\$0.001 each.

Capitalisation Issue

Conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise approximately HK\$117,403.49 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 117,403,489 Shares, such Shares to be issued

HISTORY AND DEVELOPMENT

and allotted on the Listing Date, credited as fully-paid at par to our Shareholder(s) whose name(s) appear on the register of members of our Company at the close of business on 28 June 2024 in proportion (as near as possible without involving fractions so that no fraction of a share shall be issued and allotted) to their then shareholding in our Company and the Shares to be issued and allotted pursuant to the Capitalisation Issue shall carry the same rights in all respects with the then existing issued Shares. Details of the resolutions passed by our Shareholders in extraordinary general meeting on 7 June 2024 are set out in “A. Further Information about Our Group — 5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024” in Appendix V to this prospectus.

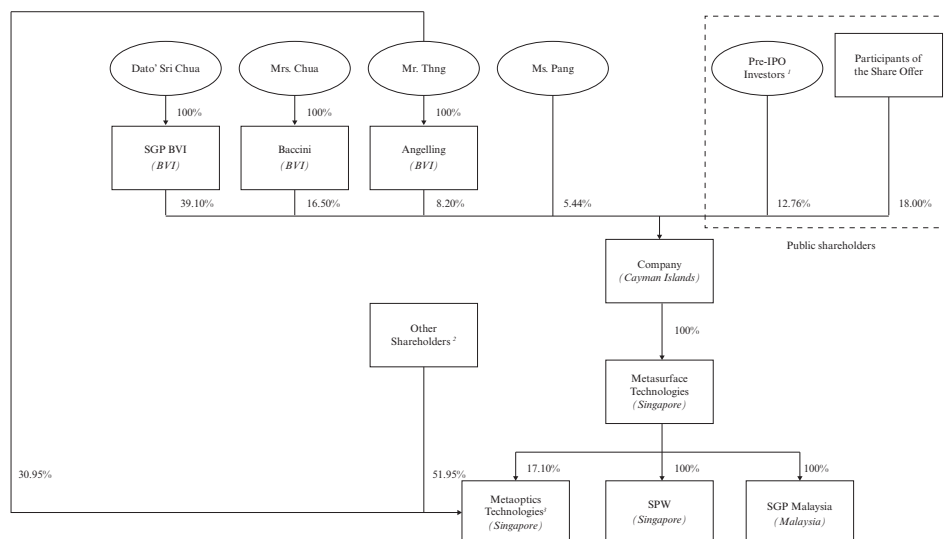
The following table sets out our shareholding structure as at the Latest Practicable Date and upon completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued and allotted upon exercise of options which may be granted under the Post-IPO Share Option Scheme):

Shareholders	Number of Shares as at the Latest Practicable Date	Approximate shareholding percentage as at the Latest Practicable Date (%)	Number of Shares upon completion of the Capitalisation Issue and the Share Offer	Approximate shareholding percentage upon completion of the Capitalisation Issue and the Share Offer (%)
SGP BVI	2,668,459	47.68	58,647,335	39.10%
Baccini	1,126,058	20.12	24,748,479	16.50%
Angelling	559,651	10.00	12,299,998	8.20%
Ms. Pang	371,343	6.64	8,161,369	5.44%
<i>Pre-IPO Investors</i>				
Accelerate	279,826	5.00	6,150,010	4.10%
MMI	139,913	2.50	3,075,005	2.05%
Zou Shuling	80,789	1.44	1,775,579	1.18%
Hong Haicheng	76,172	1.36	1,674,107	1.11%
Soo Siew Har and Ho Gim Hai	69,247	1.24	1,521,909	1.01%
Chua Lee Chai	57,706	1.03	1,268,261	0.85%
Tan Beng Kiat	57,706	1.03	1,268,261	0.85%
Deborah Chua Wee Wei	57,706	1.03	1,268,261	0.85%
Tan Kok Thye George	28,853	0.52	634,130	0.42%
Poh Seng Kah	23,082	0.41	507,296	0.34%
Participants of the Share Offer	—	—	27,000,000	18.00%
Total:	<u>5,596,511</u>	<u>100</u>	<u>150,000,000</u>	<u>100%</u>

HISTORY AND DEVELOPMENT

CORPORATE AND SHAREHOLDING STRUCTURE UPON COMPLETION OF THE CAPITALISATION ISSUE AND THE SHARE OFFER

The chart below shows our shareholding and corporate structure immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued and allotted upon exercise of options which may be granted under the Post-IPO Share Option Scheme):



Notes:

- The table below sets out the names of the Pre-IPO Investors who will be counted as public float immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued and allotted upon exercise of options which may be granted under the Post-IPO Share Option Scheme) for the purposes of Rule 11.23 of the GEM Listing Rules and their respective shareholdings:

Name of the Pre-IPO Investors	Approximate shareholding in our Company immediately following the completion of the Capitalisation Issue and the Share Offer (%)
1. Accelerate	4.10
2. MMI	2.05
3. Zou Shuling	1.18
4. Hong Haicheng	1.11
5. Soo Siew Har and Ho Gim Hai	1.01
6. Chua Lee Chai	0.85
7. Tan Beng Kiat	0.85
8. Deborah Chua Wee Wei	0.85
9. Tan Kok Thye George	0.42
10. Poh Seng Kah	0.34

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Immediately upon the Capitalisation Issue and the Share Offer, an aggregate of approximately 30.76% of the issued Shares will be counted as part of the public float for the purposes of Rule 11.23 of the GEM Listing Rules.

2. Other shareholders of Metaoptics Technologies comprise MMI (13.70%), Aquaspring (11.32%), Origgin (8.38%), Accelerate (5.93%), Autec (4.92%), Haur-Jye (2.22%), Dong & Geng (1.82%), Dr. Kuznetsov (1.69%), Z&H (1.21%) and Mr. A Chua (0.76%). They do not act in concert with each other. For details on the other Shareholders of Metaoptics Technologies, see Note 2 to the diagram in “— Corporate and Shareholding Structure upon Completion of the Reorganisation and the Pre-IPO Investments”.
3. Metaoptics Technologies is an associate of our Group.

OVERVIEW

We are a precision engineering services provider headquartered in Singapore. We provide (i) precision machining services which are machining processes for removing materials from a workpiece with high accuracy to create parts and components with tight tolerance with accuracy in the range of hundreds of micrometre, and (ii) precision welding services which involve the application of weldment equipment and specialised welding technique on a workpiece in a very precise and controlled fashion and which are typically used for small parts, parts with tight dimensional tolerances, or parts requiring a barely visible line weld. Leveraging our technical capabilities, know-how and machinery and equipment, we have established our market position by providing build-to-print precision engineering services covering the precision component engineering value chain tailored to our customers' specific technical requirements and commercial needs. According to the CIC Report, we ranked fifth in terms of revenue from the semiconductor segment of the precision component engineering industry in Singapore in 2023, with a market share of approximately 3.3%.

Throughout the years, we have grown our business to serve customers in various sectors, including semiconductor, aerospace and data storage industries. Many of our customers are well-recognised international companies in these industries, including Customer A, a U.S. based corporation which supplies equipment used for fabrication of integrated circuits and displays of electronic products such as televisions, smartphones, laptops, personal computers, etc.. Our major customers have selected us as a key long-term partner as we possess essential industry-specific certifications and have passed the stringent and extended in-house supplier qualification processes of these reputable customers. We have established long-standing business relationships with our five largest customers during the Track Record Period for an average of approximately 11 years and we will seek to maintain sustainable and mutually beneficial relationships with our customers.

We have demonstrated a proven track record in providing quality and efficient precision engineering services to our customers. We have a dedicated quality control team to conduct stringent incoming, in-process and final quality assessment by conducting a wide range of technical testing, such as leak checking using helium leak detectors, to ensure that our components and parts are of the exact and precise measurements as specified by our customers. We have obtained the SSQA certification, which qualifies us to conduct precision machining work in the semiconductor industry. We have also been accredited with ISO 9001:2015 quality management system certification in respect of fabrication of precision machinery parts since 2019, and ISO 14001:2015 environmental management system certification in respect of fabrication of machinery parts since 2018.

BUSINESS

Our business is headquartered in Singapore with production facilities situated in Singapore and Malaysia. We are equipped with machinery with functions and specifications and technicians who have accumulated skills in handling different production processes which enable us to offer services to cater for the specific design and requirements of our customers. Most of our machinery and equipment can be used to produce a wide range of products for diverse end-use industries with different specifications.

The following table sets out our revenue breakdown during the Track Record Period by service type, customer sector and customer geographical location, respectively:

	For the year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	<i>% of total revenue</i>	<i>S\$'000</i>	<i>% of total revenue</i>
<i>By service type:</i>				
Precision machining	22,913	58.6	15,545	40.1
Precision welding	<u>16,203</u>	<u>41.4</u>	<u>23,224</u>	<u>59.9</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>
<i>By customer sector:</i>				
Semiconductor ⁽¹⁾	35,729	91.3	34,077	87.9
Aerospace ⁽²⁾	101	0.3	1,646	4.3
Data storage ⁽³⁾	2,423	6.2	2,411	6.2
Others ⁽⁴⁾	<u>863</u>	<u>2.2</u>	<u>635</u>	<u>1.6</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>
<i>By customer geographical location:</i>				
Singapore	20,741	53.0	14,807	38.2
Malaysia	12,627	32.3	16,072	41.5
U.S.	3,507	9.0	5,267	13.6
Others ⁽⁵⁾	<u>2,241</u>	<u>5.7</u>	<u>2,623</u>	<u>6.7</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>

Notes:

1. To the best knowledge of our Directors, our products supplied to customers in the semiconductor sector are mainly parts and components used in building manufacturing equipment for producing semiconductor chips, such as etching systems, deposition systems and lithography systems, and the end-use applications of the semiconductor chips manufactured include consumer electronic products such as smartphones and other mobile devices, servers, personal computers, automotive electronics, etc.
2. To the best knowledge of our Directors, applications of our products supplied to customers in the aerospace sector mainly include engineering parts for commercial aircraft.

BUSINESS

3. To the best knowledge of our Directors, applications of our products supplied to customers in the data storage sector mainly include parts and components used in building machinery and equipment for manufacturing of hard disc.
4. Others mainly refer to (i) solar industry with applications of our products mainly include parts and components used in building machinery and equipment for producing solar panels; and (ii) oil and gas industry with applications of our products mainly include jackup rig and oil tools, to the best knowledge of our Directors.
5. Others mainly refer to Switzerland.

Investment in associate

We have invested in and ventured into the innovation and manufacturing of meta optics components through our investment in Metaoptics Technologies, an insignificant subsidiary of our Group since its incorporation in June 2021 and until completion of various rounds of investments and share transfers and currently our associate. Meta optics technology is a new technology which enables the production of flat surface lens of smaller size, lighter weight, lower power consumption and wider light as compared to existing conventional 3D Lens. Metaoptics Technologies is currently in collaboration with a renowned research institute in Singapore and seeking to expand into innovating the technology of developing and conducting mass production of meta optics components, which could be used by customers to install on the optical sensors, camera and flash lens, autonomous vehicles and augmented reality/mixed reality displays.

The global market of optical metalens industry is relatively fragmented and there are only a few market players in the field given the high technological barrier and the challenges in achieving mass production. The rapid growth of the new energy vehicle (NEV) industry, development of 5G smartphone industry, the continual expansion of other downstream industries such as artificial reality and virtual reality as well as future breakthrough of advanced manufacturing technology such as robotics, internet of things, etc. are expected to drive the growth of the optical metalens market.

According to the CIC Report, the global market size of metamaterials, including metalens, is forecast to reach US\$6.0 billion by 2028. In particular, driven by the growing average number of optical components applied in each 5G smartphone and the rising 5G smartphone penetration rate, the global consumption volume of 5G smartphone optical components is expected to increase from 2.6 billion units in 2023 to 4.6 billion units by 2028 at a CAGR of 12.4% from 2023 to 2028. Also, with the continuous growth of both the average number of optical components applied in each NEV and NEV sales volume, the global consumption volume of NEV optical components is expected to grow from 235.8 million units in 2023 to 613.1 million units by 2028 at a CAGR of 21.1% from 2023 to 2028. The current global optical metalens market is still at its early stage of commercialisation with China and the U.S. leading at the forefront of the research and development. As the design and manufacturing technologies gradually get mature and as the technology application awareness increases across the global market, it is expected that more companies will enter the field in the future.

To the best of the Directors' knowledge, the optical metalens can be manufactured by the fabrication equipment from the semiconductor industry and our Group's major customers in the semiconductor sector are also expanding or contemplating to expand their business involving metalens to diversify their product portfolio. For instance, one of the portfolio companies of the venture capital arm of Customer A is creating augmented reality headsets, in which to incorporate advancements in optical technology to enhance the application. When the opportunity arises, the Group intends to leverage the current business relationship with its major customers in the semiconductor sector to provide other value-added services which involves optical metalens to its customers so as to diversify the product and service offering and increase the income streams of the Group.

For more information on the shareholding changes in Metaoptics Technologies, see "History and Development — Reorganisation".

OUR STRENGTHS

We believe the following competitive strengths have contributed, and will continue to contribute to our success and distinguish us from our competitors:

Long standing and strong business relationships with reputable international customers

Over the years, we have established a solid customer base. Our customers include reputable international companies spanning across the semiconductor, aerospace and data storage industries which have manufacturing bases across Singapore, Malaysia, Japan and the U.S. We are able to secure and maintain long-term and stable business relationships with our major customers. In particular, we have maintained business collaborations with our five largest customers for the Track Record Period for approximately 11 years on average. We have successfully retained and attracted customers due to (i) our consistently high quality, stable, versatile and efficient build-to-print services, (ii) our commitment to customer service and our timely response to our customers' varying demands which reduced their time-to-volume, (iii) the high entry barrier of the precision component engineering industry, (iv) our advanced production technologies and manufacturing capability, and (v) the mutual reliance with our customers. For more information on the mutual reliance with our customers and the high entry barrier of the precision component engineering industry, see "— Our Customers — Customer concentration and reliance on our five largest customers — Mutual and complementary reliance" and "— Competition", respectively. We believe our ability to establish long-term and sustainable business relationships with our major customers, such as Customer A, will continue to provide a key growth momentum of our Group. We have successfully capitalised on our industry reputation and stable relationships with leading industry participants to capture new business opportunities and expand our customer base. Also, by strengthening our marketing efforts including engaging more in-depth communication with our existing and prospective customers regarding their future business and development plans, we believe we are able to enhance our market presence among the existing and potential customers and further penetrate into sectors such as aerospace and data storage within the precision component engineering industry to diversify our customer base.

Advanced production technologies and manufacturing capabilities to produce products that meet various specifications required by the customers

We believe our advanced production technologies and manufacturing capabilities have been our competitive edge. Precision machining and precision welding services require expertise in planning, procurement, management and operation of machinery and equipment. We differentiate ourselves from our competitors with our technical knowledge and know-how in the diverse specifications and functionalities of precision machinery and equipment including CNC machines, coordinate measuring machines, welding machines and helium leak detectors, etc.

We are able to provide build-to-print services and manufacture products according to our customers' specifications, maximise cost effectiveness and minimise turnaround time. In order to cater to the unique and specific design of each product, our production team tailors the production flow for each individual production process by selecting the optimal combinations of machinery and equipment according to operational needs, preparing the internal production work instructions and programming such instructions into the relevant machinery and equipment. Our large fleet of machinery and equipment of various functionality allows for efficient execution of production process to accommodate the need for different programme configuration.

We leverage on our machinery and equipment in our Singapore Factory and Malaysia Factory to manufacture complex products with high efficiency and accuracy. Our machinery and equipment are highly versatile and adaptable which can accommodate various types of raw materials including aluminium and stainless steel to manufacture products of various dimensions. Throughout the years, we have continuously acquired cutting edge machinery to enhance the level of complexity of products we manufacture and improve our overall production capability. During the Track Record Period, we acquired machines such as multi-axis CNC machines, and milling machine, etc. In particular, we installed a 5-axis CNC milling machine during the Track Record Period which allows multi-dimensional movement of the milling tools. It has simplified our efforts in system configuration to manufacture complex products in one set-up. Our machinery can produce large format parts with size of more than one metre and of two feet thick. According to the CIC Report, the industry average accuracy for large format vacuum chambers is around $\pm 100 \mu\text{m}$ to $\pm 10 \mu\text{m}$. We are able to achieve an accuracy of $\pm 10 \mu\text{m}$, which is considered to be an advanced capability in the industry. This provides us with flexibility to produce a wide range of parts and components of various sizes and specifications. We are also equipped with helium leak detectors for quality management purpose.

Possession of industry-specific qualifications and certifications for precision machining and precision welding services

We place great emphasis on our production process as well as quality control and we have been accredited with the relevant industry-specific qualifications and certifications. We also have a quality control team with experienced staff equipped with sound knowledge of our machinery and equipment to conduct stringent incoming, in-process and final quality control by implementing a wide range of technical testing, such as leak checking using

helium leak detectors, a specialised device which could locate and detect leaks with high accuracy and sensitivity, and dimensional inspections using coordinate measuring machines and visual inspection to ensure that all components are of the exact and precise measurements as specified by our customers. In light of our proven track record in stringent production process and quality control, we have been awarded ISO 9001:2015 quality management system certification in respect of fabrication of precision machinery parts since 2019 and ISO 14001:2015 environmental management system certification in respect of fabrication of machinery parts since 2018.

We have also been accredited with qualifications and certifications in relation to our production technologies. According to the CIC Report, the provision of certain precision welding services requires qualifications issued by professional organisations such as the American Society of Mechanical Engineers (ASME), American Welding Society (AWS) and Semiconductor Equipment and Materials International (SEMI). We have welders accredited with ASME BPVC Section IX:2017 and are qualified to perform the relevant welding to the required standards. We also possess AWS and SEMI welding qualifications. For provision of precision machining services in the semiconductor industry, we have obtained the SSQA certification, a common quality assessment parameter for suppliers of the industry.

As reputable global leaders in their respective industries, our customers are highly selective and have stringent certification requirements and internal procedures in selecting suppliers. As part of the assessment and evaluation process, we may need to possess certain industry specific qualifications such as SSQA and ISO. We have been officially selected by Customer A as its approved supplier since 2016. From time to time, we have also passed the routine qualification assessment process of Customer A, such as their copy exact training, which strengthens our mutual relationship and gives us an edge over new entrants in the industry.

Experienced management team supported by high calibre engineers with advanced technical capabilities

Our experienced and visionary management team is led by Dato' Sri Chua, our Controlling Shareholder, executive Director, chairman of the Board, and chief executive officer, who is profoundly experienced in high precision manufacturing and has extensive knowledge in precision machining and tooling design. Mr. Soh, one of our senior management executives, has extensive experience in various welding processes including E beam welding, TIG and orbital welding. Mr. Thng, executive Director and Vice President (Special Projects) of Metasurface Technologies, has considerable experience in product and process engineering. For more information on our Directors' and senior management team's biographies, see "Directors and Senior Management". We believe that our experienced and high calibre management team has played a key role in managing and leading our business operation, which has been and will continue to be the key to our success in our future operations and business growth.

BUSINESS

Our team of engineers with diverse areas of competency, combined with their technical knowledge, mastery and capability, has enabled us to create additional value and excellent service for our customers. We recruit high calibre engineers from various backgrounds with an aim to gather insights and expertise to enhance our business operational efficiency, tailor our services to customers to meet their dynamic needs and sustain our business growth. Our management and production teams consist of trained and qualified professionals who have experience in the precision engineering industry for over 10 years.

OUR STRATEGIES

Our business objective is to provide best-in-class value in precision engineering which is built on trust, knowledge, experience and synergies as well as to forge mutually beneficial partnership with our customers. To accomplish this objective, we plan to:

Maintain and strengthen our long-term partnership with reputable international customers as well as expand and diversify our customer base

We value our customers and will seek to further deepen our relationships with our existing customers. Our customers are mainly reputable international companies, spanning across the semiconductor, aerospace and data storage industries. We intend to conduct more in-depth communication with our existing customers through client visits to keep abreast with their latest future business plans and development to ensure that we understand and timely anticipate their needs and requirements. We aim to consistently provide high quality and reliable services to foster customer reliance on us and to create word-of-mouth that enables us to further attract other reputable international customers.

During the Track Record Period, our customers were predominately engaged in the semiconductor industry which accounted for 91.3% and 87.9% of our total revenue for the years ended 31 December 2022 and 2023, respectively. Our Directors believe that we have developed our reputation among customers in the semiconductor industry. We intend to build on our success in the semiconductor industry and reputation from the cooperation with our major customers to further expand our customer base.

We intend to strategically enhance our presence in other industries, such as data storage and aerospace. Specifically, we intend to expand our business through further cooperation with our existing customers in such other industries and exploring new customers. We believe that diversifying our customer base with a wider spread of customers from diverse industries will be critical for our future development and healthy growth.

Continue to seek business expansion and increase our scale of operation

We plan to expand our scale of operation and increase the utilisation of our production capacity by enhancing our cashflow management, supply chain management and human resources management to capitalise on the growing demand for precision engineering services and to respond to changes in market trends and customer requirements.

BUSINESS

According to the CIC Report, the global demand for precision engineering components, driven by the advancement and ever-evolving technological developments in sectors such as semiconductor, aerospace, oil and gas, medical devices and automotive ensures a steady stream of opportunities and recurring demand for our products and services. Semiconductor manufacturing equipment industry is one of the main downstream sectors, of which the global sales increased from US\$61.7 billion in 2019 to US\$106.3 billion in 2023, registering a CAGR of 14.6% during the period. It is expected to further increase to US\$180.6 billion in 2028 driven by capacity expansion, new fabrication projects, and high demand for advanced technologies and solutions across the front-end and back-end segments of the semiconductor industry.

Additionally, due to factors such as macro-economic conditions and dynamic international situations, certain global major semiconductor manufacturers and semiconductor equipment manufacturers have been shifting their manufacturing bases and operations from China to Southeast Asian countries, providing more business opportunities for Singapore, as a leading regional hub for advanced manufacturing, and Singaporean service providers. Within the wafer manufacturing sector in the semiconductor industry, integrated device manufacturers (IDM) companies such as Micron Technology, Infineon Technologies, NXP Semiconductors, STMicroelectronics, and along with foundry companies such as Global Foundries, United Microelectronics Corporation (UMC) and Vanguard International Semiconductor Corporation (Vanguard) had been expanding their manufacturing facilities in Singapore. In particular, Customer A announced “Singapore 2030” in December 2022. As part of the plan, Customer A planned to invest S\$600 million in a new facility at Tampines Industrial Crescent in Singapore by 2024, which is expected to be a 700,000 square feet plant and include more than 200,000 square feet of equipment manufacturing clean room space, to expand its chip-making operations in the next eight years and strengthen its manufacturing capacity, R&D, ecosystem partnerships and workforce development in Singapore. According to the CIC Report, the two largest customers of Customer A are Taiwan Semiconductor Manufacturing Company Limited (TSMC) and Samsung Electronics Co. Ltd, which together accounted for more than 30% of Customer A’s total net sales for each of its financial years ended 31 October 2021, 2022 and 2023. As an affiliate of TSMC, Vanguard announced in October 2023 its plan to further build a 12-inch chip plant in Singapore following its acquisition of an 8-inch chip plant in Singapore from GlobalFoundries in 2019. Another customer of Customer A, UMC announced in 2022 its plan to invest US\$5 billion in a chip-making factory in Singapore, to manufacture 22 and 28 nanometer chips for cars, IoT devices and computers. The UMC’s new facility in Singapore is expected to be completed by mid-2024, with initial production to commence in early 2025. Such shifting trend and strengthening of production base by the global semiconductor manufacturers and semiconductor equipment manufacturers in Singapore are expected to bring more demand for services and products of our Group.

Furthermore, apart from that the vast end-use market is expected to bring adequate and recurring demand for our services, the precision components engineering industry has relatively high entry barriers including (i) large capital investment in high-end machinery, (ii) the requirement for skilled workers and technological know-how, (iii) proven capability

and stable relationship with customers, and (iv) qualification and certification requirements, making it challenging for new entrants to enter and therefore reinforcing our Group's role in capturing the emerging demands.

Going forward, in view of the growing demand for precision components engineering services within the semiconductor industry, our Group will continue to develop the provision of precision machining and precision welding services in parallel to leverage the synergies between both service types.

Enhance our cashflow management and supply chain management

We intend to enhance our cashflow management and allocate our working capital strategically to manage our payables and receivables effectively. Our Directors believe that direct material cost will continue to be the largest component of our cost of sales in the future and it is essential to enhance our liquidity position in order to undertake more customer orders. We aim to closely monitor our working capital needs and increase our liquidity to meet the expected increase in cash flow demands during periods of high level of customer orders. Our Directors believe that by maintaining a sufficient level of working capital, we will be able to optimise our production capacity and ensure a smooth cash flow cycle.

We also intend to enhance our supply chain management and expand our upstream resources portfolio to foster our flexibility in production planning. We seek to maintain effective inventory management by managing our inventory levels to align with customer demand. To optimise our inventory control and avoid excessive inventory levels, and in order to enhance our profitability given the potential increase in raw material costs, we intend to purchase the required raw materials in appropriate quantities according to customer orders and adjust our inventory levels from time to time to accommodate any higher volume of customer orders. We did not adopt any hedging policy on raw material costs, during the Track Record Period and as at the Latest Practicable Date, as we provided our quotation to customers after obtaining the relevant quotations from suppliers. Therefore, we are able to mitigate raw material prices fluctuations by passing on the raw material costs to our customers by reflecting such costs into the respective quotation. As such, our Group did not experience any material adverse impact on our gross profit margin due to raw material prices fluctuations during the Track Record Period and up to the Latest Practicable Date and we will continue this practice going forward. We also endeavour to make timely payment to our suppliers to minimise the risk of disruption in the supply chain.

Enhance human resources management

We believe that our high calibre production team has contributed to our success and we endeavour to maintain effective human resources management system and incentive mechanism to identify, select, cultivate and retain teams of competent employees at various levels. The competition for recruitment of technically competent personnel is intense. According to the CIC Report, recruitment for technicians for precision engineering is under intense competition in Singapore. Therefore, retaining our existing technical workforce and recruitment of additional personnel are critical to expanding our operation.

In order to expand our workforce to facilitate the expansion of our scale of operation and to maximise the machine hours in operation and our production facilities utilisation rates thereof, we will continue to attract and recruit technicians with the required skills and technical know-how to improve our service capacity and competitiveness. We plan to recruit approximately five machinists, two technicians for precision welding services, one CNC programmer and one production planner with the required industry experience, technical expertise and relevant qualifications in operating precision machining, and conducting welding to cater for the increasing demand from our customers. The expected average annual salaries of machinists, technicians for precision welding services, production planner and CNC programmer to be recruited are approximately S\$42,000, S\$42,000, S\$66,000 and S\$54,000, respectively. Despite the potential increase in labour costs due to the planned recruitment of additional technicians and workers going forward as set out in the section headed “Future Plans and Use of Proceeds” in this prospectus, our Directors believe that we are able to maintain our profitability. Employing full-time workers for our production facilities is a more cost-effective solution compared to procuring external labour services as the third-party service providers generally charge a higher average hourly rate for their labour services than the remuneration we paid for our full-time workers by approximately 94.0%. Furthermore, full-time workers ensures consistent availability of labour force for our resource allocation, stability of our service quality and their familiarity with the factory’s operations, thus promoting production efficiency.

In addition, our Group’s production facilities for precision machining have recorded low historical utilisation rates during the Track Record Period primarily due to the limited resources for procurement of raw materials and recruitment of skilled workers to maximise the machine hours in operation. For more information, see “— Production capacity and utilisation”. In view of the expected increase in demand in precision engineering services in Singapore and considering the low historical utilisation rates of our production facilities, we intend to maximise our production capacity by extending our operating hours on night shifts and by introducing and offering attractive remuneration to our existing or newly recruited employees who are willing to work on night shifts. We also intend to motivate and retain our existing high calibre employees through improving remuneration packages, other welfare and benefits to further improve their efficiency and standard of performance. We will endeavour to continue to provide systemic on-the-job trainings and development programmes to improve the technical skills of our employees. For more information, see “Future Plans and Use of Proceeds.” With these initiatives, we believe we will be able to enhance the quality of our services, increase labour productivity, cultivate a sense of belongings among our staff to support our long-term and sustainable growth.

Enhance our quality assurance capability and optimise our operational efficiency

As we continue to expand our business scale, our Directors believe that it is crucial for us to improve and enhance our quality assurance capability. According to the CIC report, as customers in the downstream industries are highly concentrated and usually prefer to work with only a limited number of reliable suppliers, companies that prove their ability to deliver high-quality products consistently are likely to receive more orders and gain more market shares in the long term. We believe that our past success is attributable to our stringent quality control which enables us to provide high quality precision engineering

BUSINESS

services to our customers. We intend to further strengthen our quality control capability by upgrading our coordinate measuring machine and hence increasing the efficiency of our quality control procedures and enhancing the quality and accuracy of components we produced.

We are currently using a production management system for managing our manufacturing process and production flow in our Singapore Factory and Malaysia Factory. We intend to purchase a new production planning system and machine monitoring system for more comprehensive coverage of the production process and enable better coordination. It is expected that the new production planning system and machine monitoring system can allow us to conduct real-time data monitoring and analysis and produce daily report regarding our machine operations. As our business continues to grow and to meet the increasing requirement on information system management, improve operational efficiency and ensure effective coordination among various functions of our business, we plan to introduce a more advanced integrated ERP system to our precision machining process at our Singapore Factory to achieve better control of sales and production information, and to enhance our data analytic capabilities on production planning and quality control on a real time basis. We expect that an advanced integrated ERP system can track and monitor our production information, such as the number of our purchase orders received and/or fulfilled, our daily production volume, raw material schedule, delivery schedules and quality control information.

In addition, as we have not updated our CNC programming software since purchase in 2018, we intend to upgrade the programming software of our CNC machines to enhance the flexibility and capability of our CNC machines to reconfigure for different production scenarios. New features that we intend to acquire with the upgrade include enhanced ease and speed of development and built-in computed calculation formula. An updated programming software with improved algorithm can also improve accuracy and enhance overall performance of our CNC machines. It is also expected that an updated programming software will lower the idle time of the CNC machines and increase our production efficiency.

We also intend to purchase a new coordinate measuring machine to replace an existing coordinate measuring machine for the purpose of improving the accuracy of measuring parts against the design specifications in view of the increasing demand for our precision machining services. As at 31 December 2023, we have three coordinate measuring machines. One of the coordinate measuring machines had remaining useful life of approximately 12 years. The remaining coordinate measuring machines have been fully depreciated. Coordinate measuring machine is crucial in ensuring the quality of the parts we produce, especially as precision machining requires high precision in terms of dimensions. The new coordinate measuring machine we intend to purchase is equipped with features such as contactless probe and extra large parts measuring capability. The new coordinate measuring machine with an expected useful life of approximately 12 years is expected to replace the existing coordinate measuring machines which have been fully depreciated. With the increasing demand for our precision machining services, we expect the new coordinate measuring machine with new features and new programming software can improve the accuracy and efficiency of our quality check process.

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To provide flexibility for transporting parts between our Singapore Factory and Malaysia Factory for urgent orders or delivery of parts to our customers' warehouse in Singapore upon request, we plan to expand our logistic team by purchasing an additional truck and recruiting an additional truck driver. Our existing trucks have become inadequate to meet delivery demands. As a result, our customers have had to arrange their own pickup for purchased parts and components, disrupting customer service and potentially harming customer relationships. It is expected that the new truck will have useful life of 10 years and expanding our logistic team will support the increase in demand from our customers.

For more information, see “Future Plans and Use of Proceeds”.

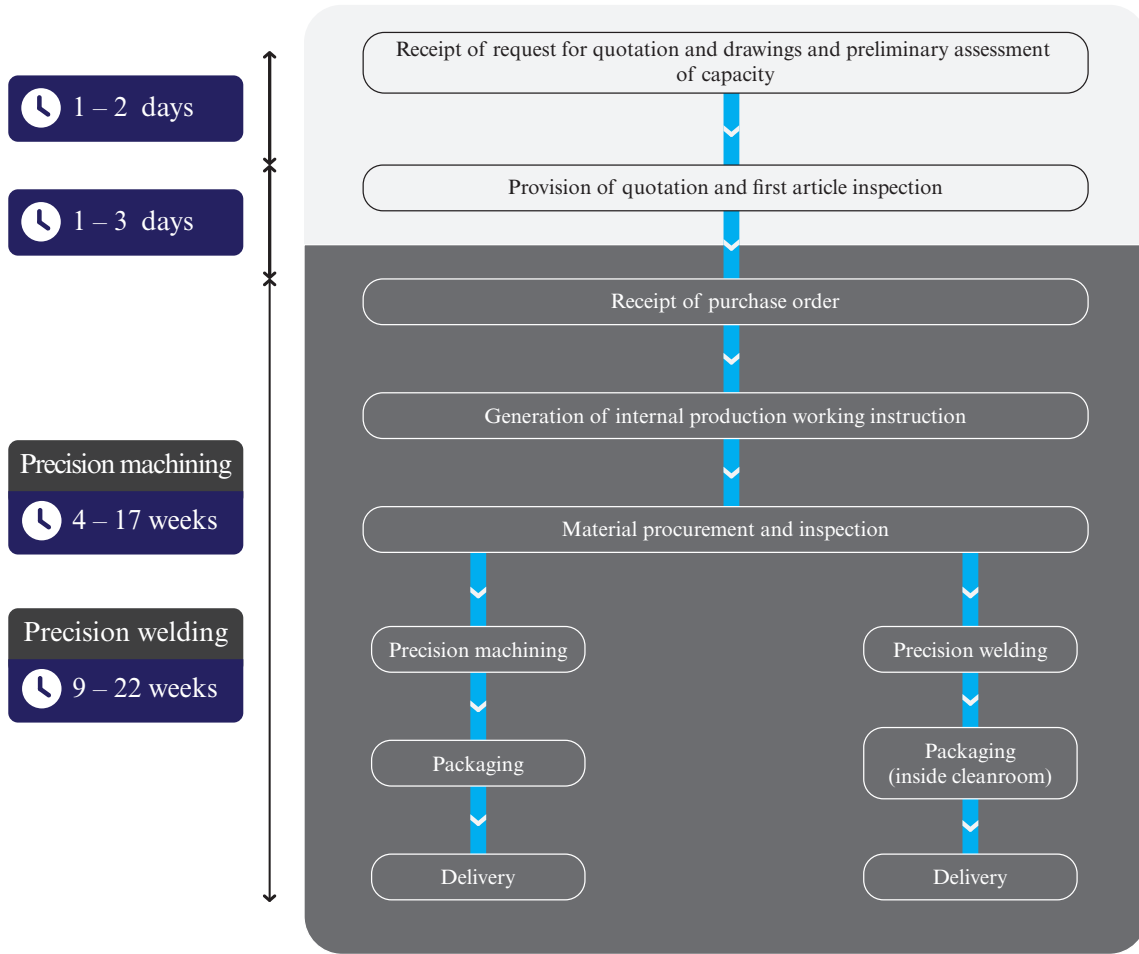
OUR BUSINESS MODEL

We generally offer our customers build-to-print precision engineering services including (i) precision machining services which are machining processes for removing materials from a workpiece with high accuracy to create parts and components with tight tolerance with accuracy in the range of hundreds of micrometre, and (ii) precision welding services which involve the application of weldment equipment and specialised welding technique on a workpiece in a very precise and controlled fashion. Precision welding is typically used for small parts, parts with tight dimensional tolerance, or parts requiring a barely visible line weld.

We have started our business providing precision machining services since 2000 and further expanded our business to precision welding services following our acquisition of SPW in December 2021. The acquisition was driven by SPW's expertise in precision welding which is a crucial value-added process in precision engineering and the synergy brought by the shared customer base between Metasurface Technologies and SPW. In particular, both precision machining and precision welding are integral to the precision engineering process. Certain ultimate products manufactured by our customers require parts produced using both precision machining and precision welding processes. With the acquisition of SPW, we are able to provide solutions for various manufacturing process of precision engineering, which has reinforced our presence in the precision component engineering value-chain.

Our business flow

The key stages in our business flow for precision machining and precision welding are set out in the diagram below:



The project lead time for precision machining from receipt of purchase orders to delivery is typically ranging from 4 to 17 weeks. The project lead time for precision welding from receipt of purchase orders to delivery is typically ranging from 9 to 22 weeks.

Receipt of request for quotation and drawing and preliminary assessment of capacity

From time to time, our customers provide us with request for quotation and the relevant product drawings (the “**Customer Production Drawings**”). Upon receipt of the request for quotation and the Customer Production Drawings, we will liaise with the customer regarding the estimated delivery schedule.

Provision of quotation and first article inspection

If, upon our assessment, we consider that we have the capability and capacity to deliver the parts and components required by our customers according to the product specifications outlined in the Customer Production Drawings, we will prepare and provide quotation(s) to our customers. The sales and/or programme managers shall prepare the official quotation/contract. The quotation(s) is determined mainly based on our preliminary estimate on the raw materials, labour hours and machine hours required to manufacture the product. For production of new parts and components, we are required to produce a first article for our customers’ approval. Our quality control inspector shall inspect the first article and submit the inspection report together with the first article for our customers’ approval.

Receipt of purchase order

If our customers are satisfied with our quotation(s) and the first article (in case for new parts and components, they will issue and provide us a purchase order within one to three days.

The sales and/or programme managers will handle purchase orders from customers, understanding customer requirements and submitting revised quotations when required.

Generation of internal production working instructions

Based on the Customer Production Drawings, our production team will generate the internal production working instructions, which outline in details the production flow as well as the raw materials, labour, machinery and equipment, procedures, standards and dimensions, etc. required to meet the specifications under the Customer Production Drawings for manufacturing the product.

Material procurement and inspection

Our procurement team undertakes the responsibility for material procurement and management for the entire production process from the receipt of the customers' purchase orders until the final delivery of our products.

We may be required to source certain raw materials from approved suppliers designated by our customers. In such case, we will request quotations from such approved suppliers. We liaise with our suppliers on the pricing terms, minimum order quantity, standard pack quantity and lead time.

Precision machining and precision welding

For more information on the manufacturing process of each of our precision machining and precision welding division, see “— Our manufacturing process”.

Packaging and delivery

After the finished products pass our final quality inspection and checks, we will arrange for packaging of the finished products. In particular, finished products which are required to be welded inside a cleanroom will be packaged inside the cleanroom after the precision welding process.

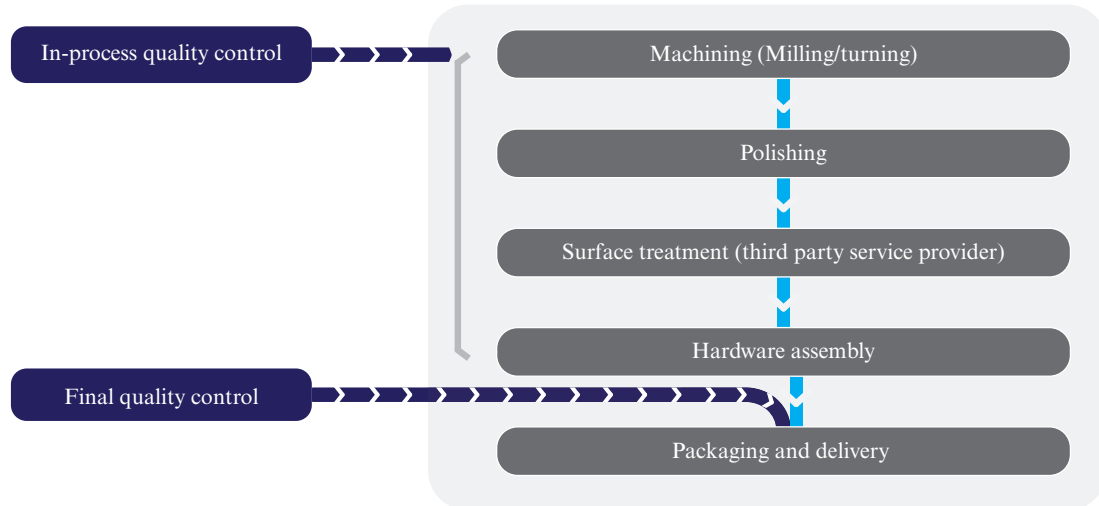
For delivery to destinations within Singapore, our in-house logistics team is responsible for the delivery to the designated locations. For destinations outside Singapore, subject to the requirements set out in the purchase orders, external courier is arranged in accordance with our customers' instructions for their pickup from our warehouse.

Our manufacturing process***Precision machining***

Precision machining is a machining process of removing materials from a workpiece with high accuracy to create parts and components with tight tolerance with accuracy in the range of hundreds of micrometre. Types of precision machining include turning, milling, grinding and drilling, etc. The precision machining process is generally controlled using Computer Numerical Controls (CNC) system and supported by CAD-CAM software such as Solidworks, Mastercam, Hypermill.

We manufacture parts and components by machining raw materials using high precision CNC machines according to the Customer Production Drawings, such as for our customers in the semiconductor manufacturing equipment industry.

The flow chart below illustrates the production process for precision machining:



Depending on the complexity of the product specification, the project lead time for precision machining from receipt of purchase orders to delivery normally takes around 4 to 17 weeks. The production process consists of the following steps:

Machining

Machining (such as milling and turning) is a process where aluminium and other metals are processed to meet the product specifications using CNC machines. CNC machinery has a high precision automated vertical and horizontal machining centre that enables motions to be commanded through built-in programmes interpreting mathematical or numerical data inputs to conduct automatic, precise and consistent motion control in the manufacturing process.

For the manufacture of new products where new Customer Production Drawings are provided and CNC machinery is required for the production process, our programmers will create new programming instructions and generate machining codes using software such as Mastercam and Hypermill and import such instructions into the CNC machines to drive the operation. For existing products of which the production instructions have already been programmed into machining codes, the machinists will import the existing machining codes directly into the CNC machines for operation.

Milling and turning are involved in our machining process. Milling is a process which spins a cutting tool against a stationary workpiece using primarily square or rectangular bar stocks to machine components. Our machinists conduct milling using CNC milling machines (with vertical or horizontal machining centre). Turning rotates a workpiece against a cutting tool using primarily round bar stocks to machine components. Our machinists conduct the turning process using CNC turning machines (with vertical or horizontal machining centre).

Polishing

After the machining process, some of the parts and components may have irregular surface and burr. In order to meet the specifications of our customers, motorised tools are used to polish the surface of the components. As this is a relatively simpler and manual process, we may assign the polishing process to SGP Malaysia for cost efficiency provided that the production cost in Malaysia is generally lower than that in Singapore.

Surface treatment

After polishing, we will send the parts and components to third party service providers designated by our customers for surface treatment. Surface treatment involves treating the surface of parts by a variety of processes (such as electroplating and chemical plating) to enhance the corrosion protection and water resistance (as applicable). In particular, electroplating is a process of depositing coating on the surface of parts and components with a layer of chemical.

Subject to the requirements by our customers, we may outsource the surface treatment process to designated third party service providers who (i) possess the requisite licence that is required for handling chemical used in the surface treatment process, (ii) have the expertise and know-how relevant to the surface treatment process, and (iii) are equipped with the special measurement tools that are required for performing the surface treatment work.

Hardware assembly

Before packaging the finished products for delivery, we will install helicoil, a coiled-wire type of thread repair insert, to the helical ridge formed on the inside or outside of the parts and components to protect them from wear and tear.

Quality control

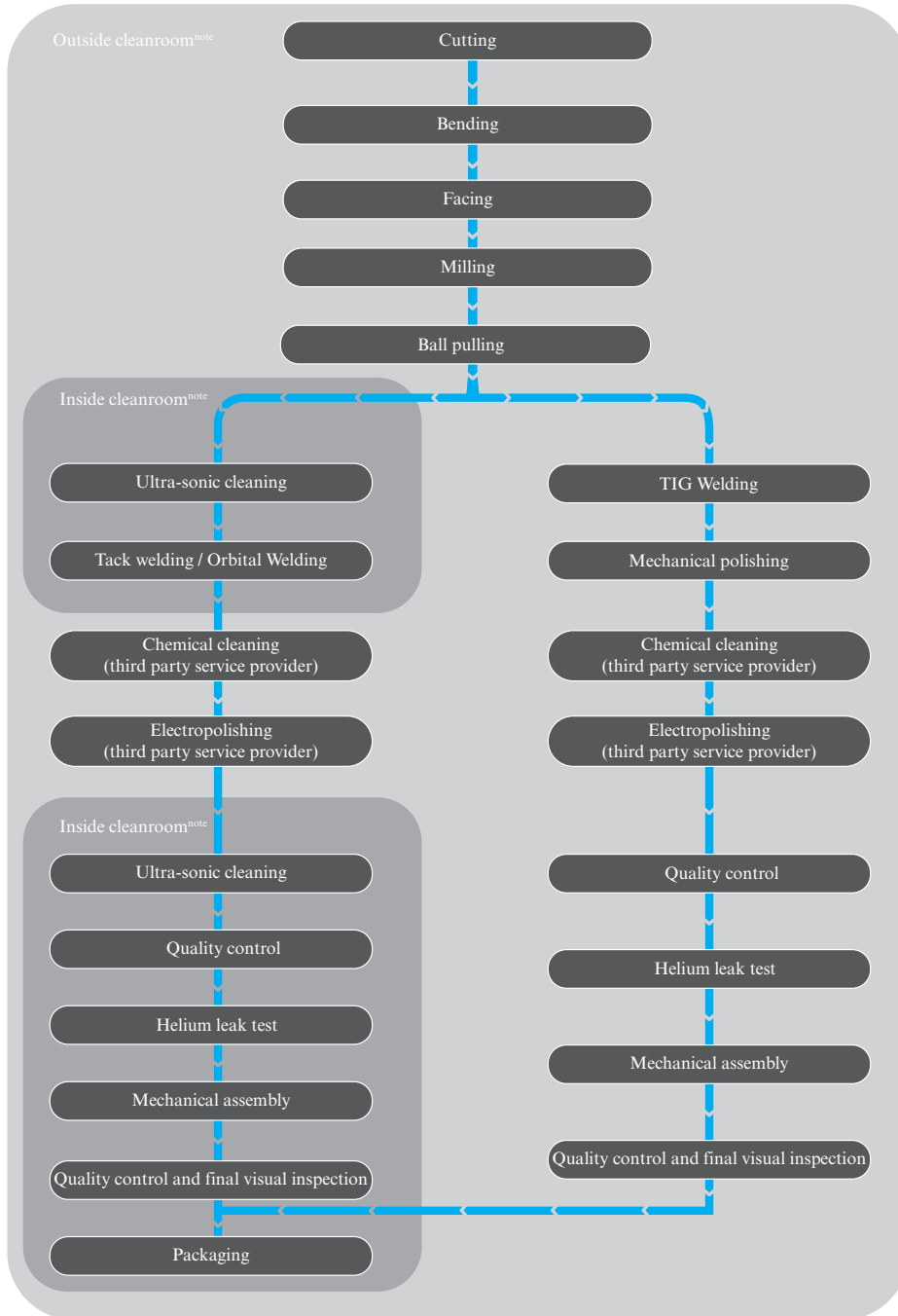
The production team has to submit the first piece or first set-up pieces of products in the production process for quality inspection. The production team will also have to submit the final product to the quality inspector for final inspection prior to packaging and delivery. The quality inspector will carry out measurement and other tests with reference to the internal production work instructions using coordinate measuring machines. For more information on our quality assurance measures, see “— Quality Management”.

Precision welding

We provide welding and mechanical assembly services of gas line, mainly for semiconductor industry. Precision welding is a process which involves the use of weldment equipment and specialised welding technique on a workpiece in a very precise and controlled fashion. Dimensional tolerances are tight for both the position of the weld line as well as the depth of the weld. Precision welding is typically used for small parts, parts with tight dimensional tolerance, or parts requiring a barely visible line weld. During the precision welding process, stainless steel pipes of various diameters are cut and bended into

various shapes according to the internal production work instructions by using welding methods such as TIG or orbital welding. The final products are leak checked using helium leak detectors.

The flow chart below illustrates the production process for precision welding:



Note: Depending on the type of products for precision welding and customers' requirements, certain products which require high purity welds such as gas lines are processed in a cleanroom. For other products, all steps are conducted outside the cleanroom except for packaging.

Depending on the complexity of the product specifications, the project lead time for precision welding from receipt of purchase orders to delivery normally takes around 9 to 22 weeks. Our precision welding process generally consists of the following steps:

Cutting

Stainless steel tubes and pipes are cut into the required length according to the Customer Production Drawings and our internal production working instructions using CNC machines or manually using cold saw.

Bending

Stainless steel tubes and pipes are bent into the required shapes according to the Customer Production Drawings and our internal production working instructions manually or using CNC bending machines.

Facing

We perform facing works to remove the sharp edges at the cutting point of the stainless steel tubes and pipes after cutting and bending.

Milling

We perform milling work according to the Customer Production Drawings and our internal production working instructions. For parts that have been bent into shapes that cannot fit into CNC machines, we conduct the milling process manually in-house. For parts that can fit into CNC machines for the milling process, we may outsource the process to third parties for efficiency purposes.

For more information on our processing service providers, see “— Procurement — Procurement of processing services”.

Ball pulling

Subject to the customers’ requirements of specific parts, we conduct ball pulling process to form an extension to the holes on tubes.

Welding

- ***Cleanroom — Tack welding and orbital welding***

Processes such as tack welding and orbital welding which involve the application of high-purity precision welds are required to be conducted in the cleanroom.

Tack welding is a temporary welding process used to hold parts together in preparation for final welding and to maintain the desired alignment and gap between the pieces being joint.

Orbital welding is an automated welding process used to weld tubes or pipes. This process is fully programmable. During the orbital welding process, an orbital weld head rotates an electrode around the welding joint to make the required weld.

- ***Non-clean room — TIG welding***

Processes which do not involve the application of high-purity precision welds can generally be produced outside the cleanroom.

Tungsten Inert Gas (TIG) welding, also known as Gas Tungsten Arc Welding (GTAW) is a welding process that welds together materials such as stainless steel using a non-consumable tungsten electrode together with gas purge such as argon or helium. Our TIG welding process is performed semi-automatically using TIG welding machines and/or manually.

Polishing

- ***Electropolishing***

Electropolishing is an electrochemical polishing process that improves material surfaces by removing a thin layer from stainless steel or other metals. This process does not need to be conducted inside a cleanroom and is outsourced to third party service providers due to licencing requirements and requirement of specific equipment to perform the work.

- ***Mechanical polishing***

Mechanical polishing is a process of smoothing surfaces with mechanical forces to remove scratches and discoloration on the tubes after TIG welding.

Cleaning

Cleaning is conducted after the welding process to filter out contaminants and to remove weld scale.

- ***Cleanroom products — Ultra-sonic cleaning***

For products that are required to be welded and hence cleaned inside the cleanroom, we use high-frequency and high intensity sound waves (usually 50 kHz) in high purity water and chemicals to filter out contaminants and to remove stains.

- ***Non-cleanroom products — chemical cleaning***

For parts which are not required to be welded and cleaned inside a cleanroom, we engaged third party service providers to perform the chemical cleaning process. Chemical cleaning is a process to remove contaminants and weld scale using chemical such as nitric acid and hydrochloric acid. For more information on our processing service providers, see “— Procurement — Procurement of processing services”.

In-process quality control

We perform dimension inspection as part of the quality control process. For products that are required to be welded inside a cleanroom, this process will be conducted inside the cleanroom accordingly.

Helium leak test

After the welding process, we perform leak test by helium leak detectors which use high purity helium gas to detect leakage in ultra-high vacuum condition to ensure there is no leakage in the welds. For products that are required to be welded inside a cleanroom, this process will be conducted inside the cleanroom accordingly.

Mechanical assembly and final quality check

For large and complex products, we may conduct mechanical assembly in accordance with the Customer Production Drawings and our internal production working instructions. The final products will undergo a series of tests and adjustments to check whether the positioning of the parts meets our customers' specifications.

Production facilities*Overview*

Our production facilities are located in Singapore and Malaysia. Allocation of orders for production between the two facilities is determined according to the capacity of each facility and the technical requirements of the orders. Our Singapore Factory mainly focuses on provision of higher value-adding machining services and more complex precision machining processes. Our Malaysia Factory mainly focuses on provision of lower value-adding machining services such as polishing and some basic roughing processes. All precision welding processes are performed in our Singapore Factory.

Our production facility in Singapore

Our Singapore Factory is located in Tuas, Singapore. For more information on the property for our Singapore Factory, see “— Properties”. We lease the property from an independent third party and we have performed some alteration and additional work to the property necessary for the installation of our machinery and equipment.

We generally use our Singapore Factory for manufacturing larger parts and components with more complex structures which require relatively more advanced technologies and machinery as well as skilled technicians. In particular, we maintain our machinery such as 5-axis CNC machines and coordinate measuring machine in the Singapore Factory for performing the complex machining processes. As a result, we conduct all production processes which require the use of 5-axis CNC machines in our Singapore Factory.

Our production facility in Malaysia

Our Malaysia Factory is located in Johor, Malaysia, which is situated near the border of Singapore. For more information on the property for our Malaysia Factory, see “— Properties” in this section. We generally use our Malaysia Factory for lower value-added machining services which are more labour-intensive in nature, such as polishing and some basic roughing processes to enhance cost efficiency. It is more cost effective to carry out these labour-intensive production processes in our Malaysia Factory due to the relatively lower labour costs and utilities expenses. We assign the relevant production processes to our Malaysia Factory, and subsequently transport and deliver the components and parts back to our Singapore Factory for performing the final machining and finishing processes.

Production machinery and equipment

Our production facilities are equipped with machinery and equipment. Our machinery and equipment provide comprehensive functions for the production of various types of components. We may use the same machine to manufacture specific products for different customers in different end-use industries. It enables us to produce customised high-precision components from different raw metallic materials. The estimated useful life of our plant and machinery is three to 15 years.

A CNC machine is a computer-controlled device that moves along linear or rotating axes to perform various tasks, such as cutting or drilling. Our CNC machines provide high accuracy and repeatability through automation in the manufacturing process, which improves production efficiency and enhances our manufacturing flexibility. CNC machines are categorised into 3-axis, 4-axis or 5-axis machines in accordance with the number of directions the tool within the machine can move. 4-axis and 5-axis CNC machines generally enable the manufacture of products with more complex shapes and with higher accuracy due to the capability to handle additional movement and directions of the tool within the machine.

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The main machinery and equipment utilised in our production processes are set out below:

Main machinery and equipment

Function

Precision machining

CNC machines

— CNC turning machines and CNC lathe machines

To remove material from a workpiece by using stationary and rotating tools.

— CNC milling machines

To operate cutting tool programmed and managed by Computer Numerical Controls (CNC) systems to progressively remove material from a workpiece and produce a custom-designed part or component.

Coordinate measuring machines

To measure the geometry of objects by establishing discrete points on a physical surface using a contact probe.

Wire cut machines

Very high precision removal of material from workpiece using electrified wires. Accuracy is tighter than milling.

Precision welding

Bending machines

To bend metal tubes and sheet metal at a specific angle and shape.

TIG welding machines

To produce welds with a non-consumable tungsten electrode.

Helium leak detectors

To locate and measure the size of leakage into or out of our final products with accuracy, reliability and high measurement sensitivity.

As at the Latest Practicable Date, all of the machinery and equipment were owned by us and certain machinery owned by us was acquired under hire purchase arrangements. Most of our machinery and equipment were purchased from Taiwan, Germany and Japan.

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We typically maintain a list of suppliers for our production machinery and equipment. During the Track Record Period, we mainly sourced our machinery and equipment from our major machinery suppliers. We have established stable and long-term business relationships with our major machinery and equipment suppliers to ensure availability and timely supply of machinery and equipment, when required. However, we generally do not enter into long-term agreements with our major machinery and equipment suppliers. For details of the risks relating to our reliance on our major machinery suppliers and that we generally do not enter into long term agreements with our machinery and equipment suppliers, see “Risk Factors — Risks Relating to our business and the industry in which we operate — Our business could be adversely affected by long lead time for procurement of machinery and equipment, the shortened useful life cycle of our machinery and equipment and our reliance on our major machinery suppliers and we generally do not enter into long term agreements with our machinery and equipment suppliers”.

Production capacity and utilisation

The production capacity and output of our precision component engineering services are measured by machine hours as products of our precision machining and precision welding services are highly customised and have diverse shapes, sizes and weights subject to our customer’s requirements and product specifications. As a result, our Directors consider that it is difficult to estimate our production capacity and utilisation in the same way as compared to manufacturers of standard products and it is not meaningful to measure our production capacity by volume or by weight. According to CIC, our calculation basis of the production capacity and the measurement of the utilisation of our production facilities are in line with the industry norm.

The following table sets out in details the designed production capacity, actual output and utilisation rate of the major production processes in our production facilities during the Track Record Period based on information available on machine hours:

	For the year ended 31 December					
	2022			2023		
	Designed Production Capacity (Hour) ⁽¹⁾	Actual Output (Hour) ⁽²⁾	Utilisation Rate (%) ⁽³⁾	Designed Production Capacity (Hour) ⁽¹⁾	Actual Output (Hour) ⁽²⁾	Utilisation Rate (%) ⁽³⁾
<i>Singapore Factory</i>						
Precision machining						
— CNC machining process	338,240	177,408	52.5	338,240	138,285	40.9
Precision welding	144,960	113,467	78.3	144,960	171,953	118.6
<i>Malaysia Factory</i>						
Precision machining						
— CNC machining process	126,000	58,212	46.2	126,000	60,962	48.4

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Notes:

- (1) The designed production capacity for precision machining is calculated based on maximum machine hours for CNC machining process. The designed production capacity for precision welding is calculated based on maximum machine hours for the precision welding process. Maximum machine hours are calculated based on 20 operating hours per working day (inclusive of the switching time of production machinery and equipment for manufacturing different parts and components and taking into account factors such as machine set-up and reconfiguration time, etc) and total working days per year (based on two shifts per day and six working days per week multiplied by 52 weeks minus the number of statutory holidays in Singapore or Malaysia for the respective year).
- (2) The actual output is the total number of actual machine hours in operation.
- (3) The utilisation rate is calculated by dividing actual output by designed production capacity for the same financial year on the basis set out above.

For the years ended 31 December 2022 and 2023, the utilisation rates were approximately 52.5% and 40.9% for precision machining and approximately 78.3% and 118.6% for precision welding, respectively, at our Singapore Factory and the utilisation rates were approximately 46.2% and 48.4%, respectively, for precision machining at our Malaysia Factory. According to the CIC Report, the industry average utilisation rates of the production facilities of precision machining and precision welding industry both ranged from 40% to 80% during the Track Record Period. This wide range reflects varying operational circumstances and industry demands. Companies focusing on the semiconductor industry operate at lower utilisation rates of 40% to 60% as the parts and components produced for the semiconductor industry are less standardised and more complex. These parts require the use of different types of CNC machines and other machines and tools for each step of the production process. The machines required for different products may also vary widely, leading to lower utilisation rates for the higher varieties of machines. In contrast, companies mainly serving the aerospace industry and automobile industry operate at higher utilisation rates of 60% to 80%. The parts produced for these industries are relatively more standardised and more streamlined, requiring less varieties of machines, and thus leading to higher utilisation rates. The increase in utilisation rates in 2023 for precision welding at our Singapore Factory as compared to 2022 was mainly due to the procurement of labour services from independent third party service providers to increase manpower at our Singapore Factory to cope with the increase in sales of precision welding services. Our production facilities for precision machining were not fully utilised during the Track Record Period, which was primarily due to limited resources for procurement of raw materials and recruitment of skilled workers to maximise the machine hours in operation. Besides, as products of our precision machining are highly customised with diverse design specifications as requested by our customers and hence require the use of different type of machines (e.g. CNC turning machines, CNC lathe machines, CNC milling machines and other advanced tools) to complete the whole process, it would be very ideal for different type of our machines to be operated simultaneously at all production time to achieve full utilisation. For hypothetical analysis only, with reference to (i) our historical average machine hours, raw material costs and labour costs required to perform a purchase order during the Track Record Period, and (ii) our average cash and bank balances in 2022 and 2023, we have a shortage of approximately S\$6.5 million and

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S\$5.4 million of working capital for raw material procurement and staff recruitment in order to fully utilise our production capacity for precision machining at our Singapore Factory during 2022 and 2023, respectively.

During the Track Record Period, we received additional purchase orders from customers from time to time while our available human resources were still occupied with fulfilling existing orders on hand. In order to maintain positive relationship with our customers, we negotiated for longer delivery times instead of turning down purchase orders. We will also procure labour services from independent third party service providers to handle these additional or ad hoc orders if necessary. To determine whether to procure external labour service when our existing human resources are tied up, we will consider factors such as delivery schedules requested by customers, additional cost required, our current production schedule, our then available working capital and our relationship with the customer. This has resulted in our backlog of unfulfilled orders. As at 31 December 2022 and 2023 and 30 April 2024, we had a backlog of unfulfilled purchase orders of approximately S\$36.1 million and S\$24.9 million and S\$18.4 million, respectively.

We intend to recruit additional manpower as set out in the section headed “Future Plans and Use of Proceeds” in this prospectus and/or procure labour services from third party service providers as set out in “— Deployment of labour services” in accordance with our specific business needs. For the year ended 31 December 2023, the utilisation rate for precision machining at our Singapore Factory was approximately 40.9%. If the assumptions adopted to calculate our utilisation rate remain unchanged and assuming that we have sufficient resources to employ additional staff for the year ended 31 December 2023, there would be a shortage of 43 staff to fully utilise our production capacity for precision machining at our Singapore Factory as at 31 December 2023. With the recruitment of additional manpower upon utilisation of the relevant use of proceeds, it is expected that the utilisation rates of our Singapore Factory will increase to approximately 64.1% and exceeding 100% (the utilisation rate of the Singapore Factory for precision welding already exceeded 100% for the year ended 31 December 2023) for precision machining and precision welding, respectively.

OUR CUSTOMERS

We have established a reputable customer base and our precision engineering capabilities coupled with our highly specialised know-how allow us to stand out among our competitors. For the years ended 31 December 2022 and 2023, we recognised revenue from a total of 36 and 36 customers, respectively.

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The following table sets out our revenue breakdown by service type, customer sector and customer geographical location, respectively, for the periods indicated:

	For the year ended 31 December			
	2022	2023	2022	2023
	<i>S\$'000</i>	<i>% of total revenue</i>	<i>S\$'000</i>	<i>% of total revenue</i>
<i>By service type:</i>				
Precision machining	22,913	58.6	15,545	40.1
Precision welding	<u>16,203</u>	<u>41.4</u>	<u>23,224</u>	<u>59.9</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>
<i>By customer sector:</i>				
Semiconductor	35,729	91.3	34,077	87.9
Aerospace	101	0.3	1,646	4.3
Data storage	2,423	6.2	2,411	6.2
Others ⁽¹⁾	<u>863</u>	<u>2.2</u>	<u>635</u>	<u>1.6</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>
<i>By customer geographical location:</i>				
Singapore	20,741	53.0	14,807	38.2
Malaysia	12,627	32.3	16,072	41.5
U.S.	3,507	9.0	5,267	13.6
Others ⁽²⁾	<u>2,241</u>	<u>5.7</u>	<u>2,623</u>	<u>6.7</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>

Notes:

1. Others mainly refer to solar industry and oil and gas industry.
2. Others mainly refer to Switzerland.

Major customers

We have established strong and long-standing business relationships with our major customers. In each year during the Track Record Period, revenue contributed from our five largest customers was approximately S\$29.8 million and S\$31.0 million, respectively, representing approximately 76.0% and 80.0%, respectively, of our total revenue. In each year during the Track Record Period, revenue contributed from our largest customer was approximately S\$12.4 million and S\$9.0 million, respectively, representing approximately 31.8% and 23.1%, respectively, of our total revenue. We have established and maintained business relationships with our five largest customers during the Track Record Period for approximately 11 years on average.

To the best knowledge of our Directors, Customer B, Customer C and Customer D are the contract manufacturers and/or service providers of Customer A, and it is possible that certain products we manufactured for these customers may be supplied, directly or indirectly, by them to Customer A. These contract manufacturers and service providers build equipment and/or produce parts and components for their OEM customers. Customer A, for instance, maintains a list of approved suppliers and its contract manufacturers and service providers may also be required to source from its specified list of suppliers.

Our five largest customers during the Track Record Period are independent third parties. To the best knowledge of our Directors, none of our Directors or any person who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of any of our subsidiaries (or any of their respective associates) had any interest in any of our five largest customers during the Track Record Period.

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Further information on our five largest customers for each of the periods during the Track Record Period is set out as follows:

For the year ended 31 December 2022

Rank	Name of customer ⁽¹⁾	Services provided by us	Background and principal business	Year commencing relationship	Typical credit terms and payment method	Transaction amount and percentage of our total revenue	
						US\$'000	%
1.	Customer A	Precision machining and precision welding	A group listed on the NASDAQ and headquartered in the U.S. (including customer entities in the U.S. and Singapore) which is principally engaged in provision of manufacturing equipment, services and software to the semiconductor, display and related industries globally. Customer A recorded net sales of approximately US\$25,785 million for the year ended 30 October 2022.	2009	60 days by bank transfer	12,449	31.8
2.	Customer B	Precision machining and precision welding	A group listed on the New York Stock Exchange and headquartered in the U.S. (including customer entities in the U.S. and Malaysia) which is principally engaged in provision of advanced manufacturing services, which include design and engineering services and technology solutions. Customer B recorded sales of approximately US\$2,886 million for the year ended 31 December 2022.	2011	30/60 days by bank transfer	6,317	16.1
3.	Customer C	Precision welding	A group listed on the Main Market of Bursa Malaysia and based in Malaysia which is principally engaged in the provision of services such as precision machining, sheet-metal fabrication, surface treatment, equipment integration and automation solutions. Customer C recorded revenue of approximately RM1,148 million for the year ended 31 December 2022.	2019	30 days by bank transfer	4,418	11.3
4.	Customer D	Precision machining and precision welding	A private company based in Singapore which is principally engaged in system integration of mechatronic (sub) systems and modules for original equipment manufacturers in the high-tech capital equipment industry.	2015	60 days by bank transfer	4,236	10.8
5.	Intevac Asia Pte. Ltd.	Precision machining and precision welding	A private company based in Singapore which is principally engaged in wholesale distribution of industrial machinery and equipment.	2010	30 days by bank transfer	2,361	6.0
Sub-total						29,781	76.0
All other customers						9,335	24.0
Total						39,116	100.0

Notes:

- To the best knowledge of our Directors, different entities of customers under the same ultimate common control are consolidated as one single customer to illustrate the level of concentration of such customer group for purposes of the above table of our five largest customers for the Track Record Period.
- Customer A and Customer B were also our suppliers for a small amount of parts during the Track Record Period. For more information, see “— Overlapping Customer and Supplier”.

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For the year ended 31 December 2023

Rank	Name of customer ⁽¹⁾	Services provided by us	Background and principal business	Year commencing relationship	Typical credit terms and payment method	Transaction amount and percentage of our total revenue	
						SS'000	%
1.	Customer C	Precision welding	A group listed on the Main Market of Bursa Malaysia and based in Malaysia which is principally engaged in the provision of services such as precision machining, sheet-metal fabrication, surface treatment, equipment integration and automation solutions. Customer C recorded sales of approximately RM1,445 million for the year ended 31 December 2023.	2019	30 days by bank transfer	8,960	23.1
2.	Customer A	Precision machining and precision welding	A group listed on the NASDAQ and headquartered in the U.S. (including customer entities in the U.S. and Singapore) which is principally engaged in provision of manufacturing equipment, services and software to the semiconductor, display and related industries globally. Customer A recorded net sales of approximately US\$26,517 million for the year ended 29 October 2023.	2009	60 days by bank transfer	8,400	21.7
3.	Customer B	Precision machining and precision welding	A group listed on the New York Stock Exchange and headquartered in the U.S. (including customer entities in the U.S. and Malaysia) which is principally engaged in provision of advanced manufacturing services, which include design and engineering services and technology solutions. Customer B recorded sales of approximately US\$2,839 million for the year ended 31 December 2023.	2011	30/60 days by bank transfer	7,804	20.1
4.	Customer D	Precision machining and precision welding	A private company based in Singapore which is principally engaged in system integration of mechatronic (sub) systems and modules for original equipment manufacturers in the high-tech capital equipment industry.	2015	60 days by bank transfer	3,525	9.1
5.	Intevac Asia Pte. Ltd.	Precision machining and precision welding	A private company based in Singapore which is principally engaged in wholesale distribution of industrial machinery and equipment.	2010	30 days by bank transfer	2,327	6.0
Sub-total						<u>31,016</u>	<u>80.0</u>
All other customers						<u>7,753</u>	<u>20.0</u>
Total						<u><u>38,769</u></u>	<u><u>100.0</u></u>

Notes:

- To the best knowledge of our Directors, different entities of customers under the same ultimate common control are consolidated as one single customer to illustrate the level of concentration of such customer group for purposes of the above table of our five largest customers for the Track Record Period.
- Customer A and Customer B were also our suppliers for a small amount of parts during the Track Record Period. For more information, see “— Overlapping Customer and Supplier”.

Customer concentration and reliance on our five largest customers

For the years ended 31 December 2022 and 2023, we derived approximately 76.0% and 80.0% of our total revenue from our five largest customers, respectively. Revenue contributed from our largest customer amounted to approximately S\$12.4 million and S\$9.0 million, representing approximately 31.8% and 23.1% of our total revenue for the years ended 31 December 2022 and 2023, respectively. To the best knowledge of our Directors, Customer B, Customer C and Customer D are contract manufacturers and/or service providers of Customer A and certain products we manufactured for these customers may be supplied, directly or indirectly, by them to Customer A. To the best knowledge of our Directors, Customer A did not purchase such products directly from our Group as our other five largest customers whose products were subsequently supplied to Customer A may use the parts supplied by us for further processing and/or assembly before supplying to Customer A. As a result, a significant portion of our revenue during the Track Record Period was derived directly and indirectly from Customer A.

For more information of our customer concentration risk, see “Risk Factors — Risks relating to our business and the industry in which we operate — We derive a significant portion of our revenue from our major customers and we cannot assure you that we will successfully maintain business relationships with our major customers and there is no assurance that we will be able to secure new orders from other customers of similar size”.

Background of Customer A

Customer A is currently listed on the NASDAQ and principally engaged in the provision of manufacturing equipment, services and software to the semiconductor, display and related industries globally. It supplies equipment used for fabrication of integrated circuits and displays of electronic products such as televisions, smartphones, laptops and personal computers, etc.

According to the CIC Report, Customer A is an industry leader in the global semiconductor manufacturing equipment industry in terms of revenue in 2023 with a market share of approximately 19.5% and it is not uncommon for market participants in the semiconductor segment of precision component engineering industry to have a highly concentrated customer base since the end-use semiconductor manufacturing equipment industry is concentrated and dominated by a limited number of advanced semiconductor equipment manufacturers with the top three market players accounting for more than 40% of the global market share in terms of revenue in 2023.

Our business relationship with Customer A

Customer A is our largest customer (through direct sales and based on the understanding of our Directors, through indirect sales to contract manufacturers and/or service providers of Customer A) during the Track Record Period. We have obtained the Standardised Supplier Quality Assessment (“SSQA”) certification, which qualifies us to conduct precision machining work in the semiconductor industry, and also became the approved supplier of Customer A. Metasurface Technologies started its business relationship with Customer A since 2009 and SPW started its business relationship with

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Customer A since 2019. Save as disclosed, there is no any other past or present relationship (including financing, trust, fund flow or otherwise) between Customer A with our Company, our subsidiaries, shareholders, directors or senior management, or any of their respective associates.

General Sales Agreement

Customer A entered into two global supply agreements with us, one with Metasurface Technologies dated 14 May 2018 and another with SPW dated 1 February 2021 (collectively, the “**Global Supply Agreements**”).

Term and renewal: In respect of the Global Supply Agreement entered into by Metasurface Technologies, the agreement shall remain in force for a minimum of 36 months and automatically continue in perpetuity until either party provides 12 months of prior written notice to the other party to terminate the agreement.

In respect of the Global Supply Agreement entered into by SPW, the agreement shall remain in force for a minimum of 60 months and automatically continue in perpetuity until either party provides 18 months of prior written notice to the other party to terminate the agreement.

As at the Latest Practicable Date, neither Metasurface Technologies nor SPW had received any written notice from Customer A to terminate their respective Global Supply Agreement.

Terms of payment: 60 days from the later of (i) the date of Customer A’s receipt of an invoice for the product, and (ii) Customer A’s acceptance of the product. If such payment is made within 15 days of the later of (i) or (ii) above, Customer A may deduct 2% from the purchase amount as a prompt payment discount.

Pricing: The purchase price (if not specified in the Global Supply Agreements) shall be specified in the purchase orders. The purchase price shall include manufacturing, testing, inspection and packaging fees, applicable royalties and taxes.

Quantity: Customer A may increase the quantity of purchase items in its purchase order from time to time, which the Group shall not reject so long as it is within the scope specified in the Global Supply Agreements. Customer A is not subject to any specific or minimum purchasing volume of any items from the Group except as specified in the purchase orders.

BUSINESS

In the event that the Group fails to deliver any items agreed by both parties in the purchase orders from Customer A, Customer A may, among others, (i) purchase products (in the same quantity that the Group fails to deliver) comparable to the relevant items in the open market or from other suppliers and claim against the Group for the difference between the contract price and the price paid in the open market or to other suppliers; and (ii) claim against the Group other costs and expenses incurred as a result of the Group's failure to deliver the relevant items. The Group did not experience any material failure in delivering any items as agreed by both parties in a purchase order nor receive any material claim from Customer A during the Track Record Period and up to the Latest Practicable Date.

**Delivery and
transportation fees:**

Products shall be delivered according to the time, date, location and other requirements specified in the Global Supply Agreements or the purchase order. Logistics or external courier is arranged in accordance with the requirements set out in the purchase order. If needed, we will use expedited delivery methods.

Titles are transferred to Customer A upon acceptance of the item. Risk of loss shall be determined based on free carrier shipping terms.

Customer A shall pay transportation charges directly to its designated external courier. Otherwise, it shall be included in the purchase price.

Return and refund:

Title to an item only transfers to Customer A upon acceptance of the item. At any point prior to acceptance, Customer A may reject or return any item that does not conform to the specifications. Customer A may reject and return the item and recover, offset or adjust payments in respect of such item, including any costs or fees related to shipping and insuring such item. There has been no material claims from Customer A during the Track Record Period and up to the Latest Practicable Date.

**Manufacturing
requirements:**

Customer A and our Group shall conduct first article inspection (i.e. inspect the first item produced).

BUSINESS

Termination: Customer A may serve a notice of default to us if we materially breach the Global Supply Agreements. We may also serve a notice of default to Customer A if it materially breaches certain clause of the Global Supply Agreement. The Global Supply Agreement shall terminate immediately upon the service of a notice of default.

PACE Agreements

Each of Metasurface Technologies and SPW entered into with Customer A an addendum to the respective Global Supply Agreement dated 1 August 2018 and 1 February 2021, respectively (collectively, the “**PACE Agreements**”). Pursuant to the PACE Agreements, we, as consignor are required to deliver items specified in the Global Supply Agreements (the “**Consignment Items**”) to Customer A when the stock level of such items in Customer A’s inventories drops below a minimum level. In such cases, we shall assist Customer A to replenish the relevant Consignment Items up to a maximum stock level. The Consignment Items shall be delivered to manufacturing sites of Customer A. Ownership of such Consignment Items does not transfer to Customer A until Customer A accepts and releases such item from its inventory for the purpose of using such Consignment Items.

We as seller entered into the PACE Agreements with Customer A as buyer in order to support its inventory control policy and to foster our relationship with Customer A. The relationship between us and Customer A pursuant to the PACE Agreements is that of seller and buyer. Our Directors believe that our engagements in consignment arrangements with Customer A do not result in any substantial changes to our business models and are generally in line with industry practice. The material terms of the PACE Agreements are as follows:

Details of Consignment Items: Subject to specifications in the agreement, Consignment Items usually have a reasonably steady rate of usage.

Regular communication is maintained between us and Customer A on (i) the average weekly usage of the Consignment Items, (ii) Customer A’s forecast of demand for Consignment Items in the next 13 weeks, (iii) the minimum stock level and maximum stock level as well as the replenishment order, and (iv) the notice in respect of the time and amount of Consignment Items Customer A releases from its inventories.

Term of consignment: The PACE Agreements expire upon the respective contractual expiration date or termination of the Global Supply Agreements.

BUSINESS

- Consignment prices:** The selling price for any item identified as a Consignment Item (the “**Consignment Price**”) is determined through mutual agreement between the Group and Customer A when such item is designated as a Consignment Item. The Consignment Price may be changed pursuant to written agreement between the Group and Customer A. Usually, an item is identified as a Consignment Item when Customer A has a reasonably steady usage rate for that item. Customer A is not required to make any prepayments for any Consignment Item.
- Delivery of consignment products:** The Consignment Items shall be delivered to Customer A upon receipt of replenishment order from Customer A. Delivery of a Consignment Item to Customer A’s manufacturing site(s) in response to a replenishment order will not immediately constitute a transfer of title nor trigger any payment obligations, until Customer A accepts and releases such item for use. Such delivered Consignment Item remains our inventory but Customer A will bear the relevant risk of loss for each of the Consignment Items prior to acceptance and release of such items. Title of the Consignment Items will transfer to Customer A only when it accepts and releases a Consignment Item, which then also triggers its payment obligation according to the Global Supply Agreements.
- Acceptance and release of consignment items:** Customer A shall examine the quantity of Consignment Items at its manufacturing sites. Consignment Items delivered to Customer A shall be accepted and released no later than 180 days after issuance of replenishment orders.
- If Customer A does not accept and release the Consignment Items for 180 consecutive days from delivery of such items to Customer A’s manufacturing sites, we may submit a claim to Customer A within 30 days from the end of such 180-day period. Upon Customer A’s review of the claim, Customer A may purchase the Consignment Items based on the Consignment Price. During the Track Record Period and up to the Latest Practicable Date, there had been no material claims issued by us to Customer A.

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Termination: Either party may terminate the respective PACE Agreement (without affecting the Global Supply Agreement) if the other party materially defaults in performing its obligations under the PACE Agreement and such default is not cured within a specified period. Customer A may also terminate the PACE Agreement if it terminates our participation in the programme in respect of the Global Supply Agreement with 90 days' prior notice to us.

Under the consignment arrangement, we recognise revenue when Customer A accepts and releases the Consignment Items from its manufacturing sites. As at 31 December 2022 and 2023, the amount of Consignment Items maintained at Customer A's manufacturing sites amounted to approximately S\$0.3 million and S\$0.3 million, respectively. We monitor and control the movement in inventories of Consignment Items at Customer A's manufacturing sites through our timely information sharing with Customer A and conducting on-site inventory count together with Customer A semi-annually. Customer A regularly makes available information to us regarding the outstanding amount of Consignment Items in their manufacturing site(s), the average amount of Consignment Items released for the week and its forecast of demand. We also provide to Customer A, on a weekly basis, quantity of Consignment Items manufactured and stored at our sites but yet to be delivered to Customer A's manufacturing sites. In addition, our sales department monitors the Consignment Items stored with Customer A on a weekly basis.

The Directors are of the view that there is no channel stuffing issue of the Consignment Items during the Track Record Period and up to the Latest Practicable Date. In particular, delivery of a Consignment Item to Customer A's manufacturing site(s) in response to a replenishment order will not immediately constitute a transfer of title to nor trigger any payment obligation on Customer A, until Customer A accepts and releases such item for use. Such delivered Consignment Item remains our inventory but Customer A will bear the relevant risk of loss of each of the Consignment Items prior to acceptance and release of such items. Title of the Consignment Items will be transferred to Customer A when it accepts and releases the Consignment Items, which also triggers its payment obligation according to the Global Supply Agreements. As such, we would only recognise revenue related to the Consignment Items when Customer A accepts and releases the Consignment Items pursuant to the PACE Agreements. Pursuant to the PACE Agreements, if Customer A does not accept and release the Consignment Items for 180 consecutive days from delivery of such items to Customer A's manufacturing sites, we may submit a claim to Customer A within 30 days from the end of such 180-day period. Upon Customer A's review of the claim, Customer A will issue a settlement purchase order to us and accept the Consignment Items based on the Consignment Price. Upon the issuance of a settlement purchase order and until the expiry of six months after the issuance of a settlement purchase order, if the Consignment Items remain at our warehouse (those items which Customer A did not issue replenishment order to us), Customer A may direct us to ship the Consignment Items to their designated location, hold those Consignment items on bailment or destroy the

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Consignment Items. Also, pursuant to the PACE Agreements, Customer A will make available its forecast on product demand through a designated online portal to facilitate our production planning.

The Company has implemented a written policy addressing inventory management and sales return. Under the relevant policy, the accounting department of our Group has access to Customer A's inventory system which records the inventory of Consignment Items. The accounting department of our Group will then monitor the inventory level via such system regularly and when there is a shortfall on the inventory level, we may submit a claim to Customer A within 30 days from the end of the 180-day period as mentioned above. Upon Customer A's review of the claim, we will send invoice to Customer A on the inventory used and proceed to replace the shortfall of inventory. In addition, the accounting department of our Group conducts onsite stocktaking together with Customer A in June and December every year at the warehouse of Customer A. The accounting department of our Group reconciles the inventory record with the physical stock amount following the stocktaking exercise. The sales manager will also monitor the fluctuation of pricing of components and finished goods regularly. During the Track Record Period and up to the Latest Practicable Date, the period from the date of delivery of a Consignment Item to Customer A's manufacturing site(s) to the date when Customer A accepts and releases a Consignment Item ranged from approximately 10 days to 176 days. The Directors consider such measures have been effective in managing our Group's inventory and production planning during the Track Record Period and up to the Latest Practicable Date.

Taking into account the aforementioned policy, review of the PACE Agreements, discussions with the internal control consultant, the other due diligence documents and our Directors' confirmation, the Sole Sponsor concurs with the views of the Directors.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material dispute or complaint arising from or in connection with the PACE Agreements entered in with Customer A which had caused a material adverse impact on our business or financial condition.

To the best knowledge of our Directors, Customer B, Customer C and Customer D are contract manufacturers and/or service providers of Customer A, which also produce parts and components for Customer A. Customer A maintains a list of approved suppliers and its contract manufacturers and/or service providers are also required to source from among its specified list of suppliers. As a result, it is possible that certain products we supplied to those customers may also be supplied, directly and indirectly, by them to Customer A. Nonetheless, as the sales of Customer B, Customer C and Customer D to Customer A are confidential and sensitive information to the respective customers, we are not able to ascertain the exact amount of revenue derived from sales of products to these customers which were subsequently supplied to Customer A. To the best knowledge of our Directors, Customer B, Customer C and Customer D are contract manufacturers and/or service providers of other manufacturers and certain products we manufactured for these customers during the Track Record Period might be supplied to such other

manufacturers. Hence, in the event Customer A discontinues operations with us, our Directors believe that Customer B, Customer C and Customer D will still purchase products manufactured by us.

According to the CIC Report, it is not uncommon for market participants in the semiconductor segment of the precision component engineering industry, including service providers and contract manufacturers, to have a highly concentrated customer base since the end-use semiconductor manufacturing equipment industry is concentrated and dominated by a limited pool of advanced semiconductor equipment manufacturers with the top three market players accounting for more than 40% of the global market share in terms of revenue in 2023. Our Directors consider that the business model of our Group is sustainable despite the customer concentration during the Track Record Period due to the following factors:

(i) Mutual and complementary reliance

We are a long-term business partner with Customer A

We have established a long-term and growing business relationship with Customer A for approximately 15 years as at the Latest Practicable Date. We are one of Customer A's approved suppliers. We work closely with Customer A to support the production of its new products and regularly communicate with their sales representatives. Through such frequent contacts, our Directors believe that we have a sound understanding of its needs and preference which helps foster our relationship with Customer A.

We have been able to continuously enhance the production and cost efficiency on our products offered to Customer A, mainly attributable to (i) our machinery and our skilled labour, which enable us to plan and adopt more effective and cost-efficient production techniques; (ii) our in-depth understanding of Customer A's requirements through long-term partnership, which enables us to continuously optimise our production flow and price competitiveness; and (iii) the increasing purchase volume from Customer A, which enables us to achieve economies of scale in lowering the average costs of production as our technical staff become more familiar with the production flow. This in turn also benefits Customer A by allowing it to offer more competitive pricing to its customers. As such, our Directors believe that changing suppliers may potentially lead to an increase in production costs for Customer A, which may adversely affect its competitiveness. For more information, see “— Our customers — Mutual and complementary reliance — It is unduly burdensome and difficult for Customer A to seek alternative suppliers and the cost of switching suppliers for Customer A is relatively high”.

In view of the long-term and growing business relationship and our track record of providing high quality parts and components to Customer A, our Directors believe that we will continue to be one of Customer A's key partners in the future. Also, any cessation of our supply of parts and components to Customer A may have an adverse impact on its business as Customer A may not be able to easily find alternative suppliers at comparable standards and cost requirement.

It is unduly burdensome and difficult for Customer A to seek alternative suppliers and the cost of switching suppliers for Customer A is relatively high

Notwithstanding the relatively strong bargaining power of Customer A as a reputable international semiconductor manufacturing equipment provider when sourcing from its suppliers including us, our Directors take the view that it may also be unduly burdensome and difficult for it to seek alternative suitable suppliers who are able to deliver comparable products and services like us within a short period of time. As such, it is more productive and reliable for them to continue working with us to maintain quality of its products and services as well as to minimise costs for the following reasons:

Manufacturing equipment used to fabricate integrated circuits (ICs) and displays are sophisticated and require stringent technical specifications and high quality standard. As a result, the parts and components we produce for Customer A are highly customised with stringent quality control requirements. The process for Customer A to identify and approve a new supplier is very costly and time consuming due to the numerous criteria and the selection process involves multiple procedures, including submission of request for assessment, pre-evaluation on the potential supplier history, supplier self-assessment, on-site inspection and post assessment process. The time required for a new supplier to obtain SSQA certification and become an approved supplier for Customer A can vary. According to the CIC Report, it may take up to three years for a new supplier to successfully complete the assessment process and obtain approval to supply to Customer A. After admitting us to the approved supplier list, Customer A has also conducted regular supplier performance management by inspection of the first article of the manufacture of new parts and components, assessments for new production processes and evaluation on our business process, training, facility and maintenance, quality, calibration, safety and packaging during the Track Record Period.

Also, in view of the surging demand for products of Customer A driven by the worldwide demand for electronic products, Customer A places strong emphasis on timely supply of parts, materials and services, including components and sub-assemblies to meet the changing technical and volume requirements of its customers. Any significant or sudden increase of volume, together with unpredictability of transportation lead time for delivery may adversely affect the ability of Customer A to meet the demand of its customers. In order to meet the volatile demand of Customer A for different parts and components, during the Track Record Period and up to the Latest Practicable Date, we had in place an arrangement with Customer A under which we will send certain specified items to the manufacturing sites of Customer A when the stock level of such item drops below a minimum stock level so that Customer A can pull directly from its warehouse for just-in-time inventory arrangement. For more information, see “— Customer concentration and reliance on our five largest customers — PACE Agreements”.

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As a result, it is our understanding that Customer A is satisfied with the long-term cooperation relationship with us with proven track record and we could accommodate to their just-in-time inventory policy to avoid the risks of product shortage or delay in delivery of products.

It is also unduly burdensome and difficult for our other customers which are contract manufacturers of Customer A to find alternative suppliers

As aforementioned, Customer A maintains a list of approved suppliers from whom its contract manufacturers and service providers could only source its parts. As a result, it is also difficult for our other customers which are contract manufacturers of Customer A to resort to alternative suppliers.

(ii) Increasing diversification of our customer base

Our Directors consider that our production facilities and skills of our employees are not specifically designed or trained to serve solely Customer A or the semiconductor industry but are readily transferable to cater for the needs of other end-use industries as: (i) our machinery and equipment can be efficiently re-configured so that we are able to quickly switch the production setup for manufacturing different products, (ii) the underlying skills of welding and expertise of precision engineering required are universally applicable for handling orders from different customers, and hence have wide applications in different industries, and (iii) our production flow can be adapted to meet the need of different orders from different customers. According to the CIC report, Singapore is known for its robust manufacturing and technology sectors and provides a fertile ground for precision engineering services providers such as our Group to cater to customers from a diverse range of end-use sectors locally and globally. In the semiconductor sector alone, there are more than 300 companies involved in manufacturing and repairing of semiconductor related equipment in Singapore, including local companies and multinational corporations. In Malaysia, there are approximately 200 companies involved in the production of semiconductor machinery and equipment. These companies are readily available alternative customers for the Group. We have solicited nine new customers during the year ended 31 December 2022 and three new customers during the year ended 31 December 2023. Further, our revenue contribution from direct sale to Customer A decreased from approximately 31.8% for the year ended 31 December 2022 to approximately 21.7% for the year ended 31 December 2023.

For the years ended 31 December 2022 and 2023, the utilisation rates were approximately 52.5% and 40.9% for our precision machining and approximately 78.3% and 118.6% for our precision welding, respectively at our Singapore Factory and the utilisation rates were approximately 46.2% and 48.4%, respectively for our precision machining at our Malaysia Factory. Our production facilities for precision machining were not fully utilised during the Track Record Period, primarily due to limited resources for procurement of raw materials and recruitment of skilled workers to maximise the machine hours in operation. Therefore, our Directors believe that we have spare capacity to serve other existing customers or new customers subject to the availability of working capital and skilled workers.

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We have been endeavouring to expand into the oil and gas sector. According to the Oil 2023 medium-term market report forecasts published by the International Energy Agency (IEA), based on current government policies and market trends, global oil demand will rise by 6% between 2022 and 2028 and reach 105.7 million barrels per day, supported by robust demand from the petrochemical and aviation sectors.

We commenced our expansion into the oil and gas sector in 2021 by supplying parts and components such as connecting plates and rotating plates to a customer which is principally engaged in jackup rig and oil tool manufacturing. We have also entered into an agreement dated 1 October 2022 with an independent third party, which is principally engaged in trading of steel tubulars and provision of related services, pursuant to which we provided services, such as tubular thread inspection, tubular body inspection, tubular inventory management and storage and other logistic services related to tubular management during the Track Record Period (the “**TTM Agreement**”). For the year ended 31 December 2022, we also provided to the independent third party precision machining services in relation to connectors for oil and gas pipes.

In the oil and gas industry, tubulars are pipes and tubing used in exploration, drilling, and transportation of oil and natural gas. These components are required to be sufficiently robust and reliable to withstand demanding environment encountered during oil and gas operations. Pipe inspections are critical to ensuring the quality and integrity of pipes, by detecting defects such as cracks, scratches, corrosions or other structural defects in pipes. Our expertise in tubular inspection and management services has been developed through collaboration with external specialists and by continuously enhancing our internal capabilities. During the Track Record Period, we procured specialised labour services from Meson Technology, which enhanced our sector-specific skills relating to oil and gas. To strengthen our in-house capabilities in provision of oil and gas related services, we have enhanced training to our own staff, reducing dependency on external services and maintaining a sustainable skill set in-house. We have strengthened our expertise by bringing on board an experienced consultant to assist our oil and gas clients. In this regard, we have appointed Mr. Seng Chong How who has the relevant skills, knowledge and experience in the oil and gas industry to assist our expansion in the industry.

Our expertise and competitive strength in producing parts and components for the semiconductor industry and our ISO 9001:2015 procedures translate into our ability to meet the specific needs of oil and gas operations, where precision and durability are paramount. In particular, although tubular management services per se does not involve precision machining or precision welding processes, we intend to leverage the provision of tubular management services under the TTM Agreement as a springboard and our advanced CNC machining capabilities to explore further opportunities with the independent third party and other customers in the oil and gas industry for provision of services relating to precision machining and precision welding. Parts that we intend to produce for our oil and gas customers require high tolerance levels and resistance to extreme environments to be used in the oil and gas exploration, production and refining processes. Our Directors believe that we are equipped with the advanced production technologies and manufacturing capabilities to deliver products that meet various specifications required by customers in the oil and gas industry.

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According to the CIC Report, the aerospace industry represents the largest segment in the precision component engineering industry in Singapore as Singapore is the leading aerospace hub within Asia, offering a comprehensive range of maintenance, repair and overhaul (MRO) services and advanced manufacturing capabilities. As a one-stop shop for all aerospace needs, many of the world's leading aerospace related OEMs and MRO service providers have been consolidating their presence in Singapore as a regional hub in Asia. Likewise, we intend to leverage our current product offering to Customer B in providing parts for commercial aircraft to solicit purchase orders from other potential new customers in the aerospace industry.

Given our long-term business relationship with Customer A, the high switching cost for Customer A towards alternative suppliers and the difficulty for our other customers which are contract manufacturers of Customer A to find alternative suppliers, our Directors believe that our existing relationship with Customer A will not materially and adversely change or terminate. Based on the review of the Global Supply Agreements, results from the due diligence interviews conducted with Customer A and other due diligence documents and Directors' confirmation, the Sole Sponsor concurs with the views of our Directors.

Pricing policy

Our pricing policy is based on a cost-plus pricing model.

In determining the selling prices of our products/services, we generally take into account factors including the cost of procurement (i.e. material costs and processing costs) and production variables and overheads which depend on the type of machines used, its complexity and machine hours and labour costs required. We normally charge higher price for more complex components and parts.

We regularly review and adjust our pricing policy based on these factors and other market conditions.

Credit policy

We generally grant our customers a credit period ranging from 30 to 60 days from the date of invoice. The length of the credit period varies on a case-by-case basis depending on: (i) the customer's business relationship with us, (ii) the expected lead time from order acceptance to delivery, (iii) the customer's reputation and credibility, (iv) the customer's specific product/service requirements, and (v) the customer's payment history.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in collecting payments from our major customers.

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General Sales Agreement

We enter into general sales agreement with some of our customers. The principal terms of our general sales agreement are summarised as below:

Principal terms	Summary
General rights and obligations	: The general sales agreement typically sets out the rights and obligations of the supplier and the purchaser.
Term and renewal	: The general sales agreement has a typical term ranging from one year to three years which are automatically renewable for successive one-year period on each anniversary date thereof.
Pricing	: The pricing terms are generally specified in quotations, which include but not are limited to the manufacturing, testing, inspection and packaging fees, applicable royalties and taxes.
Delivery	: We generally deliver the products to our customers via our in house logistics team for local destinations in Singapore. For delivery to locations outside Singapore, external courier would be arranged for pickup from our warehouse.
Terms of payment	: In general, we grant our customers a credit term ranging from 30 to 60 days from the date of invoice and they settle the payment generally by bank transfer or cheque.
Termination	: The general sales agreement may be terminated by either party's prior written notice of 60 to 90 days. Either party may also terminate the general sales agreement for cause if the other party fails to cure any material breach of the agreement within 30 days after receipt of written notice.

We are generally obliged to keep confidential the commercial and technical information that we receive from our customers and may only use the intellectual property belonging to our customers for purposes of performing the obligations under the respective general sales agreement.

Some of the general sales agreements also contain express provisions that the customers will retain exclusive ownership of all intellectual property rights relating to the products and we are liable to indemnify the customers for breach of such obligations or third party intellectual property infringement claims against our customers. Some of our customers grant us a non-exclusive, revocable and royalty-free licence to use their intellectual property for the purpose of producing the required parts and components.

For more information on the arrangements with our customers under the general sales agreements, see “— Pricing policy” and “— Product warranty, replacement and return policy”.

Product warranty, replacement and return policy

We provide instructions to our production team to repair or reproduce the defective product. It generally takes approximately one week to repair or reproduce simple defective parts, and for complex parts, it generally takes approximately one to three months to repair or reproduce. In case any product defect is identified, our customers shall issue quality notification indicating the defect(s) found in the parts and return the products to us. Once our customers return the defective product to us, our quality assurance manager or representative shall review and handle their request promptly.

Upon review and approval by our quality assurance manager, our sales team would provide a return material authorisation number to the customer. Our production team would then coordinate with the quality assurance manager to investigate the cause of the defect and corrective actions will be taken accordingly.

For products that cannot be repaired or reproduced, the quality assurance manager would obtain approval to scrap the defective products. Upon completion of the repair and/or reproduction, the relevant repaired or reproduced product would then be reviewed and inspected by our quality assurance manager, prior to delivery to the customer.

If the cause of defect is due to our mishandling, we may not charge the customer for the repair or reproduction cost or may refund the customer. However, if the cause of defect is due to the customer’s mishandling, we may charge the customer for the cost of repair or reproduction.

Our Directors confirm, during the Track Record Period and up to the Latest Practicable Date, that we had not experienced any material dispute or complaint arising from or in connection with the quality of our products which had caused a material adverse impact on our business or financial condition.

Sale and marketing strategy

During the Track Record Period, we generally captured our business opportunities by obtaining purchase orders from our existing customers and invitations for quotations from new customers.

Prior to commencing business with new customers, we may be required to go through their internal assessment process based on our track record performance, financial strength, internal controls, the first article inspection and production capabilities. After we are admitted to the approved supplier list of the new customers (if applicable), they will proceed with placing purchase orders with us directly.

As at 31 December 2023, our sales team are primarily responsible for handling purchase orders from customers, understanding customer requirements, reviewing the orders for acceptance and submitting quotations when required. Our sales team is also responsible for maintaining regular communication with our customers and diverting the feedback from customers to our production department for further action.

Seasonality

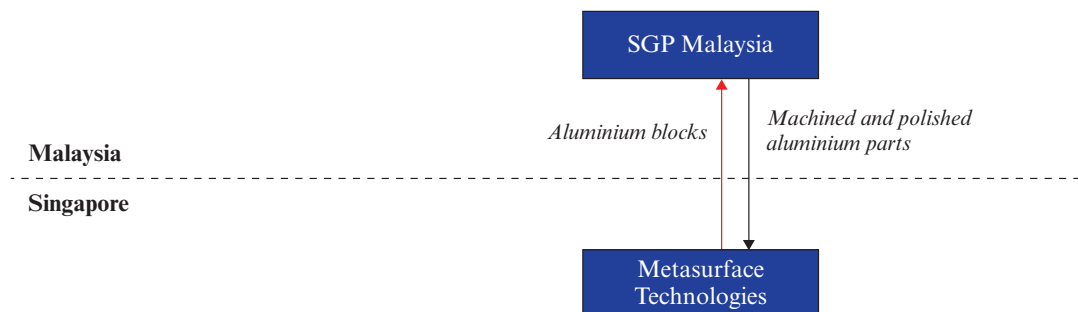
During the Track Record Period, we did not experience material seasonality. However, as far as we are aware, there is stronger demand for products in the end-use industries (such as electronic products) during festive seasons such as Thanksgiving Day and Christmas, which also drives the procurement of parts and components for manufacturing equipment of semiconductor during the second half of the year.

TRANSFER PRICING ARRANGEMENTS**Overview**

During the Track Record Period, larger parts and components with more complex structures which require relatively more advanced technologies and machinery were manufactured in our Singapore Factory. To enhance cost efficiency, we assigned production orders which are simpler and involve intensive labour activities and polishing procedures to SGP Malaysia, our Malaysia Factory. SGP Malaysia purchased raw materials from Metasurface Technologies at Metasurface Technologies's original purchase cost and sold machined finished goods to Metasurface Technologies based on standard costs incurred during production which include raw material costs, direct labour and machine costs as well as production overhead costs.

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The diagram below illustrates the business flow between Metasurface Technologies and SGP Malaysia during the Track Record Period:



During the Track Record Period, Metasurface Technologies developed business opportunities and secured transactions from customers. Based on the production capacity of SGP Malaysia, Metasurface Technologies assigned production orders which are simpler and involve intensive labour activities and polishing procedures to SGP Malaysia and sold raw materials to SGP Malaysia for further processing; and SGP Malaysia manufactured the finished goods based on Metasurface Technologies’s instructions and sold the finished goods back to Metasurface Technologies.

Potential tax exposure

We have engaged an independent transfer pricing tax consultant, PricewaterhouseCoopers Limited, (the “**Transfer Pricing Consultant**”) to review and evaluate our Group’s transfer pricing arrangements in relation to our intra-group transactions described above during the Track Record Period.

Since SGP Malaysia can be considered as a contract manufacturer to Metasurface Technologies, it should be compensated with a reasonable level of manufacturing profits that could commensurate with their manufacturing activities performed. To assess the intra-group transactions between Metasurface Technologies and SGP Malaysia, the Transfer Pricing Consultant conducted benchmarking analysis to search for comparable companies performing similar manufacturing functions and producing similar products as SGP Malaysia. The Transfer Pricing Consultant has used the transactional net margin method to identify arm’s length range of full cost mark up (“**FCMU**”) ratios for the comparable companies during the Track Record Period.

A total of 36 companies are identified as performing similar functions and producing similar products as SGP Malaysia and a five-year weighted average FCMU interquartile range of 3.36% to 7.61%, with a median of 5.16% were recorded. For the years ended 31 December 2022 and 2023, SGP Malaysia achieved a FCMU of 7.51% and 9.87%, respectively. The FCMU for the year ended 31 December 2022 falls within the arm’s length FCMU interquartile range of the 36 comparable companies. The FCMU for the year ended 31 December 2023 falls above the arm’s length interquartile range due to that certain production orders assigned to SGP Malaysia during the year involved processes requiring higher labour hours, which was reflected in the price charged to Metasurface Technologies according to the pricing policy as mentioned above (based on standard costs incurred

during production which include, among others, direct labour costs). As a result, SGP Malaysia recorded a higher profit margin given the actual monthly salaries payable to the production staff are relatively fixed. Despite that the FCMU for the year ended 31 December 2023 falls above the arm's length interquartile range, given that the characterisation of Metasurface Technologies as the overall business owner for the intra-group transactions to take up the ultimate business risk among the two parties and the statutory tax rate in Malaysia is higher than in Singapore, the financial results in Malaysia would not reduce the overall tax burden of the Group. As such, the transfer pricing analysis conducted by the Transfer Pricing Consultant concluded that our Group's intra-group transactions between Metasurface Technologies and SGP Malaysia during the Track Record Period were reasonable and generally consistent with the arm's length principle from both Singapore and Malaysia transfer pricing perspectives, in compliance with relevant transfer pricing rules, guidance and regulations in Singapore and Malaysia, and the practical risk that the transfer pricing arrangements being investigated and challenged by the relevant tax authorities is considered remote. Our Directors further confirmed that our Group's transfer pricing arrangements have not been challenged or investigated by the relevant tax authorities in Singapore or Malaysia during the Track Record Period and up to the Latest Practicable Date.

After considering the analysis results and reviewing the transfer pricing reports prepared by the Transfer Pricing Consultant, our Directors are of the view that the transfer pricing arrangements under the above intra-group transactions are considered arm's length in nature, reasonable and in compliance with the applicable transfer pricing rules, guidance and regulations in Singapore and Malaysia.

Measure to ensure on-going compliance

Our Group's transfer pricing arrangements are part of our normal business operation where an arm's length transaction price needs to be established. We have implemented a general pricing policy to follow the arm's length principle and to achieve an arm's length outcome. Our management had been and will continue to closely monitor our Group's transfer pricing arrangements including reviewing the reasonableness of the transfer pricing policy of our intra-group transactions from time to time to ensure compliance with the arm's length principle.

Our Directors (after considering the analysis results from the Transfer Pricing Consultant) confirm that our Group has fulfilled the applicable transfer pricing documentation compliance requirements in Singapore and Malaysia during the Track Record Period. Further, our Directors are not aware of any enquiry, audit or investigation by any relevant tax authority in Singapore or Malaysia with respect to the transfer pricing arrangements carried out by our Group.

PROCUREMENT

Overview

Our procurement team is responsible for the strategic purchasing planning and supplier management in relation to our procurement of raw materials. We sourced our raw materials from various independent third party suppliers mainly located in Singapore and the U.S. We maintain steady relationships with our suppliers. Although we are required by some of our customers to procure materials or processing services from certain designated suppliers, we do not depend on any of our suppliers for procurement during the Track Record Period and up to the Latest Practicable Date.

We sourced our machinery and equipment from third party manufacturers in various places including Germany, Japan and Taiwan.

In each year during the Track Record Period, purchases from our five largest suppliers were approximately S\$7.5 million and S\$6.8 million, respectively, representing approximately 47.4% and 52.2%, respectively, of our total purchases, and purchases from our largest supplier were approximately S\$2.4 million and S\$1.9 million, respectively, representing approximately 14.9% and 14.6%, respectively, of our total purchases for the years ended 31 December 2022 and 2023.

Our five largest suppliers during the Track Record Period include certain raw materials suppliers and processing service providers in Singapore. We have maintained business relationships with our five largest suppliers in each year of the Track Record Period for an average period of over six years.

Purchase of machinery and equipment

We generally procure machinery and equipment such as CNC machines, coordinate measuring machines and other equipment from our suppliers according to our production needs. According to the CIC Report, there are more than 200 suppliers based in Singapore involved in manufacturing and trading of machines such as CNC lathe machines and CNC milling machines, who can offer machines at comparable prices, terms and quality, and are potential alternative suppliers of the Group.

Purchase of raw materials

For procurement of raw materials, some of our customers may have a list of preferred or approved suppliers for sourcing the raw materials used in the manufacturing process. We would then procure such raw materials from their designated suppliers or from suppliers selected from their pre-approved lists of suppliers. After we obtain information in relation to the material type and size we need, we will send the requirements to the suppliers to seek quotations. The credit terms granted by our major suppliers are typically ranging from 30 days to 60 days. According to the CIC Report, Singapore has an established metal material market with transparent pricing. There are approximately 50 to 100 alternative suppliers

supplying metal material (e.g., aluminium) based in Singapore who can provide metal material to us with comparable prices, terms and quality, and the Group could also import metal materials from abroad.

Save for the arrangements under the PACE Agreements entered into by us with Customer A to manufacture and maintain a certain level of stocks in the manufacturing sites of Customer A from time to time (for details of which, see “— PACE Agreements” in this section), we generally make our purchase on a back-to-back basis that we only place order with our suppliers based on the volume of purchase orders we receive and our production planning. We will issue purchase requisitions and purchase orders to our suppliers according to the raw materials required for the production as per our customer request.

Upon receipt of the raw materials, we will conduct incoming quality inspection. For more information on our incoming quality control, see “— Quality Management — Incoming quality control”.

Procurement of processing services

To better manage our production cost and complement our production capability and capacity, we engage third-party processing service providers for some of our non-core manufacturing processes during the Track Record Period. According to the CIC Report, there are more than 200 suppliers involved in treatment and processing of metals based in Singapore, who are readily available alternative suppliers with comparable prices, terms and quality to us.

For precision machining, we may send the parts and components to third-party processing service providers for surface treatment and cleaning, as the surface treatment and cleaning process require specific licence and special equipment to operate and such arrangement could minimise our capital expenditures, control our production costs and hence achieve cost-effectiveness of our manufacturing process.

For precision welding, we may send the parts and components to third-party processing service providers for the milling process when CNC machines are required for such process. We may also engage third-party processing service providers for cleaning process that requires the use of chemical of which specific licence is required.

We select our service providers after taking into consideration of factors such as reliability, qualification, production capacity, product quality and pricing terms and also based on the list of approved suppliers of our customers (if applicable).

We conduct incoming quality inspection to ensure the semi-finished products we receive from our processing service providers adhere to our stringent quality requirements. If there is any identified issue with the product quality, we will issue a non-compliance report and return the product to the third-party processing service provider for repair or reproduction.

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Generally, we do not enter into any framework agreement with the third-party processing service providers as we only engage them on an as-needed basis. The credit terms granted by the third-party service providers are typically ranging from 30 days to 90 days.

We measure the quality of products processed by the third-party processing service providers in accordance with our quality assurance system. For more information on our quality assurance process, see “— Quality Management”.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material product quality dispute with our third party machinery and equipment suppliers, raw material suppliers or processing service providers. We believe that, if necessary, we can identify and engage substitute without material difficulty.

Management of suppliers

We impose stringent standards on selection of our suppliers. We maintain a procurement policy which comprises the evaluation process for selection of new suppliers and the annual review of existing suppliers. For more information, see “— Quality Management — Supplier management”.

We usually request our supplier candidates to provide samples of their products for testing and our personnel from procurement department, quality control department and engineers from the relevant production department may jointly conduct on-site inspection on the candidates’ production facility.

We constantly monitor the quality of our suppliers and perform evaluation every one or two years based on their production capacity, product and service quality, ability to timely deliver and pricing terms, including transportation costs.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage or delay in the supply of our raw materials.

Key terms with suppliers

We generally do not enter into long-term supply agreements with our suppliers but procure raw materials on an order-by-order basis. We set out below a summary of the key terms of our purchase orders to our suppliers during the Track Record Period:

Principal terms	Summary
Specifications	: The purchase orders typically set out the specifications, quantities and pricing terms.
Delivery and inspection	: Our suppliers are usually responsible for delivering the raw materials to our production facilities. We are entitled to inspect the raw materials upon arrival.

BUSINESS

Principal terms

Summary

Payment terms	:	We generally settle our purchases with our suppliers in SGD or USD. If products are delivered in instalments, we are entitled to request for rendering separate invoices for each instalment in respect of each delivery. We usually make payment to our suppliers by bank transfer and/or cheque.
Credit terms	:	For local suppliers, we are generally granted 30 to 60 days of credit term. For overseas suppliers, payment in advance may be required either in the full purchase amount payable upon order or 50% partial down payment payable upon order and remaining balance payable prior to shipment.

Our suppliers

In each year during the Track Record Period, purchases from our five largest suppliers were approximately S\$7.5 million and S\$6.8 million, accounting for approximately 47.4% and 52.2% of our total purchases, respectively, and purchases from our largest supplier were approximately S\$2.4 million and S\$1.9 million, accounting for approximately 14.9% and 14.6% of our total purchases, respectively for the years ended 31 December 2022 and 2023.

Our Directors do not consider that our business is dependent on any single supplier and we have maintained stable business relationships with our major suppliers.

Our five largest suppliers during the Track Record Period are independent third parties. To the best knowledge of our Directors, none of our Directors or any person who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of any of our subsidiaries (or any of their respective associates) had any interest in any of our five largest suppliers in each year of the Track Record Period.

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The tables below set out the details of our five largest suppliers in each year of the Track Record Period:

For the year ended 31 December 2022

Supplier	Products purchased/ service received	Background and principal business	Year commencing relationship	Typical credit terms and payment method	Transaction amount and percentage of our total purchases	
					<i>S\$'000</i>	%
Supplier A	Parts	A limited liability company and based in Singapore which is principally engaged in manufacturing and supply of instrumentation solutions, valves, fittings, and systems for the ultra-high purity and process industries.	2015	30/60 days, by cheque	2,373	14.9
SL Metals Pte Ltd	Materials	A group listed on the Catalist of the Singapore Exchange Securities Trading Limited and based in Singapore which is principally engaged in supply of aluminium alloy products.	2009	60/90 days, by cheque	1,629	10.3
Banner Industries Asia Pacific Pte Ltd	Parts	A limited liability company and based in Singapore which is principally engaged in distribution of high purity components.	2021	30 days, by bank transfer	1,251	7.9
Supplier B	Parts	A limited liability company and based in Singapore which is principally engaged in wholesale of general tools including locks and hinges.	2016	60 days, by cheque	1,147	7.2
Mega Valve and Fitting Pte Ltd ⁽¹⁾	Parts	A limited liability company and based in Singapore which is principally engaged in distribution of ultra high purity products for the semiconductor and LCD industries.	2016	30 days, by cheque	1,123	7.1
Sub-total					7,523	47.4
All other suppliers					8,343	52.6
Total					15,866	100.0

Note:

- Mega Valve and Fitting Pte Ltd is also our customer during the Track Record Period. For more information, see “— Overlapping Customer and Supplier”.

BUSINESS

For the year ended 31 December 2023

Supplier	Products purchased/ service received	Background and principal business	Year commencing relationship	Typical credit terms and payment method	Transaction amount and percentage of our total purchases	
					US\$'000	%
Supplier A	Parts	A limited liability company and based in Singapore which is principally engaged in manufacturing and supply of instrumentation solutions, valves, fittings, and systems for the ultra-high purity and process industries.	2015	30/60 days, by cheque	1,913	14.6
Mega Valve and Fitting Pte Ltd ⁽¹⁾	Parts	A limited liability company and based in Singapore which is principally engaged in distribution of ultra high purity products for the semiconductor and LCD industries.	2016	30 days, by cheque	1,468	11.2
Banner Industries Asia Pacific Pte Ltd	Parts	A limited liability company and based in Singapore which is principally engaged in distribution of high purity components.	2021	30 days, by bank transfer	1,332	10.2
Supplier C	Parts	A limited liability company and based in Singapore which is principally engaged in provision of fluid system solutions and services.	2022	60 days, by cheque	1,193	9.1
Supplier D	Parts	A group listed on the New York Stock Exchange and based in the U.S. which is principally engaged in manufacturing of motion and control technologies and systems. Supplier D recorded net sales of US\$19,065 million for the year ended 31 December 2023.	2020	30 days, by cheque	932	7.1
Sub-total					6,838	52.2
All other suppliers					6,257	47.8
Total					13,095	100.0

Note:

- Mega Valve and Fitting Pte Ltd is also our customer during the Track Record Period. For more information, see “— Overlapping Customer and Supplier”.

Overlapping Customer and Supplier

We may, from time to time, have overlapping suppliers and customers, which, according to the CIC Report, is a common practice for contract manufacturers and service providers in the precision engineering industry as raw material suppliers may also require precision engineering services for their own manufacturing equipment and/or products. This interdependence stems from the maturity of the precision engineering industry, close and complementary relationship between the business partners and the need for specialised expertise at each process along the supply chain.

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During the Track Record Period, Mega Valve and Fitting Pte Ltd, one of our major suppliers for the years ended 31 December 2022 and 2023, procured precision welding services from us. The revenue generated from Mega Valve and Fitting Pte Ltd amounted to approximately S\$21,000 and S\$1,300 for the years ended 31 December 2022 and 2023, respectively.

Negotiations of the terms of our agreements with Mega Valve and Fitting Pte Ltd with respect to such overlapping transactions were conducted on an individual basis and the relevant services procured and offered were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of such transactions with Mega Valve and Fitting Pte Ltd during the Track Record Period were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

During the Track Record Period, certain of our top five customers procured mainly OEM parts from their approved suppliers on our behalf. Our purchases from these customers amounted to:

- Customer A, one of our major customers: approximately S\$1,900 and S\$9,000 for the years ended 31 December 2022 and 2023, respectively
- Customer B, one of our major customers: approximately S\$12,000 and nil for the years ended 31 December 2022 and 2023, respectively

The terms of our agreements with Customer A and Customer B with respect to such overlapping transactions were on an individual basis and the relevant products or services procured and offered were not inter-conditional with each other. Such customers procured parts from their suppliers on our behalf to speed up the procurement process, which we then used for manufacturing for such customers.

Our Directors confirmed that all of such transactions with Customer A and Customer B during the Track Record Period were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

INVENTORIES AND WAREHOUSING

Inventory control and provisioning policy

We have production facilities in Singapore and Malaysia. For more information, see “— Properties”.

Our inventory mainly comprises raw materials for production, work in progress and finished goods. It is our policy to maintain an optimal inventory level to minimise our stock holding cost.

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Pursuant to the consignment arrangement entered into by us with Customer A pursuant to the PACE Agreements, Customer A may request for delivery of our finished goods to their manufacturing sites on consignment basis when the stock level of such finished goods drops below a minimum stock level and subsequently accepts and releases such items when needed (no later than 180 days after issuance of the replenishment orders). For more information on the PACE Agreements, see “— Our Customers — Customer concentration and reliance on our five largest customers — Our business relationship with Customer A — PACE Agreements”.

To effectively monitor our inventory level, save for the arrangement under the PACE Agreements, we generally purchase raw materials according to customers’ purchase orders and market condition. Finished goods are produced and transported to customers promptly to satisfy customers’ demands and therefore we endeavour to maintain minimal inventory level.

Our Directors confirm that during the Track Record Period, we have not experienced any significant delays or shortages in the supply of raw materials which would impact our operation and we do not anticipate significant difficulties in obtaining alternative sources of supply, if necessary. For more information on risk associated with supply of raw materials, see “Risk Factors — We may be unable to effectively and efficiently manage the supply and quality of our raw materials and we generally do not enter into long term supply agreements with our major suppliers of raw materials”.

Logistics

We have our own logistics team for delivery of our products to customers located in Singapore. Our logistic team consists of two trucks and two truck drivers, incurring depreciation, hire purchase principal and interest expenses, drivers’ salary, maintenance, insurance and petrol expenses of approximately S\$140,000 and S\$136,000, respectively for the years ended 31 December 2022 and 2023. As at 31 December 2023, each truck has a remaining useful life of three years. During the Track Record Period, the trucks have been used to deliver parts to our customers in Singapore and transporting parts between our Singapore Factory and Malaysia Factory. For customers located outside Singapore, subject to requirements set out in the purchase orders, external courier is arranged for pickup of the products from our warehouse in accordance with our customers’ instructions.

During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material adverse impact on our operations as a result of failure to meet delivery schedules of our customers.

QUALITY MANAGEMENT

We are committed to ensuring quality in respect of our products and services delivered to our customers and maintaining a comprehensive quality control system. In order to control the variables within our production process, we ensure that quality checks are in place at various stages of the operational process and our quality control personnel in Singapore will be responsible for maintaining our products delivered are up to the expected standards.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material return to our suppliers or any material return from our customers which would cause any material and adverse impact on our operations or financial condition. The main quality control procedures, where applicable, are as follows:

Incoming quality control

Upon receiving raw materials from suppliers, we will first check the quality and quantity of the materials according to the purchase orders. We will also verify the specifications indicated on the certificate of conformance attached to the materials and inspect the dimension of the incoming materials according to the internal production work instructions. We will follow up with our suppliers to obtain corrective action and recovery plan when necessary. When required by our customer under any specific request, the material verification shall be conducted at least once a year by a third party on a selective basis.

Supplier management

We impose stringent standards on selection of our suppliers. For monitoring of our suppliers, we have an overall qualification and evaluation process for selection of new suppliers and review of existing suppliers. We maintain a list of approved suppliers and the procurement, production and quality control departments are responsible for the evaluation process and determining if the new or qualified supplier meets our requirements to produce critical parts or handle specific process required by our customers. For existing suppliers, we conduct regular performance evaluation based on product quality, delivery lead time and procurement costs to determine whether the suppliers can remain on our approved supplier list. We generally evaluate our existing and new suppliers based on factors such as whether the relevant supplier is on the approved supplier list of our customers (if applicable), the relevant supplier's technical capabilities, location, overall procurement costs, lead time, terms and conditions, credibility, qualification and certification as well as results from site visits. In particular, we conduct site visits to inspect the factories of new suppliers for new machinery or equipment. New suppliers of raw materials are required to submit the first article inspection report for our assessment. For certain raw materials, we are required by our customers to use their designated suppliers.

In-process inspection

Our production team submits the first piece or first set-up pieces of the semi-finished products with internal production work instructions to our quality inspector. Whenever there is any change in the machinery set-ups such as change of tools, the quality inspector is required to check the first set-up pieces before the machinists proceed to mass production. The quality inspector is required to check all the relevant dimensions of the product according to the internal production work instructions using machinery and equipment such as coordinate measuring machine, OD micrometre, thread gauge, pin gauge and surface roughness tester. If any relevant part does not pass our internal quality inspection

due to discrepancy of its dimensions with the specifications, the quality inspector will return the part together with the internal production work instructions to the production team which will then undertake corrective actions.

It is the responsibility of the machinists to send the repaired or reproduced part to the quality inspector for further inspection. The quality inspector will only accept the part when all the relevant dimensions comply with the internal production work instructions specifications.

Final inspection

Finished products shall be sent to quality inspector for final inspection. The quality inspector will conduct surface check and dimension check for each product (i.e. whether any discrepancy of dimension will affect its functionality or assembly of such product). For products which dimensions are not critical to the functionality or assembly, the quality inspector shall conduct sampling check.

Final products are inspected/verified in accordance with the requirements of the Customer Production Drawings and/or purchase orders as applicable, to ensure that the finished product and service conforms to the specified requirements. No products are dispatched, or work considered completed until all the above activities have been conducted, recorded and duly authorised.

First article inspection

Subsequent to the completion of the first article inspection conducted by the quality inspector, the inspection report together with the first article will have to be submitted for customer approval subject to the customer's requirement (if applicable). We will only continue with the mass production after obtaining approval from our customers, if needed.

Quality management certifications

We obtained a number of quality management certifications which are relevant to our operations. The following sets out a list of certifications held by us as at the Latest Practicable Date. These certifications are subject to a periodic review or renewal due to change of standard of the issuing authorities.

Certifications	Entity accredited	Expiry date
ISO 9001:2015	Metasurface Technologies	26 June 2025
ISO 14001:2015	Metasurface Technologies	26 June 2025
ISO 45001:2018	Metasurface Technologies	26 June 2025
ISO 9001:2015	SPW	7 April 2025

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any significant research and development activities. Nonetheless, we develop our manufacturing capabilities primarily through staff development and investing in our production facilities.

Investment in associate

We have invested in and ventured into the innovation and manufacturing of meta optics components through our investment in Metaoptics Technologies, which had been an insignificant subsidiary of our Group since its incorporation in June 2021 and until completion of various rounds of investments and share transfers and is currently our associate. Meta optics technology is a new technology which enables the production of flat surface lens of smaller size, lighter weight, lower power consumption and wider light as compared to existing conventional 3D Lens. Metaoptics Technologies is currently in collaboration with a renowned research institute in Singapore and seeking to expand into innovating the technology of developing and conducting mass production of meta optics components, which could be used by customers to install on the optical sensors, camera and flash lens, autonomous vehicles and augmented reality/mixed reality displays. For more information on the shareholding changes in Metaoptics Technologies, see “History and Development — Reorganisation”.

Our Group became acquainted with Accelerate through introduction by Mr. Thng. Accelerate contributes to our Group’s technological development by licencing to us its technologies and intellectual property rights in order for us to develop and commercialise its technologies and licenced products. It has also introduced new technologies that could enhance the value of our investment in associate through R&D collaborations with Metaoptics Technologies in the optical metalens technology business.

The Licence Agreement

After we incorporated Metaoptics Technologies with the intention of investing and venturing into metalens technology business, Accelerate, knowing that technological advancement in optics is Metaoptics Technologies’ major R&D focus area, decided to licence its Technology (defined below) to us. Our Directors believe this is beneficial to both our Group and Accelerate as Accelerate could support the R&D of Metaoptics Technologies (which at that time was newly incorporated and had limited resources) while Metaoptics Technologies could help commercialise Accelerate’s Licenced Products (defined below) and generate new sources of revenue (which represents investment returns to our Group and Accelerate as direct and indirect shareholders of Metaoptics Technologies, respectively). Accelerate licenced the Technology to both Metasurface Technologies and Metaoptics Technologies, but it was only utilised by Metaoptics Technologies during the Track Record Period as the Technology concerns optics. In particular, Metaoptics Technologies used the Technology to develop new versions of modifications, improvements and upgrades to the Licenced Products during the Track Record Period.

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The table below sets out the salient terms of the arrangement under the Licence Agreement:

Parties:	(i) Accelerate, the licensor; and (ii) Metasurface Technologies and Metaoptics Technologies, each a licensee
Term:	10 December 2021 to 9 December 2031
Licensed right:	Accelerate grants each licensee to use the Technology to develop enhancements and to use, manufacture, distribute, market and sell Accelerate's Licensed Products.
Technology:	Know-how (such as for high resolution direct laser writing and flat optics design and manufacturing) and patents (such as optical devices and super oscillation lens) (the " Technology ").
Licensed products:	Diffractive optical lenses, flat lenses and nanoimprint masters for use within the optical field which incorporates the Technology (the " Licensed Products "). A Licensed Product includes a complete system incorporating the Technology, which may include hardware, software, accessories and implementation manuals.
Fees:	<i>Licence fee:</i> Metasurface Technologies shall issue and allot ordinary shares to Accelerate representing approximately 5% of Metasurface Technologies' then total issued share capital. Accelerate was entitled to a put option right, call option right and anti-dilution right, as detailed in "— Special rights" below, which were terminated on 26 April 2023. <i>Royalties:</i> starting from 1 January 2022 until the end of the term, Metaoptics Technologies shall pay annual royalties to Accelerate constituting 1.5% of the gross revenue attributable to the Licensed Products, subject to the annual minimum royalties set out in the Licence Agreement. The annual minimum royalties are waived for the two years ending 31 December 2022 and 2023.
Payment terms of royalties:	Payable annually, within 30 days after 13 December of each year.

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Commercialisation obligations: Metaoptics Technologies shall, among others, raise capital and reach commercialisation milestones within the timeline specified in the Licence Agreement. For example, it shall have a pilot or mass production line ready for producing flat lens in Singapore by 31 December 2026.

Termination: Metasurface Technologies or Metaoptics Technologies may request to terminate the Licence Agreement after eight years from 13 December 2021 by giving Accelerate written notice of no less than 30 days. Accelerate may agree to the proposed termination if Metasurface Technologies or Metaoptics Technologies is unable to achieve any sale of the Licenced Products and is able to demonstrate to Accelerate its best efforts have been undertaken to achieve such sale.

Also, either party shall be entitled to terminate the Licence Agreement by giving written notice to the other party, in the event (i) the other party breaches the Licence Agreement and fails to remedy the breach (where capable of remedy) within 30 days upon receipt of a written notice containing full particulars of the breach, (ii) an encumbrance takes possession, or a receiver is appointed, of any property or assets of the other party, (iii) the other party makes any voluntary arrangement with its creditors, (iv) the other party goes into liquidation (except for the purpose of amalgamation or reconstruction), or (v) the other party ceases, or threatens to cease, to carry on business.

Given that the Licenced Products primarily involve optical lens which are not Metasurface Technologies and SPW's principal areas of business operations, the Directors are of the view that the Licenced Products do not and will not compete with the Group. The revenue derived from the Licenced Products attributable to Metaoptics Technologies was nil and nil for each of the two years ended 31 December 2022 and 2023 as the Licenced Products are still not commercialised yet.

INTELLECTUAL PROPERTY

We have branded and marketed our business by using “Metasurface” and  METASURFACE. We rely on a combination of patent and personal data protection laws as well as non-disclosure agreements with our employees to protect our intellectual property rights and know-how.

As at the Latest Practicable Date, we held five registered trademarks in Hong Kong and Singapore and we were also the registered holder of one domain name. Further information is set out in “Statutory and General Information — B. Further information about our business — 2. Material intellectual property rights” in Appendix V to this prospectus.

Our key employees are required to enter into a non-disclosure agreement with us, under which such employee is bound by a non-disclosure obligation during his or her employment and after termination of his or her employment in respect of any confidential information relating to us, including without limitation to any private, confidential or secret information of us obtained by the employee in the course of his or her employment.

Our Directors are of the view that we have taken all reasonable steps and measures to protect our intellectual property rights against any potential infringement. During the Track Record Period and up to the Latest Practicable Date, there had not been any material pending or threatened claims made against us, nor had there been any material claims made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

INFORMATION TECHNOLOGY SYSTEMS

We believe that robust and reliable information technology systems are essential to sustain our competitive edge in our operations. As such, we continuously invest in the upgrade and integration of our information technology systems.

SPW has adopted the Solidwork system, a manufacturing ERP system for streamlining our precision welding manufacturing process. We have also adopted the Minitab Statistical Software for analysis of business data and for prediction and forecast of our sales. We have used the MasterChem and Hypermill software system for our turning and milling processes. We also apply use software such as MCOSMOS, CALYPSO 2020 and VDMIS for our coordinate measuring machine.

COMPETITION

Precision component engineering is widely applied to produce components with complex structures or certain special technical parts in many growing industries and the downstream customers consists of OEMs and their contract manufacturers and service providers in the diverse end-use industries, such as semiconductor, aerospace and oil & gas. According to the CIC Report, revenue of global semiconductor industry is projected to reach US\$880.7 billion in 2028 with a CAGR of 10.6% between 2023 and 2028. Global sales of semiconductor manufacturing equipment also increased from US\$61.7 billion in 2019 to

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US\$106.3 billion in 2023, registering a CAGR of 14.6% between 2019 and 2023 and is expected to reach US\$180.6 billion in 2028, registering a CAGR of 11.2% between 2023 and 2028. As our Group is a precision engineering services provider, specialising in providing precision machining and precision welding services for international companies mainly in the semiconductor and other sectors, including aerospace and data storage industries. Therefore, the continual growth of the semiconductor industry in the world is expected to drive up the demand and presents more opportunities for precision components, and therefore supports the further development of Singapore's precision component engineering industry.

Our main competitors include both domestic and international companies providing precision component engineering services in Singapore. We compete with them primarily in product quality, technical level, production capacity, pricing terms, in-time delivery, span of one-stop services offerings, experience and after-sales services.

Our strategic location in Singapore positions us above our competitors outside Singapore, primarily due to macro-economic shifts affecting the regional semiconductor industry, our geographical proximity with customers and favourable domestic policies and incentives in Singapore for the precision engineering industry. Therefore, we consider the direct competition from international companies providing precision component engineering services in the semiconductor industry without presence in Singapore is relatively remote.

Due to factors such as macro-economic conditions and dynamic international situations, certain global major semiconductor manufacturers and semiconductor equipment manufacturers have been shifting their manufacturing bases and operations from China to Southeast Asia. Such changes have provided more opportunities for Singapore as a leading regional hub for advanced manufacturing, and service providers in Singapore and are expected to bring more demand for services and products of the Group. For details, see “— Impact of The Covid-19 Outbreak and U.S.-China Trade War”.

In addition, among our five largest customers for the years ended 31 December 2022 and 2023, Customer A, Customer D and Intevac Asia Pte. Ltd. have production base in Singapore and Customer B and Customer C have production base in Malaysia. Customer A's decision to invest S\$600 million in a new Singapore facility and decisions of its customers and their related companies, such as Vanguard (an affiliate of Taiwan Semiconductor Manufacturing Company Limited (TSMC)) and United Microelectronics Corporation (UMC), to further invest in production facilities in Singapore, further highlight the strategic value seen in local operations in Singapore. Our Group's strategic location with production facilities based in Singapore and Malaysia allows us to benefit from these developments with enhanced logistical efficiencies. This proximity and alignment with industry trend give us an edge over our competitors in other regions.

In addition, various favourable policies and measures introduced by the Singapore government such as Industry Transformation Maps (ITMs) and Precision Engineering Industry Digital Plan (IDP) also promote the further development of the precision engineering industry in Singapore, providing us further competitive edge over our competitors outside Singapore. For details, see “Industry Overview — Overview of Singapore’s Precision Component Engineering Industry — Key growth drivers of Singapore’s precision component engineering industry”.

We seek to differentiate ourselves through our use of multi-axis CNC machines. Multi-axis CNC machines, in particular, CNC machines with more axes (directions of movements), allow for machining in multiple directions simultaneously. The 5-axis CNC machines we use in our production can move in five different directions, being three linear areas (up and down, left and right, back and forth) and two rotational axes. Compared to 3-axis or 4-axis CNC machines, which can only move in three directions or four directions respectively, 5-axis CNC machines can reach more angles and create more complex and detailed parts without the need to manually moving the machined parts for multiple processes. With more machining steps to be completed in the same timeframe, our use of multi-axis CNC machines can reduce machining cycles and operational costs in terms of the labour hours spent on manually moving the machined parts for multiple processes and the total lead time on production. Additionally, multi-axis systems facilitate more complex machining operations such as simultaneous milling, drilling and cutting, thus enhancing both production efficiency and ensuring machining accuracy. Our Directors believe that other core aspects that set us apart from our competitors and foster our competitiveness are the solid relationships with our customers through regular communication and our strong technical know-how. For more information on the competitive landscape of the industry and our competitive strengths, see “Industry Overview — Competitive Landscape of Singapore’s Precision Component Engineering Industry in the Semiconductor Segment” and “Industry Overview — Competitive advantages of the Group”.

According to the CIC Report, entry barriers faced by new competitors in the precision component engineering industry are (i) large capital investment required to purchase machinery and equipment to achieve high accuracy and versatility in production, (ii) intense competition for recruitment of skilled workers and difficult access to technological know-how, (iii) long-term and steady relationship with downstream customers, which creates difficulties for new players to establish mutual dependence and complimentary business relationship with customers within a short period of time, and (iv) industry specific qualification and certification requirements. For more information on these entry barriers, see “Industry Overview — Competitive Landscape of Singapore’s Precision Component Engineering Industry in the Semiconductor Segment — Entry barriers for the precision component engineering industry”.

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EMPLOYEES

Number of employees

As at 31 December 2023, we had 141 full time employees. The following table sets out the breakdown of our employees by function and geographical location:

Function	Singapore		Malaysia	
	<i>Number of employees</i>	<i>% of total employees</i>	<i>Number of employees</i>	<i>% of total employees</i>
Production	69	71.1	37	84.1
Quality Control	4	4.1	4	9.1
Procurement	3	3.1	1	2.3
Sales	10	10.3	—	—
Finance, human resources and administration	<u>11</u>	<u>11.4</u>	<u>2</u>	<u>4.5</u>
Total	<u><u>97</u></u>	<u><u>100</u></u>	<u><u>44</u></u>	<u><u>100</u></u>

As at 31 December 2023, we had 62 foreign workers in Singapore and 4 foreign workers in Malaysia. As advised by our Singapore Legal Advisers, for the manufacturing sector in Singapore, the number of foreign workers that an employer can hire is limited by the quota or dependency ratio ceiling, and employers shall pay the requisite levy according to the qualification of the foreign workers employed. As advised by our Malaysia Legal Advisers, a valid employment permit is required for non-citizens to be employed in Malaysia. As advised by our Singapore Legal Advisers and Malaysia Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, our Group has complied with the relevant laws and regulations in relation to the employment of foreign workers in Singapore and Malaysia in all material aspects. For more information, see “Regulatory Overview — Laws and regulations in Singapore — Employment of Foreign Manpower Act” and “Regulatory Overview — Laws and regulations in Malaysia — Employment and Labour Protection”.

Remuneration policy

As advised by our Singapore Legal Advisers and our Malaysia Legal Advisers, as at the Latest Practicable Date, we had entered into letters of appointment with our employees in accordance with the applicable laws in Singapore or Malaysia, respectively. The remuneration package we offer to our employees mainly include wages, salaries, allowance and mandatory provident fund. We generally determine our employee salaries based on each employee’s qualification, experience and suitability and we intend to maintain the competitiveness of our remuneration package in order to attract and retain talented labour.

We review the performance of our employees annually for the purpose of promotion appraisals and salary adjustment. Employees are remunerated based on standard market rates and experience and bonus are awarded according to the performance of employees. We have also entered into a non-disclosure agreement with our key employees which sets out the confidentiality clause during and after the termination of employment.

Training and recruitment policies

We generally recruit our employees from open market and by referral. We intend to use our best efforts to attract and retain suitable personnel to work with us. We determine our demand for additional manpower with reference to our available manpower and our business needs.

We provide on-the-job training to our employees and comprehensive orientation for new employees in order to improve our employees' technical competence and work efficiency. Our human resources team has the overall responsibility for staff training administration and will also conduct annual review of the training matrix. All new employees shall undergo a briefing on the general rules and regulations on safety on the day of work commencement.

Trainings we provide to our employees include understanding and updates on our internal control and quality requirement regarding our customers' supply chain, industry code of conduct training to ensure that our working conditions are safe and that our business operations are environmentally friendly and conducted ethically, and the restriction of hazardous substances directive training, which provides information on the restriction of the use of certain hazardous substances in our electronic equipment. We also subsidise our welders to obtain ASME BPVC Section IX: 2017 certification.

Central Provident Fund and Employees Provident Fund

We participate in the Central Provident Fund and Employees Provident Fund and have paid the relevant contribution for our employees in accordance with the relevant laws in Singapore and Malaysia, respectively. For more information on these provident fund requirements in Singapore and Malaysia, see "Regulatory Overview — Central Provident Fund Act" and "Regulatory Overview — Employees Provident Fund Act 1991".

Deployment of labour services

During the Track Record Period, subject to our capacity, resources level and sales demand, we procured labour services from independent third party service providers and Meson Technology for our precision machining and precision welding services to handle additional or ad hoc customer orders, if necessary, when our existing human resources are tied up. Under the labour services arrangement, the service providers assigned workers to our Singapore Factory to carry out mechanical work involved in the precision machining and precision welding processes by using our own machinery and equipment, thereby increasing our Group's manpower and enhancing the utilisation rate of our production facilities. The procurement fees were paid on hourly basis and denominated in SGD.

During the Track Record Period and up to the Latest Practicable Date, as advised by our Singapore Legal Advisers and Malaysia Legal Advisers, there was no material non-compliance incident in respect of applicable labour laws and regulations in Singapore and Malaysia that would have a material adverse impact on our Group.

IMPACT OF THE COVID-19 OUTBREAK AND U.S.-CHINA TRADE WAR

U.S.-China Trade War

With respect to the U.S.-China trade war, the U.S. imposed a series of sanctions or restrictions, such as high tariffs on chips and parts imported from China, to hobble China's chip industry. The U.S.-China trade war, coupled with other external factors such as global economic cycle and COVID-19 pandemic, has exacerbated the global semiconductor chip supply shortage. As a result, due to factors such as macro-economic conditions and dynamic international situations, certain global major semiconductor manufacturers and semiconductor equipment manufacturers have been shifting their manufacturing bases and operations from China to Southeast Asian countries, providing more business opportunities for Singapore, as a leading regional hub for advanced manufacturing, and Singaporean service providers. Within the wafer manufacturing sector in the semiconductor industry, integrated device manufacturers (IDM) companies such as Micron Technology, Infineon Technologies, NXP Semiconductors, STMicroelectronics, and along with foundry companies such as Global Foundries, United Microelectronics Corporation (UMC) and Vanguard International Semiconductor Corporation (Vanguard) had been expanding their manufacturing facilities in Singapore. In particular, Customer A announced "Singapore 2030" in December 2022. As part of the plan, Customer A planned to invest S\$600 million in a new facility at Tampines Industrial Crescent in Singapore by 2024, which is expected to be a 700,000 square feet plant and include more than 200,000 square feet of equipment manufacturing clean room space, to expand its chip-making operations in the next eight years and strengthen its manufacturing capacity, R&D, ecosystem partnerships and workforce development in Singapore. According to the CIC Report, the two largest customers of Customer A are Taiwan Semiconductor Manufacturing Company Limited (TSMC) and Samsung Electronics Co. Ltd, which together accounted for more than 30% of Customer A's total net sales for each of its financial years ended 31 October 2021, 2022 and 2023. As an affiliate of TSMC, Vanguard announced in October 2023 its plan to further build a 12-inch chip plant in Singapore following its acquisition of an 8-inch chip plant in Singapore from GlobalFoundries in 2019. Another customer of Customer A, UMC announced in 2022 its plan to invest US\$5 billion in a chip-making factory in Singapore, to manufacture 22 and 28 nanometer chips for cars, IoT devices and computers. The UMC's new facility in Singapore is expected to be completed by mid-2024, with initial production to commence in early 2025. Such shifting trend and strengthening of production base by the semiconductor manufacturing equipment suppliers and semiconductor manufacturers in Singapore are expected to bring more demand for services and products of the Group.

Going forward, it is expected that the geographical source of upstream raw materials suppliers and the geographical locations of the Group's downstream customers will remain largely unchanged as the Group mainly procured raw materials from domestic suppliers in Singapore and from Malaysia, the U.S. and Europe and mainly sell its products to customers based in the U.S., Singapore and Malaysia.

The COVID-19 pandemic

The COVID-19 pandemic has disrupted global supply chains, leading to global chip shortage. The lingering effect of the global chip shortage and the surge in demand for electronic products have consequently led to increase in demand in the semiconductor industry in 2022 during the Track Record Period. In 2022, with the eventual uplift of COVID-19 preventive and lock-down measures by governments in different countries, in order to secure the production capacity of their suppliers in the post COVID-19 period to cope with the expected growing demand for chips, semiconductor companies increased its capital expenditure and investment in semiconductor manufacturing equipment. Therefore, the surge in production and demand resulted in accumulation of inventories during 2022. This then caused semiconductor companies and semiconductor equipment manufacturing companies to slow down their purchases and undertake periodic de-stocking measures in 2023, leading to decrease in demand of our precision machining parts and components during the year ended 31 December 2023.

Our Directors consider that, during the Track Record Period and up to the Latest Practicable Date, the U.S.-China trade war, global semiconductor chip supply shortage and the COVID-19 pandemic did not bring any material adverse impact to our Group's business and financial performance as demonstrated by that (i) our Group has maintained a relatively stable total revenue level for the year ended 31 December 2023 when compared to the corresponding period in 2022, (ii) based on our Group's unaudited management accounts, our total revenue for the four months ended 30 April 2024 increased when compared to the same period in 2023, and (iii) the Group has achieved an increase in adjusted profit margin (Non-IFRS measure) from approximately 16.7% for the year ended 31 December 2022 to approximately 18.9% for the year ended 31 December 2023. Based on the above, the Sole Sponsor is not aware of any material finding which would suggest the U.S.-China trade war, global semiconductor chip supply shortage and the COVID-19 pandemic had any material adverse impact to the Group's business and financial performance during the Track Record Period and up to the Latest Practicable Date.

HEALTH, SAFETY, ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are subject to various health, safety, social and environmental protection laws and regulations and our operations are regularly inspected by local government authorities. We endeavour to promote corporate and social responsibility, proactively identify any major environmental and social sustainability risks related to our business and mitigate any negative impact of our operations on the environment. We have adopted internal control policies and procedures with respect to the use of energy, climate change and employees' welfare and safety. We have also set up metrics and targets for environmental, health and safety management and review major environmental and social sustainability risk performance on a regular basis.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material occupational, health and safety and environmental incidents nor were we subject to any material claims for personal or property damages or for health or safety related compensation and as advised by our Singapore Legal Advisers and Malaysia Legal Advisers, we were in compliance with the relevant Singapore and Malaysia laws and regulations on occupational, health and safety and environmental protection applicable to our Group in all material respects. There was no material work related accidents or injuries that resulted in any material adverse impact on our business operations and financial position during the Track Record Period and up to the Latest Practicable Date.

Our Directors consider that the annual cost of compliance with the applicable health, safety, social, and environmental protection laws and regulations was not material during the Track Record Period and up to the Latest Practicable Date and we do not expect the cost of such compliance to be material going forward.

Our ESG Governance

Our Directors have overall responsibility for our strategies and reporting on environmental, social and governance (“ESG”) matters. Our Directors will support our commitment to fulfilling environmental and social responsibilities which include but are not limited to the following:

- developing and adopting policies on environmental, social and corporate governance responsibilities (the “ESG Policy”);
- conducting materiality assessments of environmental-related, climate-related, social-related risks;
- reviewing our performance on annual basis and monitoring the effectiveness and ensuring the implementation of our ESG Policy;

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- staying informed about the latest ESG-related laws and regulations, including the applicable sections of the GEM Listing Rules, and updating our ESG Policy in accordance with the latest regulatory updates;
- following and monitoring the latest requirements regarding ESG disclosure and regulatory compliance;
- identifying our key stakeholders based on our business operations and establishing the communication channels to engage with them with respect to ESG matters;
- assessing ESG-related risks and opportunities on a regular basis according to applicable laws, regulations and policies, especially risks in relation to climate changes, to ensure our responsibilities with respect to ESG matters are met; and
- preparing and reviewing the ESG report.

Moreover, our administrative staff will serve as a supportive role to our Directors in monitoring the implementation of the agreed ESG Policy and strategies, conducting materiality assessments of environmental-related, climate-related and social-related risks and how we adapt our business in light of climate change, reporting to our Directors on an annual basis regarding the implementation and effectiveness of our ESG Policy, and assisting in the preparation of ESG report.

Our Board will establish an ESG committee to assist our Board in overseeing ESG governance, ensuring the implementation of ESG policies, monitoring ESG-related performance and targets, adjusting ESG strategies and preparing the ESG report. In addition, we also plan to establish an ESG task force team to support our Board and the ESG committee in implementing ESG policies, targets and strategies, conducting materiality assessments of environmental, social and climate-related risks, assessing corresponding responses, collecting ESG data for the ESG report, and continuously monitoring the implementation and effectiveness of measures adopted to address our ESG-related risks and responsibilities. The ESG committee and the ESG task force team are expected to report to our Board periodically on the ESG performance of our Group, the effectiveness of our ESG systems and recommendations, if any. Our Group will conduct consistent ESG training sessions and provide education on pertinent market trends related to ESG for both the ESG committee and the ESG task force team. The ESG committee and the ESG task force team will collaborate to aid the Board in staying abreast of the Stock Exchange's reporting standards and associated listing regulations.

The Board will adopt the following approaches to identify, assess, manage and review material ESG issues in relation to environmental, social and climate issues:

1. **Identify:** the committee will establish communication channels with key stakeholders on an ongoing basis to understand ESG related concerns and monitor the impact of our environmental, social and climate-related performance on the key stakeholders. The Board believes that open dialogues with stakeholders play a crucial role in maintaining our business sustainability.
2. **Strategic planning:** the committee will set up risk management and internal control systems, which are designed to meet our specific business needs and to minimise our risk exposure. The committee plans strategically and sets ESG goals at the beginning of each year.
3. **Assess:** the committee will review and assess ESG reports of companies in similar industries to ensure relevant ESG related risks are identified on a timely basis; engage professional advisers to advise on compliance with ESG related matters.
4. **Review:** the committee will review the progress made against ESG-related goals to guide us to achieve better ESG performance via implementing our ESG Policy, design a set of systematic risk management practices to be put in place to ensure the effective operation of our financial and operational functions, compliance control systems, material control, asset management and risk management.

Measures to identify, assess and manage ESG related risks

We believe that environmental protection is of high importance and have taken relevant measures in the course of our business operations to ensure that we comply with the applicable regulations in all material aspects. We are subject to environmental protection laws and regulations in Malaysia where we have production plants, including but not limited to the Environmental Quality Act 1974 in Malaysia. For more information, see “Regulatory Overview — Laws and Regulations in Malaysia — Environment Protection”.

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We have identified the following material ESG related issues and their potential impacts on our business, strategy and financial performance:

Material ESG issues	Potential risks, opportunities and impacts	Mitigating actions
Resources and energy management	Ineffective management of resources and energy may potentially lead to excessive energy usage, leading to higher operational expenses	<ul style="list-style-type: none"> ● Promoting energy conservation and environmentally friendly procurement practices. ● Performing overall waste management in our offices, our Singapore Factory and our Malaysia Factory. ● Assessing the energy consumption and optimising the corresponding procedures.
Impact of climate change	<p>There may be risk of increasingly severe extreme weather conditions, such as more frequent storms, flooding and typhoons. Extreme weather conditions may cause disruptions to our manufacturing facilities and equipment and may also pose threat to the health and safety of our employees.</p> <p>We may potentially be subject to increased operation and maintenance costs as well as labour costs. We may also experience adverse impacts from production disruption if our operations are hindered by such extreme weather conditions.</p>	<ul style="list-style-type: none"> ● Providing work arrangements for bad weather and/or extreme climate conditions to mitigate potential injuries to employees and increase in insurance premiums. ● Reviewing and accounting for greenhouse gas emissions and resource consumptions. ● Deploying of labour services to the extent compliant with laws and regulations in Singapore and Malaysia ● Engaging suppliers in other regions which have capacity to provide required raw materials, parts and components

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Material ESG issues	Potential risks, opportunities and impacts	Mitigating actions
<p>Potential transitional risks in relation to policy change</p>	<p>Risks that the environmental laws and regulations may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with more stringent rules. Transitioning to a lower-carbon economy as well as extensive policy, legal, technology and market changes may also take place to address mitigation and adaptation requirements related to climate change. Due to climate change and climate-related issues, regulators may require more disclosure on emission. Such transitional risks may potentially lead to impacts such as increased operational cost from change of internal procedures. Any failure to comply with the new environmental regulations would expose us to penalties, fines, suspensions or actions in other forms.</p>	<ul style="list-style-type: none"> ● Monitoring the changes in ESG-related regulatory requirements and market trend from time to time.
<p>Human capital development</p>	<p>Insufficient resources devoted towards the development of human capital, such as lack of training and promotion opportunities, may put our Group at risk of higher turnover rates and less competent workforce in medium and long term.</p>	<ul style="list-style-type: none"> ● Providing employees with competitive social benefits and career development opportunities. ● Strong human capital development and the provision of competitive remuneration packages may improve employee retention and dedication.
<p>Privacy and data security</p>	<p>Inadequate privacy and data protection policies can expose our Group to the risk of data leaks and privacy breaches, resulting in higher costs due to regulatory actions, litigations, fines, and damage to our reputation.</p>	<ul style="list-style-type: none"> ● Implementing a policy that mandates all employees to sign non-disclosure agreements mitigates privacy and data security risks.

We have identified physical risks and transitional risks as two major categories of risks arising from climate change.

In view of the nature of our business, we do not anticipate climate change and other environment-related risks to have any material impact on our business operation, financial performance and strategy. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material impact on our business operation, strategy or financial performance as a result of environment-related issues. For more information, see “Risk Factors — Risks Relating to Our Business and the Industry in Which We Operate — Our Operations may be Affected by Adverse Weather Conditions, Natural disasters, Acts of God or Wars and Terrorism” and “Risk Factors — Risks Relating to Our Business and the Industry in which We Operate — Increasing Emphasis on Environmental, Social and Governance Issues may Impose Additional Costs on us or Expose us to Additional Risks. Failure to Comply with the Laws and Regulations in relation to Environmental, Social and Governance Matters may subject us to Penalties and Adversely Affect our Business, Financial Condition and Results of Operations”.

Metrics and target for assessing and managing ESG related risks

We monitor the following metrics to assess and manage the environmental and climate-related risks arising from our business operations:

Electricity consumption and GHG emission

In order to save energy and reduce greenhouse gas (“GHG”) emissions, we are committed to monitoring our electricity consumption levels regularly and implement measures to save energy and reduce GHG emissions and to further enhance our employees’ awareness of efficient use of electricity and the importance of energy conservation. We monitor our electricity consumption levels regularly and have adopted measures such as purchasing appliances and equipment with higher energy efficiency in forthcoming replacements, turning off or setting electronic appliances in idle or during lunch hours to sleep mode, and encouraging our employees to turn on fans rather than air conditioners depending on weather conditions and to clean and maintain air conditioning systems. Going forward, we plan to enhance our efforts in driving energy efficiency and conduct more in-depth assessments on opportunities to minimise our emissions impact from our economic activities as we continue to grow our business.

Waste management

We generate wastes such as waste coolant, lubricant oil, machined metal chips and other recyclable solid wastes such as packaging materials in our operation. We have engaged third party service providers to collect and process our waste materials. Routine domestic waste generated from our daily operations is stored in accordance with local garbage classification requirements and transferred to waste treatment plants. In order to reduce the impact of our disposal of wastes to the environment, we

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have put recycling boxes to collect materials which can be re-used, implemented waste separation mechanism to collect wastes and prioritise to purchase consumables with refill pack.

As at the Latest Practicable Date, we were certified with ISO 14001:2015 environmental management systems certification.

Our environmental protection performance

Energy consumption and water consumption are closely related to climate change, which presents businesses with both long-term risks and opportunities. To better understand, quantify and manage the climate change related impacts, risks, and opportunities in our operation, it is integral to measure and disclose our energy and water consumption as the first step in our ESG journey.

The table below sets out the quantitative disclosure of our energy and water consumption and our greenhouse gas emissions in the course of our operations during the Track Record Period.

	For the year ended 31 December 2022	For the year ended 31 December 2023
Energy consumption		
Consumption of purchased electricity (kWh '000)	4,164.6	3,175.0
Intensity (kWh/revenue S\$'000)	106.3	96.0
Water consumption		
Water consumption (m ³)	7,448.8	6,747.0
Intensity (m ³ /revenue S\$'000)	0.2	0.17
Greenhouse gas emissions		
Scope 2 emission (tonnes) ⁽¹⁾	2,831.9	2,159.0
Intensity (tonne/revenue S\$'000)	0.07	0.06

Our targets for energy saving and water saving are as follows:

- energy consumption intensity and greenhouse gas emission (scope 2) intensity will be reduced by 5% by 2026 compared with 2022.
- water consumption intensity will be reduced by 2% by 2026 compared with 2022.

Note:

(1) Scope 2 emissions represent indirect emissions from the consumption of purchased electricity.

Our Group will continue to monitor emission of waste water, solid waste, noise control, greenhouse gas emissions and air pollution control regularly and our human resources department will continue to keep record of pollutant emissions.

Health and Safety, Social Responsibilities and Corporate Governance

Human resources

Equal opportunity is applicable to all aspects of employment. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to our employees regardless of gender, age, race, religion or any other social or personal characteristics. We enter into employment contracts with all of our employees in accordance with the applicable Singapore and Malaysia laws and regulations. Promotions and other job opportunities are offered to existing employees and suitable candidates, and selection is based on assessment of work performance of all individuals on merit, qualifications and abilities, and suitability for the position.

We also focus on embracing diversity within our Group and equal treatment of all our employees in hiring, training, wellness, as well as professional and personal development. We encourage our employees to constantly improve their skills and abilities and develop competencies through engaging in both internal and external training programmes. For details, see “— Employees — Training and recruitment policies”. We will continue to promote work-life balance and create a positive workplace for all our employees. We have been committed to serving the community and fulfilling our social responsibilities.

Occupational safety and health

We endeavour to providing a safe working environment for our employees and implement stringent safety policies in our production at all times to promote occupational health and safety and ensure compliance with applicable laws and regulations.

We have established and set out a series of safety guidelines, rules and procedures for various aspects of our production activities, including fire safety, occupational health and machinery maintenance. We arrange training on occupational health to our employees from time to time, and require our employees to strictly comply with our operation manuals when operating the production equipment and machines.

Anti-corruption

We have a zero-tolerance policy against any form of fraud or bribery, and are committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery. In addition, we impose a whistleblowing procedure that allows employees to report actual or suspected wrongdoing. The identities of the whistleblowers will be kept strictly confidential.

In relation to our corporate governance, we have specific policies on declaration of potential conflicts of interest, anti-money laundering measures and procurement management to ensure compliance with all relevant laws and regulations and to avoid

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corruption in our business operations. During the Track Record Period and up to the Latest Practicable Date, to the best of the knowledge and belief of our Directors, there were no legal proceedings regarding corrupt practices brought against us or any of our Directors, senior management or employees. In accordance with the Corporate Governance Code and ESG Reporting Guide set out in Appendices C1 and C2 to the GEM Listing Rules respectively, we will put in place mechanisms that will effectively enable us to continue to fulfil our corporate responsibility in respect of corporate governance and ESG matters following the Listing.

PROPERTIES

Owned premises

As at the Latest Practicable Date, we owned a production facility in Johor, Malaysia and an investment property in Singapore, details of which are set out below:

No.	Location	Use of property	Approximate gross floor area (square metres)
1.	No.6, Jalan Laman Setia 7/4, Taman Laman Setia, 81550 Gelang Patah, Johor (the “ Johor Property ”) ⁽¹⁾	Production facilities	2,185
2.	10B Enterprise Road, Singapore 629828 (the “ Enterprise Road Property ”) ⁽²⁾	Investment property	653

Notes:

1. As at the Latest Practicable Date, our Malaysia Factory was located at the Johor Property.
2. As at the Latest Practicable Date, we leased the property to an independent third party at a monthly rent of S\$8,500 (plus GST). The property is used as investment property.

As at the Latest Practicable Date, all of our property interests (except for our Enterprise Road Property) were used for non-property activities as defined under Rule 8.01(2) of the GEM Listing Rules.

Pursuant to Rule 8.01A(2) of the GEM Listing Rules, a listing applicant’s property interests that do not form part of its property activities are exempt from the valuation requirement if the carrying amount of the property interests is below 15% of its total assets. As at 31 December 2023, save as the Tuas Property as set out in Appendix III to this prospectus, no single property interest that forms part of our non-property activities had a carrying amount of 15% or more of our total assets as shown in our latest audited consolidated financial statements.

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Pursuant to Rule 8.01A(1) of the GEM Listing Rules, a valuation report to disclose valuation information is required for property used for property activities, except those with a carrying amount below 1% of the total assets. As at 31 December 2023, the carrying amount of our Enterprise Road Property was below 1% of our total assets as shown in our latest audited consolidated financial statements.

Accordingly, save as the Tuas Property as set out in Appendix III to this prospectus, we have not included our other property interests in a property valuation report pursuant to Rule 8.01A of the GEM Listing Rules. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 322 of the Laws of Hong Kong), with respect of the requirement under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Leased properties

As at the Latest Practicable Date, we leased two properties from independent third parties, details of which are set out as follows:

No.	Location	Use of property	Approximate gross floor area (square metres)	Tenure	Monthly rent
1.	No. 43 Tuas View Circuit, Singapore 637360 ^(note) (the “ Tuas Property ”)	Production facilities	11,412	Leased by Metasurface Technologies for a term of approximately 23 years expiring on 30 January 2038.	S\$122,835.69 exclusive of GST (being S\$1.00 per square foot of the gross floor area of the Tuas Property which is subject to regular rental adjustment)
2.	No. 16, Jalan Laman Setia 2/8, Taman Laman Setia, Setia Eco Village, 81550 Gelang Patah, Johor	Residential purpose for foreign employees	143	Tenanted by SGP Malaysia for a term of two years from 1 September 2023 to 31 August 2025 (subject to a further term of two years with rental to be mutually agreed)	RM1,200

Note:

As at the Latest Practicable Date, our Singapore Factory was located at the Tuas Property. Metasurface Technologies also leased parts of the property to two independent third parties and SPW under three tenancy agreements at monthly rents of S\$100,000, S\$18,000 and S\$17,550, respectively. To the best knowledge of our Directors, the property was used as production facilities by each of the tenants. For more information, see “Property Valuation” in Appendix III to this prospectus.

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LICENCES, PERMITS AND APPROVALS

As advised by our Singapore Legal Advisers and Malaysia Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, (i) we had obtained all material requisite licences, permits and approvals having regard to the business scope of our Group for our business operations in Singapore and Malaysia, and (ii) we are not aware of any legal impediments to renewing such licences, permits and approvals.

The following table sets out some the licences relevant to our business operations as at the Latest Practicable Date:

Holder	Name/Category of Licences/Approvals/Permits/Certificates	Relevant statutory board or government departments	Expiry date
SGP Malaysia	Approval to install machinery in a factory	Johor Department of Occupational Safety And Health	No expiry date
SGP Malaysia	Certificate of Completion and Compliance (Form F) No. LAM/J/4921 to certify that the building at the Johor Property is safe and fit for occupation	Siow Chien Fu (as a qualified person under the Uniform Building By-Laws 1986)	No expiry date
SGP Malaysia	Fire Certificate	Fire and Rescue Department of Malaysia	7 March 2025

INSURANCE

During the Track Record Period and up to the Latest Practicable Date, we maintained various insurance policies including business insurance (which covers property, business interruption, public and production broadform liability), work injury compensation insurance, hospital and surgical (for foreign workers) policy, industrial all risk insurance, public liability insurance, combined general liability insurance and keyman insurance. Our Directors consider that our insurance coverage is adequate having considered our current business operation and is in line with the industry norm. For the years ended 31 December 2022 and 2023, we incurred insurance expenses of approximately S\$83,000 and S\$157,000, respectively.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance. In addition, our Directors are not aware of any litigation, arbitration or claim pending or threatened by or against us which may have a material adverse effect on our business, financial condition or results of operations.

As confirmed by our Singapore Legal Advisers and Malaysia Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance matters which resulted or may result in a material impact on our business operation or financial condition.

INTERNAL CONTROL MEASURES AND RISK MANAGEMENT**Internal control**

Our Directors are responsible for the formulation of and for overseeing the implementation of our internal control measures and the effectiveness of our risk management system. In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining our internal control system, covering areas such as corporate governance, operations, management, finance and audit.

In order to manage our external and internal risks and in preparation for the Listing, we engaged an independent internal control consultant to perform an assessment on the effectiveness of our internal controls to identify deficiencies in our internal control system and to provide recommendations for improving our internal control system.

Having considered the findings and recommendations of the independent internal control consultant, we have taken actions to improve our internal control system. The independent internal control consultant has performed follow-up assessment on our internal control system with regard to the improvement actions adopted by us and provided us an updated report. As advised by the independent internal control consultant, no material deficiencies were identified in the follow-up assessment.

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The following table sets out certain key internal control findings identified by the independent internal control consultant with corresponding remedial actions taken:

Key Findings	Recommendations	Remedial actions taken by us
Employee handbook and conflict of interest		
We have not established employee handbook and code of conduct to define and guide the behaviour, activities and decisions within the organisation.	The management should consider establishing employee handbook which includes the details of employment, benefits, code of conduct, conflict of interest and disciplinary action.	Employee Handbook including code of conduct, benefits, remuneration, attendance, probation termination and confidentiality has been established to raise staff awareness on the human resources matters. Employee Handbook has been adopted with the approval of Director and distributed to all staff. They are required to sign on the Acknowledgement of Receipt of Employee Handbook for confirmation.
In addition, there is no mechanism in place to govern staffs' declaration on potential conflict of interests on an annual basis, or as and when required.	The management should also consider requiring relevant staff to declare on potential conflict of interests on an annual basis, or as and when required.	Mechanism for the declaration of conflict of interest has been established and included in the Employee Handbook. The managerial staff is required to file a Declaration Form to declare for any potential conflict of interest identified.

Key Findings	Recommendations	Remedial actions taken by us
Whistle blowing policies and procedures		
<p>Whistle-blowing policies and procedures are established for reporting on grievances, misconduct or violations. However, formal confidential email or telephone hotlines are not in place for the enforcement of the whistle-blowing policy.</p>	<p>Management should consider establishing formal confidential email or telephone hotlines to protect the identification of whistle-blowers and effective enforcement of the whistle-blowing policy.</p>	<p>The whistle-blowing policy has been updated and approved by the Director. It specifies the reporting and investigation procedure of misconduct, malpractice and irregularity. The whistle-blower could be able to raise concern by email. The Audit Committee shall receive information on each report of concerns and follow up with actions taken.</p>
Authorisation matrix for approval and payment execution		
<p>All the payments of the Group are approved by either the Director or Managing Director. There is no formal delegation of authority that sets out the approval limits for endorsing different types of activities.</p>	<p>The management should consider setting delegation of authorities, formalising the approving limits and respective authority for endorsing different activities.</p>	<p>Delegations of Authority Policy has been established to set out the approval limits for endorsing different types of activities. The relevant policy has been approved by the Director.</p>
<p>Besides, either the Director or Managing Director is the authorised signatory of cheque payment of the Group. Dual control is not established in this aspect.</p>	<p>Besides, the management should consider establishing dual control for cheque payment. Authorisation from two personnels is required to execute a payment.</p>	<p>Besides, dual control has been established for cheque payments. Signatures from two directors are required to execute a payment.</p>

Key Findings	Recommendations	Remedial actions taken by us
Vendor management		
<p>When there is a need for a new vendor, the Finance Department is responsible to perform background checks to ensure the quality of potential vendors meets the Group's standard. However, there is no documentation to record the above acceptance procedures of new vendors and the results of background check is not retained either as justification.</p>	<p>The management should consider retaining the result of background check. The result should be passed to appropriate personnel for review and the approval record of the acceptance of new vendors should be maintained.</p> <p>Moreover, the management should consider retaining evaluation result of vendor in writing. Approval of the result should be documented in order to ascertain the quality of vendor meets the Group's standard.</p>	<p>Procurement, Accounts Payable and Payment Policy has been established and approved by the Director. When selecting new vendors, the purchase department should perform evaluation based on the reputation, qualifications, quotations or other related materials provided by the vendors. The results should be recorded by filling in the vendor evaluation form, which should be reviewed and signed by a Director as evidence. Onsite inspection should be performed if necessary. The information of the selected vendor will be recorded in the accounts system and on the Approved Vendor List. The list should be maintained by the purchase department together with the reference documents, such as contracts and quotations.</p> <p>The evaluation of existing vendors should also be performed yearly by the purchase department based on the previous performance as well as the updated qualifications of the vendors. The results should be recorded on the existing vendor evaluation form, which should be approved by a Director. The vendors list and the accounts system should also be updated based on the evaluation results.</p>
<p>Moreover, the evaluation of vendors' performance is performed on an ongoing basis through discussion between the relevant user department, purchase/production department and management. However, it is noted that the results of evaluation were not documented.</p>		

BUSINESS

In view of the nature and reasons for the deficiencies identified by our independent internal control consultant, the actions taken and the follow-up assessment on the enhanced internal control measures conducted by the independent internal control consultant, our Directors are of the view that our enhanced internal control measures are adequate and effective having regard to our obligations and the obligations of our Directors under the GEM Listing Rules and other relevant legal and regulatory requirements.

We have implemented various risk management policies and measures to identify, assess and manage risks arising from our operations. Details on risk categories identified by our management, control strategies and delegation of responsibilities for managing risks have been codified in our policies. We are exposed to various risks, such as credit risk, liquidity risk, interest rate risk, currency risk, operational risk, strategic risk and legal and compliance risk in the course of our business operations. For more information on the major risks identified by our management, see “Risk Factors — Risks relating to our business and the industry in which we operate”. Furthermore, we recognise the importance of good corporate governance in management and internal control procedures, and have adopted the following measures to manage potential conflicts of interest and to safeguard the interests of our Shareholders:

- the establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. For more information on the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee, see “Directors and Senior Management — Board Committees — Audit Committee”;
- the establishment of an internal audit policy which specifies the scope of work, authority and responsibility of internal audit function. Our internal audit function may be outsourced to independent professional party to evaluate and assess our risk management and internal management system, if needed;
- we will continue to monitor our compliance with the relevant laws and regulations and our senior management team will work closely with our employees to implement actions required to ensure our compliance with relevant laws and regulations; and
- the engagement of compliance adviser and external legal advisers to advise us on compliance with the GEM Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

Corporate governance

Our management is responsible for overseeing our risk management function and conducting annual assessment of our risk management measures. In addition, our Board is responsible for making decisions in respect of our policies and supervising the management in the execution of our operations.

BUSINESS

We have established our audit committee comprising three independent non-executive Directors to review and monitor the effectiveness of our financial controls, internal control and risk management systems. We have also strengthened our auditing system to ensure the appropriate functioning of the risk management and operation oversight systems.

BUSINESS ACTIVITIES WITH SUPPLIER IN RELATION TO THE RELEVANT REGION

During the Track Record Period, we indirectly procured aluminium products from the Relevant Region through one of our suppliers in Singapore, who sourced from a sanctioned entity located in the Relevant Region. As the sanctioned entity is a Russia-based company designated on the Entity List maintained by the BIS, provision of items subject to the EAR to this sanctioned entity is prohibited pursuant to the sanctions designation. Our transactions involving the Relevant Region were limited to the aforementioned indirect procurements of Russian-origin aluminium products that were denominated in SGD and took place in Singapore. Since 1 January 2023, the supplier involved in the aforementioned indirect procurements has ceased to supply any Russian-origin aluminium products to us. Our cost of sales attributable to such indirect procurements from the Relevant Region were approximately S\$0.3 million, nil and nil for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date, respectively, representing approximately 1.2%, nil and nil of our Group's total cost of sales for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date, respectively, and approximately 8.1%, nil and nil of the total aluminium products the Group procured for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date, respectively. The amounts of open orders and backlogs requiring aluminium products (regardless of the origins) as at 30 April 2024 was approximately S\$10.7 million. Aluminium blocks and stainless steel constitute our major raw materials. On 12 April 2024, the U.S. and the UK issued trade sanctions and export controls restrictions to (among other metals) aluminium of Russian Federation origin. As advised by our International Sanctions Legal Advisers, however, such restrictions are not applicable to relevant metals produced prior to 13 April 2024, including aluminium products of Russian Federation origin indirectly procured by us prior to 1 January 2023. Based on the advice of our International Sanctions Legal Advisers, we do not believe that there are other international trade restrictions and/or export controls that would restrict our Group's access to the requisite raw materials during the Track Record Period and up to the Latest Practicable Date. As advised by our International Sanctions Legal Advisers, during the Track Record Period, our indirect procurement of aluminium products from the Relevant Region via our non-sanctioned supplier in Singapore, who procured from a Russia-based sanctioned entity designated on the Entity List maintained by the BIS, did not represent a violation of the limited restrictions on such entity. Therefore, our indirect procurement of aluminium products from the sanctioned entity did not implicate any sanctions laws and regulations that could result in sanctions risk to the Group. Based on the aforementioned advice of our International Sanctions Legal Advisers, review of the other due diligence documents and our Directors' confirmation, the Sole Sponsor concurs with the views of our International Sanctions Legal Advisers and our Directors.

BUSINESS

In order to control and monitor the sanctions risk exposure to our Group, the following internal control and risk management measures have been implemented:

- The Finance Manager of our Group should regularly review the relevant sanctions regulations and establish a watch-list of sanctioned countries and individuals or entities. The list should then be distributed to all employees within our Group to raise awareness among all business units to prevent violation of the relevant sanctions in relation to any Primary Sanction Activity and Secondary Sanctionable Activity for the purpose of the Guide for New Listing Applicants in the future;
- If any potential business partner is located or has nationality identified from one of the sanctioned countries, the relevant staff must report to the head of the business unit and subsequently notify the Chief Financial Officer and the Board of Directors;
- If any potential sanction risk or suspicious transaction is identified, our Group may seek advice from our external international legal counsel with necessary expertise and experience in international sanctions matters; and
- Our Group will arrange external international legal counsel to provide training programmes to our Directors, senior management and other relevant personnel from time to time, and to provide advice and assistance in evaluating the potential sanctions risks in our daily operations, if necessary.

U.S.

Primary sanctions risk

As advised by our International Sanctions Legal Advisers, U.S. primary sanctions are applicable to activities involving a U.S. nexus such as funds transfers in U.S. currency that clear through the U.S. financial system or are processed by U.S. payment processors.

During the Track Record Period, we indirectly procured aluminium products from the Relevant Region via our non-sanctioned supplier in Singapore, who procured from a Russia-based Sanctioned Person designated on the Entity List maintained by the BIS. Entities designated on the Entity List maintained by the BIS are restricted from receiving items subject to the EAR without a licence from BIS. The EAR applies to (i) exports of commodities, software and technology from the United States to foreign countries and to re-export from one foreign country to another, and (ii) shipments from one foreign country to another of foreign-made products that incorporate more than de minimis amount (varying from 25% to less than 10%) of controlled U.S. origin parts, components or materials, or the foreign direct product with certain controlled U.S. technology.

As advised by our International Sanctions Legal Advisers, considering that our activities indirectly involving the Sanctioned Person designated on the Entity List were limited to procurement, as such, no BIS licence under the EAR would have been required for the purpose of the indirect procurement and our business dealings with the Relevant Region do not appear to violate or implicate any breaches of applicable U.S. sanctions laws or regulations.

Secondary sanctions risk

The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in dealings with certain SDNs or with certain types of industries in Iran, Syria and Russia even if no SDNs are involved, as well as those who are dealing in “confiscated” property in Cuba.

On 24 February 2023, OFAC issued a sectoral determination pursuant to EO 14024 to authorise the imposition of economic sanctions to any person determined to operate or have operated in the metals and mining sector of the Russian Federation economy (the “**Sectoral Determination**”). Pursuant to FAQ 1115 issued by the OFAC, metal and mining sector of Russia includes “any act, process, or industry of extracting, at the surface or underground, ores, coal, precious stones, or any other minerals or geological materials in the Russian Federation, or any act of procuring, processing, manufacturing, or refining such geological materials, or transporting them to, from, or within the Russian Federation”.

On 8 February 2023, we informed our supplier in Singapore to cease to supply any Russian materials from the Sanctioned Person to us via written request. On 9 February 2023, we received written response from the supplier in Singapore that it will not supply any Russian materials from the Sanctioned Person to us from the date thereof onwards. As advised by our International Sanctions Legal Advisers, our indirect procurements from the Relevant Region through our supplier in Singapore were prior to the date of the Sectoral Determination and the Sectoral Determination has no retrospective effect. On the basis that we have informed our supplier in Singapore to cease to supply any aluminium products or any other materials from the Sanctioned Person in the Relevant Region, our dealings during the Track Record Period did not involve any activities or persons that would appear to give rise to U.S. secondary sanctions risk.

UN, EU, UK, United Kingdom overseas territories and Australia

As further advised by our International Sanctions Legal Advisers, our business dealings in relation to the Relevant Region do not appear to implicate restrictive measures adopted by UN, EU, UK, the United Kingdom overseas territories and Australia. For a summary of the sanctions regimes imposed by these countries, see “Regulatory Overview — Sanctions Laws and Regulations”.

Summary

Based on our best understanding and as advised by our International Sanctions Legal Advisers, we believe that we are not subject to sanctions risk that could have a material adverse effect due to our historical indirect transactions involving the Relevant Region during the Track Record Period. Please also see “Risk Factors — We could be adversely affected as a result of any sales or purchase we make to or from certain countries that are, or become subject to, sanctions administered by the United States, EU, UK, UN, Australia and other relevant sanctions authorities.”

While we have open orders and backlogs that require aluminium products, our Directors are of the view that the cessation of indirect procurement from the Sanctioned Person has no material impact on the Group’s business operations and financial performance since our supplier involved in such indirect procurements has substituted our orders and backlog orders with aluminium products from other markets with the same specifications requested by our customers at comparable cost, including Europe, United States and South Africa. Our Group could also procure aluminium products from other suppliers which are non Russian-origin to fulfil the production needs from our backlog orders.

Based on the above, the Sole Sponsor is not aware of any material finding which would cause it to disagree with the views expressed by the Directors.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon completion of the Capitalisation Issue and the Share Offer and without taking into account any Shares which may be issued and allotted upon exercise of any options which may be granted under the Post-IPO Share Option Scheme, (i) SGP BVI, which is directly wholly-owned by Dato' Sri Chua (the spouse of Mrs. Chua), will be interested in approximately 39.10% of the issued share capital of the Company, and (ii) Baccini, which is directly wholly-owned by Mrs. Chua (the spouse of Dato' Sri Chua), will be interested in approximately 16.50% of the issued share capital of the Company. As such, Dato' Sri Chua and Mrs. Chua, who are close associates under the GEM Listing Rules and jointly control our Group, will be together interested in approximately 55.60% of the issued share capital of the Company in aggregate. Accordingly, each of SGP BVI, Dato' Sri Chua, Baccini and Mrs. Chua will be regarded as our Controlling Shareholders immediately after the Listing.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Our Group was co-founded by Dato' Sri Chua and his brother-in-law in January 2000 when the first corporate entity of our Group, Metasurface Technologies, was incorporated. Dato' Sri Chua's brother-in-law ceased to be a shareholder by 2003. Since incorporation, Dato' Sri Chua and Mrs. Chua have together worked closely to expand our Group's business. Since 2003 when Mrs. Chua became a Shareholder of Metasurface Technologies, they had been together exercising control over our Group. Their overall management influence and controlling interests over our Group are evidenced by the acting in concert arrangements between them in respect of the affairs of our Group, the details of which are set out in “— Controlling Shareholders and Mr. A Chua acting in concert” below. Upon the Listing, Dato' Sri Chua and Mrs. Chua will continue to exercise their ultimate control over our Group within the boundaries of the GEM Listing Rules, Takeovers Code and all other applicable laws and regulations in Hong Kong and elsewhere. For details of the biographies of Dato' Sri Chua and Mrs. Chua, please see the section headed “Directors and Senior Management — Board of Directors — Executive Directors” in this prospectus.

Each of SGP BVI and Baccini are investment holding entities incorporated in the BVI pursuant to the Reorganisation. Their only business purposes are for holding the interests in our Group.

Controlling Shareholders and Mr. A Chua acting in concert

Since January 2003, when Dato' Sri Chua and Mrs. Chua were both Shareholders of Metasurface Technologies, Dato' Sri Chua and Mrs. Chua have, in exercising and implementing the management and operations of our Group, been acting in concert with each other. These arrangements are long-standing understanding between Dato' Sri Chua and Mrs. Chua. The acting in concert arrangements regarding shareholding interests in our Group also include Mr. A Chua, a nephew of Dato' Sri Chua and Mrs. Chua, who joined our Group in July 2021. He has been serving as the operations director of Metaoptics Technologies (an associate of our Group) since April 2023 and, between July 2021 and March 2023, served as an employee of Metasurface Technologies responsible for the preparation works for the Listing. As a private family arrangement and consensus, Mr. A Chua has been a shareholder of Metaoptics Technologies since September 2021, and as at

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

the Latest Practicable Date, has shareholding interests in Metaoptics Technologies of approximately 0.76%. He has agreed to consolidate the management, control and operations regarding the Chua family's shareholding interests in our Group and any associate. As Mr. A Chua joined the Group at a relatively young age and had little prior experience in corporate governance, Dato' Sri Chua, Mrs. Chua and Mr. A Chua agreed that, as a family consensus, Mr. A Chua shall act in concert with Dato' Sri Chua and Mrs. Chua, especially for voting arrangements and decisions made in respect of any subsidiaries or associates of the Group in which Mr. A Chua is a shareholder. As at the Latest Practicable Date, as Mr. A Chua is a shareholder of Metaoptics Technologies only, his acting in concert arrangement applies to Metaoptics Technologies only.

On 29 June 2023, Dato' Sri Chua, Mrs. Chua and Mr. A Chua executed the Deed of AIC Confirmation, a confirmatory deed pursuant to which they have confirmed their acting in concert arrangements in the past as well as their intention to continue to act in the above manner upon Listing to consolidate their control over our Group until and unless the Deed of AIC Confirmation is terminated in writing. The Deed of AIC Confirmation covers our Company, all of our subsidiaries and all other entities through which they exercise control over our Group, and contains the following salient terms, among others:

- (1) they have agreed to, and shall continue until the termination of the Deed of AIC Confirmation to, consult each other and reach an unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of our Company, our subsidiaries and all other entities they together control or individually control and through which they exercise control over our Group, and have historically voted on such resolutions in the same way;
- (2) they have centralised, and shall continue until the termination of the Deed of AIC Confirmation to centralise, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of our Company, our subsidiaries and all other entities they together or individually control and through which they exercise control over our Group; and
- (3) they have operated, and shall continue until the termination of the Deed of AIC Confirmation to operate, our Company, our subsidiaries and all other entities they together or individually control and through which they exercise control over our Group as a single business venture.

By virtue of these acting in concert arrangements, Dato' Sri Chua, Mrs. Chua and Mr. A Chua are persons acting in concert with each other under the Takeovers Code. They are also associates of each other within the meanings of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group can function, operate and carry on our business independently from and does not place undue reliance on our Controlling Shareholders based on the following reasons:

No competition and clear delineation of business

Each of our Controlling Shareholders, our Directors, including our independent non-executive Directors, and our substantial Shareholders has confirmed that as at the Latest Practicable Date, he/she/it does not have and none of his/her/its respective close associates has any business or interest apart from our business which competes or may compete with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

Meson Technology

Meson Technology was, for a period of time prior to January 2022, a company wholly-owned by Dato' Sri Chua, an executive Director, Chairman of our Board and a Controlling Shareholder. Meson Technology served as an outsourced provider of labour services in relation to precision engineering products and services to customers in the oil and gas industry. For the years ended 31 December 2022 and 2023, we generated a total income of approximately S\$0.6 million and S\$1.2 million, respectively, from our customers in the oil and gas industry, of which approximately S\$0.3 million and S\$10,000 was revenue generated from precision engineering services and approximately S\$0.3 million and S\$1.2 million was other income derived from ancillary services rendered, such as tubular thread inspection, tubular body inspection, tubular inventory management and storage. Initially, Dato' Sri Chua received the entire equity interests in Meson Technology from his father, Mr. Chua Hong Kim, in October 2020 upon his retirement, with the original intention that it will become a specialised service provider of outsourced labour in the oil and gas industry.

In the precision engineering industry, the labour services provided to customers in the oil and gas industry require specific industry knowledge and technical experiences. During the Track Record Period, aside from revenue generated from precision engineering services, we also generated other income from certain ancillary technical services, as supported by the labour services provided by Meson Technology, we offered at the request by our oil and gas customers, such as (i) pipe care services, (ii) maintenance and management of inventory and pipe yard, and (iii) deployment of skilled labour and personnel to ensure efficient operation of pipe yard. In addition, Meson Technology's personnel and labour are deployed to our Group's premises to (i) perform pre-cleaning of oil pipes for pre-production for our customer orders in the oil and gas industry, and (ii) provide on-site technical training assistance to our Group's staff members in relation to business in the oil and gas industry. The services provided by Meson Technology amounted to approximately S\$0.3 million and S\$0.2 million, respectively, for the years ended 31 December and 2022 and 2023, which were charged

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

to our Group on a cost-plus administrative charge basis. The credit terms offered by Meson Technology was 30 days, which was in line with our other independent service providers.

During the Track Record Period, as we expanded our business in the oil and gas industry both in terms of business volume and customer base, our Directors decided to engage personnel with specialised technical skills at the recommendation of a key oil and gas customer of our Group, which is an industrial and electronic manufacturing conglomerate in Japan. This, coupled with the intention of Dato' Sri Chua to streamline the corporate structure for the purpose of the Listing, led to the transfer by Dato' Sri Chua of the entire equity interests of Meson Technology to Mr. Seng Chong How ("**Mr. Seng**"), whom we acquainted through the introduction by this oil and gas customer. At the relevant time, it was, as our Directors understand, Mr. Seng's intention to develop and grow Meson Technology and to expand its customer base in the oil and gas industry while continuing to serve our Group with the technical expertise. Mr. Seng has long-standing experiences in the oil and gas industry of more than 35 years with technical expertise acquired through his previous work, for instance as an external consultant, to the Japanese oil and gas customer mentioned above. His other relevant experiences and positions within the industry include (i) a business adviser to the oil and gas pipe division of a company based in the PRC principally engaged in import and export of chemicals and raw metals, (ii) an oil and gas business adviser at the infrastructure and metal division of the trading arm of a Japanese automotive manufacturer, (iii) the managing director of an oil and gas trading company based in Singapore, and (iv) a sales executive at the Singapore branch of a company headquartered in Japan which was then principally engaged in steel, metals, maritime machinery and automotive businesses.

The consideration for Dato' Sri Chua's transfer of the entire equity interests in Meson Technology was nominal at S\$1 because Meson Technology had been loss-making for the year ended 31 December 2021 (the financial year preceding the transfer). In addition, Dato' Sri Chua accepted the nominal consideration taking also into account the potential business benefits Mr. Seng, with his technical expertise, could bring to our Group by providing continual business support in the oil and gas industry via Meson Technology.

In March 2024, on the account of the business challenges encountered by Mr. Seng in operating Meson Technology and the difficulty in soliciting other customers in the oil and gas industry, Mr. Seng accepted the position as a technical service consultant of our Group. With Mr. Seng appointed as our employee, we began to consolidate in-house the oil and gas labour functions. As at the Latest Practicable Date, all business transactions with Meson Technology had ceased. There is no material adverse impact on our oil and gas business as Mr. Seng continued to contribute his technical experience to our Group as an employee. As a technical service consultant, Mr. Seng's work responsibilities primarily focus on our Group's precision engineering services in the oil and gas industry which include (i) liaising with our oil and gas customers on engineering matters, (ii) reviewing and preparing the process matrix, (iii) training, guiding and supervising our labour to carry out the relevant

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operations, (iv) quality inspection on completed jobs, and (v) preparing quality reports for shipment release to customers. As at the Latest Practicable Date, Mr. Seng's remuneration amounted to S\$8,000 per month, determined based on his years of experience in the oil and gas industry, his expected scope of work and the prevailing market rate of similar roles requiring comparable experience.

During the Track Record Period, our Group was Meson Technology's sole customer. For the years ended 31 December 2022 and 2023, the revenue contribution of our Group to Meson Technology was approximately S\$0.3 million and S\$0.2 million, respectively. As far as our Directors are concerned, all of Meson Technology's costs and expenses relevant to the provision of services to our Group during the Track Record Period had been properly charged to us in the form of fees for the relevant services. As at the Latest Practicable Date, to the best knowledge of our Directors, Meson Technology had ceased operations and we do not expect that there will be any future business transactions between Meson Technology and us.

Mr. Seng is an independent third party of our Group. Other than his employment with our Group and previous business dealings (as a shareholder and director of Meson Technology), with us, Mr. Seng has no other past or present relationship (including business, family, employment, trust, financing or otherwise) with Meson Technology, our Company, our subsidiaries, their respective shareholders, directors, senior management or any of their respective associates.

Management independence

Our Company has a Board and members of senior management that function independently from our Controlling Shareholders and their respective associates. Our Board comprises three executive Directors and three independent non-executive Directors. Our senior management consists of four members. Notwithstanding that Dato' Sri Chua and Mrs. Chua, our Controlling Shareholders, are each an executive Director, our Directors believe that our Directors and members of our senior management are able to manage our business independently from our Controlling Shareholders on the basis of the following reasons:

- (i) with three independent non-executive Directors out of a total of six Directors on our Board, which meets the minimum requirement under the GEM Listing Rules, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and to protect the interests of our independent Shareholders;
- (ii) chance of actual or potential conflict has been minimised by virtue of the Deed of Non-competition, details of which are set out in "— Deed of Non-competition" in this section below;

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- (iii) each of our Directors is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director;
- (iv) in the event that there is a potential conflict of interests arising out of any transaction to be considered by the Board, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transaction and shall not be counted in the quorum; and
- (v) a number of corporate governance measures are in place to avoid any potential conflict of interests between our Company and our Controlling Shareholders, and to safeguard the interests of our independent Shareholders. See “— Corporate Governance Measures” in this section below.

Operational independence

Our Company makes business decisions independently from our Controlling Shareholders. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and other businesses or companies controlled by our Controlling Shareholders:

- (i) our Group owns all trademarks material to our business operations and therefore is not reliant on any trademarks owned by our Controlling Shareholders. Our Group is not reliant on other businesses or companies controlled by our Controlling Shareholders;
- (ii) our Group is the holder of all relevant licences material to the operation of our business, or has been granted the right to such relevant licences by parties independent from our Controlling Shareholders, and has sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders;
- (iii) our Group has our own administrative and corporate governance infrastructure (including its own accounting, corporate secretarial and human resources departments);
- (iv) our Group has established a set of internal control procedures to facilitate the effective operation of our business;
- (v) we have our own management team to handle our day-to-day operations;
- (vi) all of the properties used as our production facilities are owned by us or leased from independent third parties by our Group; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(vii) we do not rely on our Controlling Shareholders for access to customers and suppliers.

Based on the abovementioned arrangements, our Directors are of the view that our Group will be able to operate independently from our Controlling Shareholders.

Related party transactions between our Group and entities controlled or previously controlled by our Controlling Shareholders

During the Track Record Period, no related party transactions were entered into between our Group and our Controlling Shareholders or entities controlled or previously controlled by them, except for our related party transactions with Meson Technology in the amount of approximately S\$21,000 and nil for the years ended 31 December 2022 and 2023, respectively. See note 29 to the Accountant's Report included in Appendix I to this prospectus. Save as disclosed in note 29 to the Accountant's Report and "Continuing Connected Transactions" in this prospectus, our Directors have confirmed that no other related party transaction or connected transaction with entities controlled by our Controlling Shareholders is expected to continue upon Listing.

Financial independence

We have our own financial management and accounting systems and the ability to operate independently from our Controlling Shareholders from a financial perspective. We are capable of making financial decisions according to our own business needs. Our Directors also believe that we have sufficient capital, internal resources and credit profile in the case of future external financing needs to support our daily operations independently from our Controlling Shareholders and their respective close associates. Our Directors are of the view that our Group will be financially independent of our Controlling Shareholders and their respective associates upon the Listing for the following reasons:

- (i) ***Strong financial positions:*** We have been financially sound throughout the Track Record Period. See the section headed "Financial Information" in this prospectus for details.
- (ii) ***Strong credit position:*** Besides having a strong financial position and cash generating operation as mentioned above, based on discussions with relevant lending banks, our Directors confirm that our Group also has a strong credit position on a stand-alone basis. We expect to continue to generate stable cash from our operating activities considering our expected increase in our sales to customers. All the non-trade amounts due to and from our Controlling Shareholders and companies controlled by our Controlling Shareholders will be fully settled upon the Listing. All guarantees, indemnities and other securities provided for our benefit by our Controlling Shareholders will be released upon the Listing. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders in favour of our Group upon the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

For the purpose of the Listing, the Controlling Shareholders have entered into the Deed of Non-competition, pursuant to which each of the Controlling Shareholders has unconditionally and irrevocably undertaken to our Company (for itself and on behalf of each other member of our Group) that he/she/it would not, and would procure that his/her/its close associates (except any members of our Group) would not, directly or indirectly, during the restricted period set out below, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business carried on or contemplated to be carried on by any member of our Group from time to time (the “**Restricted Business**”).

Each of the Controlling Shareholders has also undertaken to our Company the following:

- (a) to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition or a negative confirmation, as appropriate;
- (b) to procure our Company to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcements to the public; and
- (c) to make an annual declaration on compliance with his/her/its undertakings under the Deed of Non-competition in the annual reports of our Company as the independent non-executive Directors think fit and/or as required under the GEM Listing Rules.

The Deed of Non-competition does not apply to:

- (a) any interests in the shares of any member of our Group; and
- (b) interests in the shares of a company (other than our Group) which shares are listed on the Stock Exchange or a recognised stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; or
 - (ii) the total number of the shares held by the relevant Controlling Shareholders and/or his/her/its close associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholders and his/her/its close associates, whether acting singly or jointly,

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company (together, where appropriate, with its close associates) whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholders and/or his/her/its close associates in aggregate.

The “restricted period” stated in the Deed of Non-competition refers to the period during which (i) our Shares remain listed on the Stock Exchange; (ii) the relevant Controlling Shareholders and/or his/her/its close associate hold an equity interest in our Company; and (iii) the relevant Controlling Shareholders and/or his/her/its close associates jointly or severally are entitled to exercise or control the exercise of not less than 30% (or such other amount as may from time to time be specified in the Takeovers Code as the level for triggering a mandatory general offer) in aggregate of the voting power at general meetings of our Company. In other words, if our Company were no longer listed on the Stock Exchange or condition (ii) or (iii) does not hold true in respect of any Controlling Shareholder, the Deed of Non-competition would not apply in respect of such Shareholder. We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the GEM Listing Rules and the Takeovers Code for the concept of “control”.

Each of the Controlling Shareholders has jointly and severally, unconditionally and irrevocably agreed, undertaken and covenanted to procure that, during the restricted period, any business investment or other commercial opportunity which directly or indirectly competes or may lead to competition with the Restricted Business (the “**New Opportunity**”) given to, identified by or offered to him/her/it and/or any of his/her/its close associates (other than any members of our Company), is first referred to our Group in the following manner:

- (a) the relevant Controlling Shareholder is required to refer, or to procure the referral of, the New Opportunity to our Company, and shall give written notice (the “**Offer Notice**”) to our Company of any New Opportunity containing all information reasonably necessary for our Company to consider whether (i) such New Opportunity would constitute competition with our core business, and (ii) it is in the interests of our Company and our Shareholders as a whole to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs; and
- (b) upon receiving the Offer Notice, our Company shall seek opinions and decisions from a board committee (comprising all the independent non-executive Directors who do not have a material interest in the New Opportunity) (the “**Independent Board**”) as to whether, among others, it is in the interest of the Company and its shareholders as a whole to pursue the New Opportunity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Independent Board will also review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, the results of which will be disclosed in our annual/interim/quarterly reports (whenever applicable).

CORPORATE GOVERNANCE MEASURES

Upon the Listing, our Company may enter into connected transactions with certain companies outside our Group controlled by our Controlling Shareholders from time to time. Each of our Controlling Shareholders has undertaken to our Company under the Deed of Non-competition that he/she/it shall not, and shall procure that his/her/its close associates shall not own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes, or may compete, with our business. Our Company will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

- (i) in preparation for the Listing, our Company has amended our Articles to comply with the GEM Listing Rules. In particular, our Articles provides that, except for certain exceptions permitted under the Articles, a Director shall not vote on any board resolution approving any contract in relation to which he or his close associates has/have a material interest, nor shall such Director be counted in the quorum present at the meeting. Accordingly, a Director who holds directorship and/or senior management positions in the Controlling Shareholders or any of its associates (other than our Company or any other member of our Group) shall not vote on any board resolution regarding any transactions proposed to be entered into between any member of our Group and the Controlling Shareholders or any of their respective associates (other than our Company or any member of our Group), nor shall such Director be counted in the quorum present at such meeting;
- (ii) we have appointed UOB Kay Hian as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the GEM Listing Rules, including but not limited to various requirements relating to Directors' duties and internal controls;
- (iii) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- (iv) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (v) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition either through an annual report, or by way of announcement to the public;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (vi) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-competition in the annual reports of our Company;
- (vii) the management structure of our Group includes an audit committee, a remuneration committee, and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interests and to formulate their proposals accordingly; and
- (viii) pursuant to the Corporate Governance Code in Appendix C1 to the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our costs.

We are expected to comply with the Corporate Governance Code in Appendix C1 to the GEM Listing Rules which sets out principles of good corporate governance in relation to, among others, our Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have complied with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

As part of our Group's ordinary course of business, we have entered into certain transactions with entities that, upon Listing, will become our connected persons within the meaning given under Chapter 20 of the GEM Listing Rules. Following the Listing, these transactions will continue and will constitute continuing connected transactions under the GEM Listing Rules.

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will constitute fully-exempt continuing connected transactions under the GEM Listing Rules:

Procurement of components and accessories

Our precision component engineering services require the use of certain U.S. made components, parts and materials. Such U.S. made components, parts and materials are usually procured for a specific product of a particular U.S. based customer and may not be suitable for all products of the particular U.S. based customer or products supplied to other U.S. based customers. Our Directors are of the view that, given the relatively smaller quantity of components, parts and materials we need for our business operations (as compared to sizable conglomerates), it is more costly for us to directly procure from local U.S. suppliers who generally impose significant minimum order quantities on international orders. Our Directors note that certain local U.S. suppliers also tend to supply to international customers via their offshore distributors who charge a high margin and also impose high minimum order quantities.

As Metasurface & Co (formerly known as Q'son Corp) is based in the U.S., it could procure parts and components directly from U.S. based manufacturers, distributors or stockists in a more cost-effective manner by saving on piece price and international shipping cost and by a lower minimum order quantity, as compared to procurement of U.S. made components and parts through Singapore distributors or stockists who generally charge a high margin and require a higher minimum order quantity that our Directors consider excessive to our business needs. Singapore distributors or stockists may also wait for sufficiently large accumulated orders before they ship the parts to Singapore which results in inflexible shipment and delays in our receipt of these parts which may affect our production schedule. To the best of our Directors' knowledge and based on our Group's communications with the relevant suppliers based in the U.S., certain suppliers do not tend to directly ship and sell the components, parts and materials to customers outside of the U.S. Therefore, Mr. Jee Wee Liang (brother of Mrs. Chua and brother-in-law of Dato' Sri Chua), who resides in the U.S., established Metasurface & Co to help facilitate our Group's procurement of components, parts and materials in the U.S. Upon receiving requests of specific components, parts and materials from our customers, the Group would then approach Metasurface & Co to request for fee quotes from independent local U.S. suppliers. Upon approval from our Group on the fee quotes, Metasurface & Co would then procure the parts from local independent U.S. suppliers directly and ship the parts to Singapore according to the schedule indicated by us. Metasurface & Co's pricing

CONTINUING CONNECTED TRANSACTIONS

mechanism is based on the procurement cost of the parts plus (i) administrative and other miscellaneous costs, and (ii) shipping costs incurred, whereas other independent suppliers may charge for the identical components, parts and materials at higher marked-up prices. As far as our Directors are concerned, all of Metasurface & Co's costs and expenses relevant to the sales of products to our Group during the Track Record Period had been properly charged to us in the form of purchase costs for the relevant products.

During the Track Record Period, we procured components, parts and materials, including stainless steel screw heads, corrosion resistant ball screws, pull-handles and helicoils (the “**U.S. Procurements**”) from U.S. based suppliers through Metasurface & Co. Since our Group was the sole customer of Metasurface & Co during the Track Record Period, our purchases from Metasurface & Co are identical to the revenue contribution of our Group to Metasurface & Co, which amounted to approximately S\$0.4 million and S\$0.1 million for the years ended 31 December 2022 and 2023, respectively.

Metasurface & Co is directly wholly-owned by Mr. Jee Wee Liang, brother of Mrs. Chua (an executive Director and a Controlling Shareholder). Metasurface & Co is therefore an associate of a connected person of our Company under the GEM Listing Rules.

We expect that the annual amounts to be charged to us by Metasurface & Co under the U.S. Procurements will continue to be less than HK\$3,000,000 and each of the applicable percentage ratios (as defined in the GEM Listing Rules) will continue to be less than 5%. As such, the U.S. Procurements constitute *de minimis* transactions and are fully-exempt continuing connected transactions under Rule 20.74 of the GEM Listing Rules. Therefore, such transactions will be exempted from the reporting, announcement, annual review and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. We will ensure that the U.S. Procurements will comply with the other applicable provisions under the GEM Listing Rules.

Shared administrative services

During the Track Record Period, in our ordinary and usual course of business, we shared with Metaoptics Technologies our administrative resources, including but not limited to accounting and book keeping resources and supporting staff resources (the “**Shared Administrative Services**”). As Metaoptics Technologies was a subsidiary of our Group during the Track Record Period until May 2023, we did not formally allocate these resources and their corresponding expenses to Metaoptics Technologies. During the Track Record Period, the Shared Administrative Services paid by Metaoptics Technologies to our Group amounted to nil and approximately S\$3,000 for the years ended 31 December 2022 and 2023, respectively. During the year ended 31 December 2023, in respect of Metaoptics Technologies, our Group's administrative and finance personnel assisted in preparing management reports, payment vouchers and forecast as well as liaising with external auditors and professionals. The fees of S\$3,000 charged by our Group to Metaoptics Technologies for the Shared Administrative Services was

CONTINUING CONNECTED TRANSACTIONS

calculated based on the number of hours spent (approximately 80 hours) by our relevant staff performing the Shared Administrative Services multiplied by their respective hourly rate, on a pro-rata basis commencing from the period after Metaoptics Technologies ceased to be a subsidiary of our Group in May 2023.

On 24 November 2023, we have formalised the Shared Administrative Services and entered into a framework agreement (the “**Shared Administrative Services Agreement**”) with Metaoptics Technologies for a term commencing on 1 June 2023 until 31 December 2024 and thereafter shall be renewed in writing for subsequent periods of three years, subject to compliance with the GEM Listing Rules. Pursuant to the Shared Administrative Services Agreement, we shall share with Metaoptics Technologies the Shared Administrative Services by charging Metaoptics Technologies for the Shared Administrative Services on an at cost basis annually and that the relevant costs must be identifiable and allocated to Metaoptics Technologies based on actual expenses incurred by us. The cost basis shall be calculated by actual time cost spent by the relevant personnel.

As at the Latest Practicable Date, Metaoptics Technologies is owned as to approximately 30.95% by Mr. Thng, an executive Director and a substantial Shareholder. Metaoptics Technologies is therefore an associate of a connected person of our Company under the GEM Listing Rules.

We expect that the amounts to be charged to Metaoptics Technologies under the Shared Administrative Services will continue to be on an at cost basis, and the costs involved will continue to be identifiable and allocated to us and Metaoptics Technologies on a fair and equitable basis. As such, the Shared Administrative Services will constitute fully-exempt continuing connected transactions under Rule 20.96 of the GEM Listing Rules. We will ensure that the Shared Administrative Services will comply with the other applicable provisions under the GEM Listing Rules.

Letter of appointment

Mr. SOH Cheng Heong (“**Mr. CH Soh**”) is a brother of Mr. Soh (a director of SGP Malaysia and a member of our senior management) and a brother-in-law of Ms. Pang (a director of SPW, a Shareholder and the spouse of Mr. Soh), and therefore an associate of connected persons of our Company under the GEM Listing Rules. Mr. CH Soh has been general manager of SPW since 12 April 2021 (the “**Employment**”). On 26 May 2023, Mr. CH Soh entered into a supplemental agreement with SPW pursuant to which the end date of the term of Employment was amended to 11 April 2024. On 4 April 2024, the term of Employment was renewed for three years and the end date of the term was amended to 11 April 2027.

CONTINUING CONNECTED TRANSACTIONS

During the years ended 31 December 2022 and 2023, the aggregate remuneration to Mr. CH Soh amounted to approximately S\$91,000 and S\$130,000, respectively. We expect Mr. CH Soh will continue to be employed by our Group in the same position upon and following the Listing. We expect that the annual remuneration payable to Mr. CH Soh shall continue to be less than HK\$3,000,000, as determined by our Directors with reference to Mr. CH Soh's remuneration under his letter of appointment and the expected adjustments in remuneration during the term of Employment. Each of the applicable percentage ratios (as defined in the GEM Listing Rules) will continue to be less than 5%. As such, the Employment constitutes a *de minimis* transaction and is a fully-exempt continuing connected transaction under Rule 20.74 of the GEM Listing Rules. Therefore, such transaction will be exempted from the reporting, announcement, annual review and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. We will ensure that the Employment will comply with the applicable provisions under the GEM Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the U.S. Procurements, the Shared Administrative Services and the Employment and the terms of each of them have been and will be conducted on normal commercial terms and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets out certain information of our Directors:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Dato' Sri CHUA Chwee Lee (CAI Shuili) (蔡水理)	53	Chairman of our Board, Executive Director and chief executive officer	7 December 2021	6 January 2000	Overall management and strategic planning of the growth and operations of our Group	Spouse of Mrs. Chua
Ms. JEE Wee Jene (余偉娟)	53	Executive Director	7 December 2021	6 January 2000	Assuming overall responsibilities in finances, administration, compliance and human resources	Spouse of Dato' Sri Chua
Mr. THNG Chong Kim (程章金)	61	Executive Director	7 December 2021	1 July 2021	Formulating our overall business strategies and corporate development	None
Mr. TAN Chek Kian (陳志強)	52	Independent non-executive Director	7 June 2024	7 June 2024	Providing independent judgement on strategy, policy, performance, accountability, internal control and corporate governance	None
Mr. ANG Yong Sheng, Jonathan (HONG Yongsheng) (洪勇勝)	36	Independent non-executive Director	7 June 2024	7 June 2024	Providing independent judgement on strategy, policy, performance, accountability, internal control and corporate governance	None
Mr. CHAN Yang Kang (田揚康)	43	Independent non-executive Director	7 June 2024	7 June 2024	Providing independent judgement on strategy, policy, performance, accountability, internal control and corporate governance	None

DIRECTORS AND SENIOR MANAGEMENT

The following table sets out certain information of our senior management:

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Dato' Sri CHUA Chwee Lee (CAI Shuili) (蔡水理)	52	Chairman of our Board, Executive Director and chief executive officer	2 May 2023	4 January 2000	Overall management and strategic planning of the growth and operations of our Group	Spouse of Mrs. Chua
Mr. SOH Cheng Joo (蘇振裕)	51	Managing director of weldment production	2 May 2023	13 April 2018	Managing development of our Group's precision welding business	None
Ms. HOU Jing (侯婧)	38	Chief financial officer	2 May 2023	1 September 2022	Overseeing the financial management, accounting and company secretarial affairs of our Group	None
Mr. ONG Eng Guan (翁湧原)	64	Senior sales manager	2 May 2023	17 August 2015	Managing our Group's customer relationship, internal team coordination, and general project management matters	None

BOARD OF DIRECTORS

Our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors.

Executive Directors

Dato' Sri CHUA Chwee Lee (CAI Shuili) (蔡水理)

Dato' Sri Chua, aged 53, was appointed as a Director on 7 December 2021 and the chief executive officer and Chairman of our Board on 2 May 2023. He was redesignated as an executive Director on 2 May 2023. Dato' Sri Chua founded our Group in 2000 and since then has been spearheading our Group's strategic development and business expansion. With over 30 years of invaluable experience in high precision and tolling design, he contributes to our Group's overall management and its growth and operations via strategic planning.

Dato' Sri Chua received his training in high precision manufacturing from the Vocational and Industrial Training Board of Singapore. He was awarded the National Trade Certificate (Grade 3) in metal machining with a certificate of merit for outstanding performance in November 1989 and the National Trade Certificate (Grade 2) in tool and die making (injection mould) (practical and theory parts) in August 1990.

DIRECTORS AND SENIOR MANAGEMENT

Dato' Sri Chua was honoured as a Dato' Sri by the Sultan of Pahang, a state in Malaysia in December 2018, and was awarded “Successful Entrepreneur (Platinum Category)” by GRC Press Holdings in 2010 in its annual “Successful Entrepreneur (Singapore Edition)” publication. The publication featured successful Singaporean entrepreneurs who have demonstrated outstanding performance in their own sectors and was supported by a number of well-known organisations including the National Safety Council of Singapore, the American Chamber of Commerce in Singapore, the Canadian Chamber of Commerce and the Singapore Indian Chamber of Commerce and Industry.

Dato' Sri Chua is a Controlling Shareholder of our Company. He is also the spouse of Mrs. Chua, who is our executive Director and Controlling Shareholder. Dato' Sri Chua is also a director of Metasurface Technologies, SPW and SGP Malaysia, all of which are our wholly-owned subsidiaries.

Ms. JEE Wee Jene (余偉娟)

Mrs. Chua, aged 53, was appointed as a Director on 7 December 2021. She was redesignated as an executive Director on 2 May 2023.

As the spouse of Dato' Sri Chua, Mrs. Chua has worked closely with Dato' Sri Chua since our Group's establishment and throughout the Group's business expansion. She joined our Group since establishment as finance manager of Metasurface Technologies, a subsidiary of our Group, where her main responsibility is to manage Metasurface Technologies' finance and administrative departments. Mrs. Chua assumes overall responsibilities in our Group in finances, administration, compliance and human resources.

Mrs. Chua has an academic background in both computer studies and accounting. She studied at Informatics Computer School Singapore and obtained a Diploma in Computer Studies from the University of Cambridge Local Examinations Syndicate (in collaboration with Informatics Computer School Singapore) through distance learning in November 1994 and an International Diploma in Computer Studies from the National Computing Centre through distance learning in September 1995. She was also awarded a Book-keeping and Accounts — Second Level and Accounting — Third Level by the London Chamber of Commerce and Industry Examinations Board in 1996 and 1997, respectively.

Mrs. Chua is a Controlling Shareholder of our Company. She is also the spouse of Dato' Sri Chua, who is our executive Director, chief executive officer, Chairman of our Board and a Controlling Shareholder. Mrs. Chua is also a director of Metasurface Technologies.

Mr. THNG Chong Kim (程章金)

Mr. Thng, aged 61, was appointed as a Director on 7 December 2021. He was redesignated as an executive Director on 2 May 2023. His main role in our Group is to formulate our overall business strategies and corporate development.

DIRECTORS AND SENIOR MANAGEMENT

Since July 2021, Mr. Thng has been the Vice President (Special Projects) at Metasurface Technologies. Mr. Thng has accumulated approximately 15 years of work experience in product and process engineering and over five years of experience in advanced optics. Before joining our Group, Mr. Thng held key management positions in several multinational companies. From August 2012 to April 2018, Mr. Thng was employed as the Vice President, Special Projects at ams-OSRAM Asia Pacific Pte. Ltd. (currently known as Ams Sensors Holdings Asia Pte. Ltd.), a supplier of sensors headquartered in Singapore. During his employment with Heptagon Advanced Micro Optics, Mr. Thng mainly worked on the engineering and production of sensor modules. From August 2006 to July 2011, Mr. Thng worked as the General Manager in Benchmark Electronics Manufacturing (S) Pte Ltd, where his last position was Senior Business Development Executive, of which he was mainly responsible for overseeing the overall business, handling production schedule and customer deliveries.

From July 2005 to August 2006, Mr. Thng worked as the Senior Product Engineering Director at Seagate Technology, an OEM company headquartered in the U.S. During his employment, he was mainly responsible for managing product engineering. From July 2001 to July 2005, he was appointed the Senior Advanced Manufacturing Director of Magnecomp International Limited in China, where he was responsible for managing advanced manufacturing and engineering.

From November 1988 to June 1999, he was employed at Conner Peripherals Pte Ltd (which was later acquired by Seagate Technology in the mid-1990s) and Seagate Technology, where he was responsible for product engineering.

Mr. Thng graduated from Singapore Polytechnic in May 1983 with a Technical Diploma in Electronics and Communication Engineering.

Mr. Thng is a substantial Shareholder of our Company.

Independent Non-Executive Directors

Mr. TAN Chek Kian (陳志強)

Mr. Tan, aged 52, was appointed as an independent non-executive Director on 7 June 2024, and is mainly responsible for providing independent judgement on strategy, policy, performance, accountability, internal control and corporate governance.

Mr. Tan has over 25 years of finance and audit experience. Since February 2020, he has been serving as an independent director, the chairman of the human resources committee and a member of the audit risk committee of 1FSS Pte Ltd, a subsidiary of MOH Holdings Pte Ltd (the holding company of Singapore's public healthcare institutions) which principally supports finance services for Singapore's public healthcare system. He assists in the overall strategy and direction and provides leadership and guidance to the senior management team.

DIRECTORS AND SENIOR MANAGEMENT

From November 2005 to August 2022, he was employed at S&P Global Ratings Singapore Pte. Limited, a group company of S&P Global (NYSE: SPGI), a company primarily focusing on financial information and analytics. His last position there was Vice President, Finance & Operations, Global Emerging Markets and he was primarily responsible for developing a national-scale business model, products and processes in emerging markets globally.

Prior to that, he worked at Exel Singapore Pte Ltd (currently known as DHL Supply Chain Singapore Pte. Ltd.) with his last position being a regional financial controller, where he assisted the chief financial officer, and at KPMG as an auditor, with his last position as audit supervisor.

Mr. Tan obtained a master of business administration degree from the National University of Singapore on 31 December 2004 and a bachelor of accountancy degree from the Nanyang Technological University in Singapore in June 1995. He was qualified as a certified public accountant of Singapore in November 1998 and was conferred a chartered accountant of Singapore in July 2013. He has been a member of the Institute of Singapore Accountants since August 1996.

Mr. ANG Yong Sheng, Jonathan (HONG Yongsheng) (洪勇勝)

Mr. Ang, aged 36, was appointed as an independent non-executive Director on 7 June 2024, and is mainly responsible for providing independent judgement on strategy, policy, performance, accountability, internal control and corporate governance.

Mr. Ang has approximately nine years of experience in providing legal support and approximately seven years of experience in private funds and investment management. Since January 2016, Mr. Ang has been working at Tembusu Partners Pte Ltd, a Singapore-based private equity firm which specialises in venture and growth-stage investments in fast-growing markets of Greater China, India, and Southeast Asia. He was first employed as a senior associate and was subsequently promoted to the position of Chief Operating Officer. During his employment, Mr. Ang has taken part in setting up new funds, as well as providing legal support to the firm. From August 2014 to January 2016, he was an associate at TSMP Law Corporation, where he practised as a lawyer.

Mr. Ang obtained a bachelor of laws degree from the National University of Singapore in June 2013, and was subsequently admitted to the Singapore Bar in 2014. He is currently a non-practising lawyer of the Law Society of Singapore. He has also held a Chartered Financial Analyst designation since January 2020.

Mr. CHAN Yang Kang (田揚康)

Mr. Chan, aged 43, was appointed as an independent non-executive Director on 7 June 2024, and is mainly responsible for providing independent judgement on strategy, policy, performance, accountability, internal control and corporate governance.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan has over 12 years of experience in the legal industry. Since September 2023, he has been employed by Linklaters and is currently on secondment to NEOM Company, a company based in the Kingdom of Saudi Arabia leading the project to build a new urban area. He is primarily responsible for providing legal advice to the central legal team of NEOM Company. From May 2020 to August 2023, he was a partner at Hill Dickinson Hong Kong. From May 2019 to May 2020, he was an associate at Paul Hastings LLP. From December 2012 to March 2019, he was an associate at Wilson Sonsini Goodrich and Rosati.

Mr. Chan obtained a bachelor of laws and bachelor of business (banking and finance) at the Monash University, Australia, in October 2008 and a postgraduate certificate in laws at the City University of Hong Kong in July 2010. He was admitted as a solicitor in Hong Kong in February 2013.

SENIOR MANAGEMENT

For biographical details of Dato' Sri Chua Chwee Lee, see “— Board of Directors — Executive Directors” in this section above.

Mr. SOH Cheng Joo (蘇振裕)

Mr. Soh, aged 51, is the managing director of SPW where he mainly manages the spare part fabrication process of semiconductor equipment. He joined our Group on 13 April 2018 as director of SGP Malaysia. He joined SPW on 1 March 2015 (which was later acquired by our Group on 1 December 2021) as managing director. He was also appointed as our managing director of weldment production on 2 May 2022. His key role in our Group is to manage the development of our Group's welding business. Also a key member of our Group's management, Mr. Soh has experience in various welding processes.

Prior to commencing employment at SPW in March 2015, Mr. Soh worked at Integrated Manufacturing Technologies Pte. Ltd. which was principally engaged in manufacturing electronic components and boards.

Mr. Soh was awarded the Executive Diploma in Professional Supervisory Management, first class from the University of Technology Malaysia in April 2016.

In November 2015, Mr. Soh, as the associate welding inspector, was certified by the American Welding Society for complying with the requirements of the “AWS QC1, Standard for AWS Certification of Welding Inspectors”. In October 2012, he was awarded a statement of attainment by the Singapore Workforce Skills and Qualifications for performing welding inspection. In March 2005, he completed the orbital welding basics at Integrated Manufacturing Technologies-International. In January 2002, he completed a training programme at Air Transport Training College Pte Ltd and obtained a professional certificate in aerospace working operations (mechanical). In May 2000, he completed a training course in E.B. Welder Process Engineering at a PTR-Precision Technologies service school. In January 1993, he completed a course on TIG welding-theory and practical organised by General Electric (U.S.A.) Aviation Service Operation Pte. Ltd. (currently known as GE Aviation Service Operation Pte Ltd).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Soh is a director of SGP Malaysia and the spouse of Ms. Pang, who is a director of SPW and a shareholder of our Company.

Ms. HOU Jing (侯婧)

Ms. Hou, aged 38, joined our Group on 1 September 2022. On 2 May 2023, she was appointed as chief financial officer of our Group. Her key role is to oversee the Group's financial management, accounting and company secretarial affairs.

Ms. Hou has accumulated more than 10 years of experience in financial management, business strategy planning, accounting and regulatory compliance prior to joining our Group. From September 2018 to August 2022, she worked as the group accountant and subsequently as the group finance manager at Rich Capital Holdings Limited (formerly known as Infinio Group Limited) (SGX: 5G4), a Singapore-based company listed on the Catalist of the Singapore Stock Exchange which engages in the business of development of residential and industrial properties in Singapore. During this employment, she was mainly responsible for overseeing all aspects of the financial reporting cycle, preparing annual forecasts and budgets, and coordinating with internal and external parties to ensure compliance with the Catalist Rules.

Before joining Rich Capital Holdings Limited, Ms. Hou has practised as an auditing professional for seven years. She worked at Cypress Singapore Pac CPA Firm from August 2011 to December 2013, and at Foo Kon Tan Grant Thornton LLP (subsequently renamed as Foo Kon Tan LLP and became a member of HLB International in 2015) from January 2014 to September 2018, both of which are accounting firms in Singapore.

Ms. Hou was awarded a bachelor of science degree in applied accounting from the Oxford Brookes University through distance learning in 2011 and she became a member of the Institute of Singapore Chartered Accountants in 2017. She was also admitted as a fellow of the Association of Chartered Certified Accountants in 2019.

Mr. ONG Eng Guan (翁湧原)

Mr. Ong Eng Guan, aged 64, is the senior programme manager of Metasurface Technologies. He joined our Group on 17 August 2015. He was also appointed as our senior sales manager on 2 May 2023. His main responsibilities in our Group involve managing our Group's customer relationship, coordinating between the Group's finance, administrative and production teams, as well as overseeing general project management matters.

Mr. Ong has over 25 years of experience in the electronic and semiconductor industry. Prior to joining our Group, Mr. Ong worked as a procurement engineer in Compaq Asia Pte Ltd from March 1996, where he was responsible for sourcing for components and introducing new products. During his employment, he has contributed to the launch of the Armada 4100 notebook.

DIRECTORS AND SENIOR MANAGEMENT

From February 2006 to June 2010, Mr. Ong worked as a procurement manager in Benchmark Electronics Manufacturing (S) Pte Ltd. He was responsible for sourcing, developing, and maintaining relationships with supplier networks, and was recognised for his contributions towards winning multiple new projects and assisted the company in achieving excellent quality assessments of customers.

Mr. Ong was awarded a diploma in electrical engineering from the Tunku Abdul Rahman College (subsequently known as Tunku Abdul Rahman University College) in Malaysia in October 1982.

JOINT COMPANY SECRETARIES

Ms. HOU Jing was appointed as one of our joint company secretaries on 2 May 2023. For details of Ms. Hou's biography, please see “— Senior Management” in this section above.

Mr. NG Cheuk Kin (吳卓健) was appointed as one of our joint company secretaries of our Company on 2 May 2023, which will take effect on the Listing Date.

Mr. Ng is a Senior Manager of Corporate Services of Tricor Services Limited and has over 12 years of experience in the corporate secretarial and audit field. Mr. Ng obtained a bachelor of business administration degree from The Chinese University of Hong Kong in December 2010. Mr. Ng is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants.

We have sought a waiver from strict compliance with the requirements under Rules 5.14 and 11.07(2) of the GEM Listing Rules. See “Waiver from Strict Compliance with the GEM Listing Rules — Joint Company Secretaries”.

COMPLIANCE ADVISER

We have appointed UOB Kay Hian as our compliance adviser in compliance with Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, we will consult with and seek advice from our compliance adviser on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- (c) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the securities of our Company, the possible development of a false market in the securities of our Company or any other matters.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date. Our Company may exercise its right to terminate the appointment of our compliance adviser in accordance with Rule 6A.26 of the GEM Listing Rules and in such event, appoint a replacement compliance adviser in accordance with Rule 6A.27 of the GEM Listing Rules.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 11.07(5) of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The audit committee has three members, namely Mr. TAN Chek Kian, Mr. CHAN Yang Kang and Mr. ANG Yong Sheng, Jonathan, all being our independent non-executive Directors. Mr. TAN Chek Kian has been appointed as the chairman of the audit committee, and is our independent non-executive Director possessing the appropriate professional qualifications as required in Rule 5.05(2) of the GEM Listing Rules. The primary duties of the audit committee include, among other things, making responsibilities to the Board on the appointment, reappointment and removal of the external auditor, reviewing our Group's financial information, overseeing our Group's financial reporting system, risk management and internal control systems.

Remuneration Committee

The Company established a remuneration committee with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The remuneration committee has three members, namely Mr. CHAN Yang Kang, Mr. TAN Chek Kian and Mr. ANG Yong Sheng, Jonathan. Mr. CHAN Yang Kang has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee include, among other things, making recommendations to the Board on our Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing the remuneration policy and the remuneration packages of each individual executive Director and senior management.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with Rule 5.36A of the GEM Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The nomination committee has three members, namely, Dato' Sri Chua, Mr. TAN Chek Kian and Mr. CHAN Yang Kang. Dato' Sri Chua has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee include, among other things, making recommendations on any proposed changes to the Board to complement our Company's corporate strategy.

BOARD DIVERSITY

Our Board has adopted a board diversity policy in accordance with Rule 17.104 of the GEM Listing Rules. With a view to achieving sustainable and balanced development, we are committed to promoting diversity in our Board in order to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of our Board. Our Board is of the view that greater diversity will help our Company better understand and meet the needs of different stakeholders and maintain our competitive advantages in the precision component engineering industry.

The selection of Director candidates will be based on a range of perspectives on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and contribution that the selected candidates may bring to our Board, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on our Board. In compliance with our Board's diversity policy, our Board currently comprises members from diverse gender, age, cultural and educational background. Our Directors have a balanced mix of knowledge and experience in the areas of engineering, corporate finance, accounting and law. They obtained education qualifications in various majors including engineering, laws and accounting.

In addition, our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest pool of available talent. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and senior management levels. Our Group will work to maintain gender diversity of our Board. Our Board currently has and will continuously use its best endeavours to maintain at least one female representation and will appoint additional female directors to our Board after Listing (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles) and our nomination committee will, on suitable basis, use its best endeavours to identify and recommend multiple suitable female candidates to our Board for its consideration. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of

DIRECTORS AND SENIOR MANAGEMENT

our Board. We currently have and will continuously use our best endeavours to maintain at least one female senior management member. Our Group will continue to emphasise training of female talent and provide long-term development opportunities for our female staff, for example by involving them in board-level meetings and decision-making, giving them greater responsibilities in leading board-level initiatives, providing them with regular evaluation and performance feedbacks, and encouraging them to also participate in the process of identifying and nurturing junior female employees with high potentials.

Our nomination committee will monitor the implementation of our Board diversity policy on an ongoing basis. It shall report annually, in our corporate governance report, on our Board's composition under perspectives of diversity together with a summary of our Board diversity policy, the measurable objectives for implementing this policy and the progress of achieving our objectives to achieve Board diversity.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration from our Group in the form of salaries and bonuses, contributions to defined retirement benefits schemes and share-based payment.

The aggregate amounts of remuneration (including salaries and bonuses, contributions to retirement benefits schemes and share-based payment) paid to our Directors for the years ended 31 December 2022 and 2023 were approximately S\$1.9 million and S\$3.4 million, respectively. None of the Directors had waived any remuneration during the same period.

The aggregate amounts of remuneration (including salaries and bonuses, contributions to retirement benefits schemes and share-based payment) paid to our Group's five highest paid individuals, including Directors, for the years ended 31 December 2022 and 2023 were approximately S\$2.2 million and S\$3.8 million, respectively.

No payment was made by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the Track Record Period.

Save as disclosed above, no other payments have been made or are payable in respect of the Track Record Period by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the financial year ending 31 December 2024 to be approximately S\$0.9 million.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, see note 9 to the Accountant's Report included in Appendix I to this prospectus.

DIRECTOR'S CONFIRMATION

Except as disclosed in this prospectus, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date, (ii) had no other relationship with any Directors, members of senior management, substantial shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date, (iii) did not hold any other directorship in any public company with securities listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus, and (iv) did not conduct any business activities that compete, or may compete, either directly or indirectly, with our business, which would require disclosure under Rule 11.04 of the GEM Listing Rules.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules on 15 September 2022, 5 January 2023 and 19 April 2023, and (ii) understands his or her obligations as a director of a listed issuer under the GEM Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 5.09(1) to (8) of the GEM Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the GEM Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

See “C. Further Information about our Directors, Chief Executive and Substantial Shareholders” in Appendix V to this prospectus for details of our Directors’ respective interests or short positions (if any) in our Shares, particulars of our Directors’ service contracts and letters of appointment and our Directors’ remuneration.

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules as at the Latest Practicable Date.

POST-IPO SHARE OPTION SCHEME

The Company has conditionally approved and adopted the Post-IPO Share Option Scheme. The principal terms of the Post-IPO Share Option Scheme are summarised in “D. Post-IPO Share Option Scheme” in Appendix V to this prospectus.

CODE PROVISION C.2.1 OF THE CORPORATE GOVERNANCE CODE

Pursuant to code provision C.2.1 of the Corporate Governance Code, as set out in Appendix C1 to the GEM Listing Rules, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Dato' Sri Chua is performing these two roles. Dato' Sri Chua is responsible for the overall management, operation and strategic development of our Group and has been instrumental to our growth and business operations since founding our Group in 2000. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider it is most suitable for Dato' Sri Chua to hold both the positions of chief executive officer and the chairman of the Board and the existing arrangements are beneficial to the management of our Group and are in the interests of our Company and our Shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and our Board, both of which comprises experienced and high-calibre individuals. Our Board comprises three executive Directors (including Dato' Sri Chua) and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, we are in compliance with all code provisions of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports after the Listing.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons or entities will, immediately following the completion of the Capitalisation Issue and the Share Offer and without taking into account any Shares which may be issued and allotted upon exercise of options which may be granted under the Post-IPO Share Option Scheme, have an interest or a short position in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are directly and/or indirectly interested in 10% or more of the total number of shares in any class of share carrying rights to vote in all circumstances at general meetings of any member of our Group:

Interest in our Company

Name of shareholder	Capacity/ Nature of interest	As at the Latest Practicable Date		As at the Listing Date	
		Number and class of securities (L) ⁽¹⁾	Approximate percentage of shareholding	Number and class of securities (L) ⁽¹⁾	Approximate percentage of shareholding
SGP BVI	Beneficial interest ⁽²⁾	2,668,459 Shares	47.68%	58,647,335 Shares	39.10%
Dato' Sri Chua	Interest in controlled corporation ⁽²⁾	2,668,459 Shares	47.68%	58,647,335 Shares	39.10%
	Interest of spouse ⁽²⁾	1,126,058 Shares	20.12%	24,748,479 Shares	16.50%
Baccini	Beneficial interest ⁽³⁾	1,126,058 Shares	20.12%	24,748,479 Shares	16.50%
Mrs. Chua	Interest in controlled corporation ⁽³⁾	1,126,058 Shares	20.12%	24,748,479 Shares	16.50%
	Interest of spouse ⁽³⁾	2,668,459 Shares	47.68%	58,647,335 Shares	39.10%
Angelling	Beneficial interest ⁽⁴⁾	559,651 Shares	10.00%	12,299,998 Shares	8.20%
Mr. Thng	Interest in controlled corporation ⁽⁴⁾	559,651 Shares	10.00%	12,299,998 Shares	8.20%
Ms. Pang	Beneficial interest	371,343 Shares	6.64%	8,161,369 Shares	5.44%
Mr. Soh	Interest of spouse ⁽⁵⁾	371,343 Shares	6.64%	8,161,369 Shares	5.44%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the Shares.
- (2) SGP BVI is wholly-owned by Dato' Sri Chua, and therefore Dato' Sri Chua is deemed to be interested in the 58,647,335 Shares held by SGP BVI pursuant to the SFO. Dato' Sri Chua is the sole director of SGP BVI. Mrs. Chua is the spouse of Dato' Sri Chua, and therefore, Dato' Sri Chua is deemed to be interested in the 24,748,479 Shares held by Mrs. Chua through her controlled corporation, Baccini, pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

- (3) Baccini is wholly-owned by Mrs. Chua, and therefore Mrs. Chua is deemed to be interested in the 24,748,479 Shares held by Baccini pursuant to the SFO. Mrs. Chua is the sole director of Baccini. Dato' Sri Chua is the spouse of Mrs. Chua, and therefore, Mrs. Chua is deemed to be interested in the 58,647,335 Shares held by Dato' Sri Chua through his controlled corporation, SGP BVI, pursuant to the SFO.
- (4) Angelling is wholly-owned by Mr. Thng, and therefore Mr. Thng is deemed to be interested in the 12,299,998 Shares held by Angelling pursuant to the SFO. Mr. Thng is the sole director of Angelling.
- (5) Ms. Pang is the spouse of Mr. Soh, and therefore, Mr. Soh is deemed to be interested in the 8,161,369 Shares held by Ms. Pang, pursuant to the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Share Offer and without taking into account any Shares which may be issued and allotted upon exercise of options which may be granted under the Post-IPO Share Option Scheme, have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

The following is a description of the authorised and issued share capital of our Company as at the date of this prospectus and shares issued or to be issued as fully paid or credited as fully paid immediately following the completion of the Capitalisation Issue and the Share Offer:

	Approximate aggregate nominal value HK\$
Authorised share capital:	
1,000,000,000 Shares of par value of HK\$0.001 each	1,000,000.00
Shares issued or to be issued, fully paid or credited as fully paid:	
5,596,511 Shares in issue as at the date of this prospectus	5,596.51
117,403,489 Shares to be issued pursuant to the Capitalisation Issue	117,403.49
<u>27,000,000</u> Shares to be issued under the Share Offer	<u>27,000.00</u>
<u>150,000,000</u> Total	<u>150,000.00</u>

Assumptions

The above table assumes that the Share Offer has become unconditional and the Shares are issued pursuant to the Capitalisation Issue and the Share Offer. It takes no account of any Shares which may be issued and allotted upon exercise of any options which may be granted under the Post-IPO Share Option Scheme or which may be issued and allotted or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares. The Offer Shares will carry the same rights as all Shares in issue or to be issued and, in particular, will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus (save for entitlements to the Capitalisation Issue).

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of our Memorandum of Association and our Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide our capital into Shares of larger amount; (iii) divide our Shares into several classes; (iv) subdivide our Shares into Shares of smaller amount; and (v) cancel any Shares which have

SHARE CAPITAL

not been taken. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce our share capital by special resolution of shareholders. For details, see “2. Articles of Association — (a) Shares — (iii) Alteration of capital” in Appendix IV to this prospectus.

Pursuant to the Cayman Companies Act and the terms of our Memorandum of Association and our Articles of Association, all or any of the special rights attached to our Shares or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares in that class. For details, see “2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to issue and allot Shares and sell and/or transfer our treasury shares, particulars of which are set out in “A. Further Information about Our Group — 5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to repurchase Shares, particulars of which are set out in “A. Further Information about Our Group — 5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024” and “A. Further Information about Our Group — 6. Repurchase of our own securities” in Appendix V to this prospectus.

POST-IPO SHARE OPTION SCHEME

Our Company has conditionally approved and adopted the Post-IPO Share Option Scheme, particulars of which are set out in “D. Post-IPO Share Option Scheme” in Appendix V to this prospectus.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, we must maintain the minimum prescribed percentage of at least 25% of our total issue share capital (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules from time to time) in the hands of the public (as defined in the GEM Listing Rules).

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and notes included in “Appendix I — Accountant’s Report.” The historical financial information as set out in the Accountant’s Report incorporates the consolidated financial statements of our Group during the Track Record Period. You should read the whole Accountant’s Report as set out in Appendix I to this prospectus and not rely merely on the information in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors”, “Forward-Looking Statements” and elsewhere in this prospectus.

OVERVIEW

Established in 2000, we are a precision engineering services provider headquartered in Singapore, specialising in providing precision machining and welding services for international companies in the semiconductor and other sectors. We offer our customers precision engineering services including (i) precision machining services, and (ii) precision welding services. Leveraging our technical capabilities and know-how and machinery and equipment, we have established our market position in the precision component engineering value chain by offering specialised services tailored to our customers’ specific technical requirements and commercial needs.

BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, the business of our Group is conducted by Metasurface Technologies and its subsidiaries, which have been owned and controlled by the Controlling Shareholders. Pursuant to the Reorganisation, Metasurface Technologies and the business of our Group were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the ownership structure of the business of our Group with no changes in management of such business and the ultimate owners of such business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the business under Metasurface Technologies and the historical financial information as set out in the Accountant’s Report has been prepared and presented as a continuation of the consolidated financial statements of Metasurface Technologies and its subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the business of our Group under the consolidated financial statements of Metasurface Technologies for all years presented, since the respective dates of

FINANCIAL INFORMATION

incorporation of the consolidating entities, or since the date when the consolidating companies first came under the control of the Controlling Shareholders, whichever is the earlier.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set forth below.

Development of global and Singapore's precision engineering industry

According to the CIC Report, the global output value of the precision engineering industry increased from approximately S\$403.4 billion in 2019 to approximately S\$525.7 billion in 2023 and is expected to further increase to S\$646.5 billion in 2028, indicating a CAGR of approximately 4.2% between 2023 and 2028. In particular, the Singapore government values the importance of the precision component engineering industry and has introduced various favourable policies and measures such as Industry Transformation Maps (ITMs) and Precision Engineering Industry Digital Plan (IDP) to promote the further development of the industry. Singapore's output value of the precision engineering industry increased from approximately S\$9.4 billion in 2019 to approximately S\$10.6 billion in 2023, and is expected to further increase to S\$14.4 billion in 2028, indicating a CAGR of approximately 6.3% between 2023 and 2028.

The precision engineering industry serves a wide range of end-use industries, such as the semiconductor, aerospace, and data storage industries, and the growth of the industry is highly related to the growth and broad trend of the end-use industries, according to the CIC Report. During the Track Record Period, a significant portion of our revenue was derived from our major customers in the semiconductor manufacturing equipment industry. Therefore, our financial performance and future growth depend on the overall growth of the global semiconductor industry.

The semiconductor manufacturing equipment industry has experienced steady growth over the last five years from 2019 to 2023 and is expected to sustain the growth in the long term. According to the CIC Report, revenue of the global semiconductor industry is projected to reach US\$880.7 billion in 2028 with a CAGR of 10.6% between 2023 and 2028, and global sales of semiconductor manufacturing equipment increased from approximately US\$61.7 billion in 2019 to US\$106.3 billion in 2023, registering a CAGR of 14.6% during the period, and is expected to further increase to US\$180.6 billion in 2028 driven by capacity expansion, new fabrication projects, and high demand for advanced technologies and solutions across the front-end and back-end segments of the semiconductor industry. However, the global semiconductor industry and the global semiconductor manufacturing equipment industry are driven by fluctuations of inventory and worldwide economic growth. Accordingly, our business could be affected by the market movements of the global semiconductor industry. The volatility and uncertainty within the global semiconductor industry and the global semiconductor manufacturing equipment industry are in turn driven by changes in economic, political or financial conditions and other factors such as impact of tariffs and/or trade barriers.

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Diversification of Customer Base

We believe that our track record and success were, to a certain extent, attributed to our solid customer base. Apart from maintaining an established customer base in the semiconductor industry, diversifying our customer portfolio and expanding into other industries will also be critical for our future growth.

We have made consistent efforts to strategically diversify our business into other downstream industries including aerospace and data storage industries, through which we can solicit more business opportunities and provide more diversified services. We seek to increase the percentage of revenue contribution from customers in other downstream industries in the future, so that we will be less reliant on our major customers, and to capture the potential growth of other industries and thereby be less susceptible to risks relating to any single industry in the future.

Fluctuations in prices of raw materials and labour costs

According to the CIC Report, the primary cost of precision component engineering service providers includes raw material costs and labour costs. Since the supply of metal raw materials in Singapore mainly relies on imports from certain major economies such as Malaysia, the U.S., the EU and South Africa, the global economy affects the price of metal raw materials in Singapore. For the years ended 31 December 2022 and 2023, our direct material cost accounted for approximately 64.6% and 61.6% of our total cost of sales, respectively. According to the CIC Report, prices of iron and steel and of aluminium in Malaysia, the U.S., the EU and South Africa generally maintained an upward trend from 2019 to 2023 and are expected to grow further at CAGRs ranging from 1.1% to 4.0% and 0.3% to 5.7%, respectively, over the period from 2023 to 2028. Therefore, if the prices of our material supplies increase significantly, we may incur additional costs to acquire sufficient quantity of these materials to meet our production needs.

The table below sets forth a sensitivity analysis which is hypothetical in nature and is for illustration purpose only of our direct material cost, illustrating its impact on our profit before income tax if the price of our raw materials had been 3%, 6% and 9% higher or lower during the Track Record Period, assuming all other variables being held constant:

	Year ended 31 December	
	2022	2023
	S\$'000	S\$'000
(Decrease)/increase in profit before income tax		
Increase/decrease by 3%	(447)/447	(450)/450
Increase/decrease by 6%	(893)/893	(901)/901
Increase/decrease by 9%	(1,340)/1,340	(1,351)/1,351

In addition, according to the CIC Report, with the continuous development of the economy, the average monthly salaries in the manufacturing industry in Singapore and Malaysia have shown an increasing trend during 2019 to 2023 with the CAGR of 4.3% and 7.7%, respectively. Further, with the expected gradual recovery of the global economy

FINANCIAL INFORMATION

(including Singapore and Malaysia) from the COVID-19 pandemic, the average monthly salaries in the manufacturing industry in Singapore and Malaysia are expected to maintain steady growth over the next five years with the CAGR of 3.1% and 5.7%, respectively, from 2023 to 2028.

The table below sets forth a sensitivity analysis which is hypothetical in nature and is for illustration purpose only of our direct labour cost and wages and salaries for our general and administrative staff, illustrating its impact on our profit before income tax if the average monthly salaries of our production as well as general and administrative staff had been 4%, 8% and 12% higher or lower during the Track Record Period, assuming all other variables being held constant:

	Year ended 31 December	
	2022	2023
	S\$'000	S\$'000
(Decrease)/increase in profit before income tax		
Increase/decrease by 4%	(303)/303	(352)/352
Increase/decrease by 8%	(606)/606	(705)/705
Increase/decrease by 12%	(910)/910	(1,057)/1,057

If we cannot identify alternative sources of quality materials and/or talents when needed, the resulting loss of production volume may materially and adversely affect our ability to deliver products to our customers in a timely manner, or at all, and therefore our business, financial condition, results of operations and prospects could be materially and adversely affected.

Management of Production Capacity

Our growth also depends, to a large extent, on our ability to manage and expand our production capacity as well as to improve our manufacturing efficiency.

Our Directors consider that efficient management of production facilities and skilled workforce is essential to enhancing our production capacity. During the Track Record Period, in order to meet the growing demand for our services, we had continually acquired new machinery and equipment to enhance our production capacity and efficiency. The continual acquisition of new machinery and equipment, however, would lead to an increase in depreciation expenses, which in turn would negatively impact our results of operations. Besides, we have also exerted constant efforts in retaining our existing workforce and attracting additional skilled technicians and machinists, which enable us to provide precision engineering services to our customers, thereby improving our service capacity and competitiveness.

Furthermore, leveraging our dedicated quality control team, we are able to ensure our components and parts are of exact and precise measurements as specified by our customers, and hence to enhance our customer satisfaction and competitiveness.

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Nevertheless, if we cannot identify and employ technicians and machinists with the required skills, the deployment of our production facilities may not be optimised, and we may not be able to expand or maintain our production utilisation, and accordingly, our financial performance and results of operations could be materially and adversely affected.

Seasonality

During the Track Record Period, we did not experience material seasonality. However, as far as we are aware, there is stronger demand for products in the end-use industries (such as electronic products) during festive seasons such as Thanksgiving Day and Christmas, which also drives the procurement of parts and components for manufacturing equipment of semiconductor during the second half of the year.

MATERIAL ACCOUNTING POLICY INFORMATION, ESTIMATES, ASSUMPTIONS AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires our management to make subjective and complex judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and consequently, the resulting accounting estimates may not necessarily match with the corresponding actual results. When reviewing our consolidated financial statements, you should consider (i) our material accounting policy information, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of our reported results to changes in conditions and assumptions, where applicable. Our material accounting policy information, estimates, assumptions and judgments, which are important for an understanding of our financial condition and results of operations, are described in further details in Note 2 and Note 3 of Appendix I to this prospectus. We set forth below those accounting policies which we believe are of the most significant importance to us or involve the most significant estimates and judgments in the preparation of our consolidated financial statements:

Revenue Recognition

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

We recognise our revenue when our Group satisfies a performance obligation by transferring our goods and services to the customer, which is when the customer obtains control of the goods and services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Our Group supplies parts and components of precision engineering equipment through our provision of precision machining and precision welding services.

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Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (“PO”) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services.

Revenue is recognised at a point in time upon satisfaction of the PO, which generally coincides with the delivery of goods and when services are rendered. Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No significant element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group concluded obligation to repair or replace faulty products under the standard warranty terms is remote and no provision has been recognised.

Inventories

We measure our inventories at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Allowance is made for obsolete, slow moving and defective inventories.

Property, plant and equipment

We record our property, plant and equipment initially at cost. Subsequent to recognition, we measure our property, plant and equipment at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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Depreciation of property, plant and equipment is calculated on the straight-line method so as to write off the cost of the assets over their estimated useful lives as follows:

Category	Useful life
● Freehold building	50 years
● Plant and machinery	3 to 15 years
● Renovation	5 to 10 years
● Office equipment	10 years
● Furniture and fittings	10 years
● Computers	3 years
● Motor vehicles	10 years

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to our property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

The carrying amounts of our property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Share-based payments

Our share-based payments during the Track Record Period arose from shares and anti-dilution rights granted to certain management and shareholders of our Group. The fair value of shares granted is recognised in profit or loss as share-based payment expense and is derived using the market approach or asset based approach in relation to the relevant share-based payment transactions. These valuation approaches are subject to a number of assumptions and with regard to the limitations of the models.

In the market approach, the fair value of the share-based payment transactions is based on the multiplication of the normalised earnings before interest, tax, depreciation and amortisation by an appropriate market multiple, which is derived from an analysis of the trading multiples of certain comparable companies. The market approach result is then adjusted for a discount for lack of marketability to arrive at the fair value.

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In the asset-based valuation approach, the fair value of the equity interest granted is based on the net asset value of the entities now comprising our Group at the grant date. Under this method, all operating assets and liabilities (including off-balance sheet, intangible and contingent) are adjusted to reflect the application standard or type of value. After all of the operating assets and liabilities of a business are defined and valued, the difference between the value of the total assets and total liabilities provides an estimate of the value for the equity of the business.

Details of our Group's share-based payments recognised during the Track Record Period are disclosed in Note 31 of Appendix I to this prospectus.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth our selected consolidated statements of comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Years ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Continuing operations		
Revenue	39,116	38,769
Cost of sales	<u>(23,060)</u>	<u>(24,354)</u>
Gross profit	16,056	14,415
Other income	1,130	2,731
Other gains/(losses), net	177	(426)
Administrative expenses	<u>(10,489)</u>	<u>(11,666)</u>
Operating profit	6,874	5,054
Finance costs	(1,579)	(1,343)
Share of loss from an associate	<u>—</u>	<u>(366)</u>
Profit before tax	5,295	3,345
Income tax expense	<u>(1,495)</u>	<u>(1,061)</u>
Profit from continuing operations	3,800	2,284
Discontinued operation		
(Loss)/profit from discontinued operations	<u>(1,095)</u>	<u>2,143</u>
Profit for the year	<u><u>2,705</u></u>	<u><u>4,427</u></u>

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Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the IFRS, we also use adjusted profit from continuing operations (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, the IFRS. We define adjusted profit from continuing operations (non-IFRS measure) as profit from continuing operations for the financial year adjusted by adding back (i) share-based payments which arose from grant of shares and exercise of anti-dilution rights granted to certain employees and shareholders of our Group, which are non-cash in nature; and (ii) Listing expenses in relation to the Share Offer. We have made such adjustments consistently during the Track Record Period.

We believe that our presentation of the adjusted profit from continuing operations (non-IFRS measure) when shown in conjunction with the corresponding IFRS measure provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating the impacts of the share-based payments and Listing expenses. However, our presentation of the adjusted profit from continuing operations (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of the adjusted profit from continuing operations (non-IFRS measure) has limitations as any other analytical tool, and should not be considered in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under the IFRS.

The following table reconciles our adjusted profit from continuing operations (non-IFRS measure) with our profit from continuing operations for the financial year and also sets out our adjusted profit margin (non-IFRS measure) for the periods indicated:

	For the year ended	
	31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Profit from continuing operations	<u>3,800</u>	<u>2,284</u>
Add:		
Share-based payments ⁽¹⁾	815	3,151
Listing expenses in relation to the Share Offer	<u>1,930</u>	<u>1,896</u>
Adjusted profit from continuing operations⁽²⁾ (non-IFRS measure)	<u>6,545</u>	<u>7,331</u>
Adjusted profit margin⁽³⁾ (non-IFRS measure)	<u>16.7%</u>	<u>18.9%</u>

Notes:

- (1) Share-based payments arose from grant of shares and exercise of anti-dilution rights granted to certain employees and shareholders of our Group which were non-cash in nature.

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- (2) Adjusted profit from continuing operations (non-IFRS measure) refers to profit from continuing operations for the period by adding back (i) share-based payments which are non-cash in nature; and (ii) Listing expenses in relation to the Share Offer.
- (3) Adjusted profit margin (non-IFRS measure) equals adjusted profit from continuing operations (non-IFRS measure) as a percentage of revenue.

Revenue

Revenue by service type

During the Track Record Period, we derived revenue primarily from the following two service types:

- (i) Precision machining services which involve machining processes for removing materials from a workpiece with high accuracy to create parts and components with tight tolerance, and accounted for approximately 58.6% and 40.1% of our total revenue for the years ended 31 December 2022 and 2023, respectively; and
- (ii) Precision welding services which involve the application of weldment equipment and specialised welding technique on a workpiece in a very precise and controlled fashion, and accounted for approximately 41.4% and 59.9% of our total revenue for the years ended 31 December 2022 and 2023, respectively.

The following table sets forth the breakdown of our total revenue by service type for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Precision machining	22,913	58.6	15,545	40.1
Precision welding	<u>16,203</u>	<u>41.4</u>	<u>23,224</u>	<u>59.9</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>

Revenue by customer sector

During the Track Record Period, we served customers in various sectors, primarily including the semiconductor, aerospace and data storage industries.

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The following table sets forth the breakdown of our total revenue by customer sector for the periods indicated:

	Year ended 31 December			
	2022		2023	
	S\$'000	%	S\$'000	%
Semiconductor	35,729	91.3	34,077	87.9
Aerospace	101	0.3	1,646	4.3
Data storage	2,423	6.2	2,411	6.2
Others ⁽¹⁾	<u>863</u>	<u>2.2</u>	<u>635</u>	<u>1.6</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>

Note:

(1) Others mainly refer to solar industry and oil and gas industry.

Revenue by customer geographical location

During the Track Record Period, we generated revenue primarily from customers located in Singapore, Malaysia and the U.S. The following table sets forth the breakdown of our total revenue by customer geographical location for the periods indicated:

	Year ended 31 December			
	2022		2023	
	S\$'000	%	S\$'000	%
Singapore	20,741	53.0	14,807	38.2
Malaysia	12,627	32.3	16,072	41.5
U.S.	3,507	9.0	5,267	13.6
Others ⁽¹⁾	<u>2,241</u>	<u>5.7</u>	<u>2,623</u>	<u>6.7</u>
Total	<u><u>39,116</u></u>	<u><u>100.0</u></u>	<u><u>38,769</u></u>	<u><u>100.0</u></u>

Note:

(1) Others mainly refer to Switzerland.

Cost of Sales

Cost of sales represents costs directly attributable to the provision of our services. During the Track Record Period, our cost of sales comprised (i) direct material cost; (ii) direct labour cost for our production staff, and (iii) manufacturing overheads, which mainly include depreciation of property, plant and equipment as well as right-of-use assets and

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utilities consumed for our production purposes. For the years ended 31 December 2022 and 2023, our cost of sales was approximately S\$23.1 million and S\$24.4 million, respectively. The following table sets forth the breakdown of our cost of sales for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Direct material cost	14,886	64.6	15,016	61.6
Direct labour cost	4,367	18.9	5,349	22.0
Manufacturing overheads	<u>3,807</u>	<u>16.5</u>	<u>3,989</u>	<u>16.4</u>
Total	<u><u>23,060</u></u>	<u><u>100.0</u></u>	<u><u>24,354</u></u>	<u><u>100.0</u></u>

The following table sets forth the breakdown of our cost of sales by service type for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Precision machining	13,026	56.5	10,658	43.8
Precision welding	<u>10,034</u>	<u>43.5</u>	<u>13,696</u>	<u>56.2</u>
Total	<u><u>23,060</u></u>	<u><u>100.0</u></u>	<u><u>24,354</u></u>	<u><u>100.0</u></u>

Gross Profit and Gross Profit Margin

Our gross profit was approximately S\$16.1 million and S\$14.4 million for the years ended 31 December 2022 and 2023, respectively. Our overall gross profit margin was approximately 41.0% and 37.2% for the years ended 31 December 2022 and 2023, respectively.

The following table sets forth the breakdown of our gross profit and gross profit margin by service type for the periods indicated:

	Year ended 31 December			
	2022		2023	
	Gross profit <i>S\$'000</i>	Gross profit margin %	Gross profit <i>S\$'000</i>	Gross profit margin %
Precision machining	9,887	43.2	4,887	31.4
Precision welding	<u>6,169</u>	<u>38.1</u>	<u>9,528</u>	<u>41.0</u>
Total/Overall	<u><u>16,056</u></u>	<u><u>41.0</u></u>	<u><u>14,415</u></u>	<u><u>37.2</u></u>

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Other Income

During the Track Record Period, our other income primarily included (i) rental income generated from (a) the Enterprise Road Property, being our investment property in Singapore, and (b) part of our Tuas Property which was sublet to independent third parties; (ii) service income generated from our provision of services, such as tubular thread inspection, tubular body inspection, tubular inventory management and storage and other logistic services related to tubular management, to an independent third party, which is principally engaged in trading of steel tubulars and provision of related services; (iii) sales income related to our sale of scrap materials generated from production; (iv) government grants received from authorities in Singapore mainly related to job support schemes such as Wage Credit Scheme and Special Employment Credit; and (v) others, such as insurance claim.

We provided tubular and logistics related service to an independent third party as certain portion of our Tuas Property was leased to a wholly owned subsidiary of this independent third party which is mainly engaged in the business of manufacturing pipes and tubes.

Our other income amounted to approximately S\$1.1 million and S\$2.7 million for the years ended 31 December 2022 and 2023, respectively. The following table sets forth the breakdown of our other income for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Rental income	285	25.2	1,299	47.5
Service income	318	28.2	1,190	43.6
Scrap material sales income	374	33.1	134	4.9
Government grants	86	7.6	87	3.2
Others ⁽¹⁾	<u>67</u>	<u>5.9</u>	<u>21</u>	<u>0.8</u>
	<u><u>1,130</u></u>	<u><u>100.0</u></u>	<u><u>2,731</u></u>	<u><u>100.0</u></u>

Note:

(1) Others mainly refer to insurance claim.

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Other gains/(losses), net

During the Track Record Period, our other net gains or losses primarily included (i) gain on disposal of plant and equipment; (ii) gain on dilution of shareholding in Metaoptics Technologies after it became our associate; (iii) unrealised gains from the change in fair value of our key man insurance recognised in profit or loss; and adjusted by (iv) net currency exchange gains or losses attributable to net transactional currency exposures arising from our sales which are denominated in foreign currencies mainly in USD, which fluctuated against SGD during the Track Record Period.

Our other net gains or (losses) amounted to approximately S\$0.2 million and S\$(0.4) million for the years ended 31 December 2022 and 2023, respectively. The following table sets forth the breakdown of our other net gains or losses for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Unrealised gains	14	7.9	—	—
Net currency exchange gains/(losses)	108	61.0	(489)	114.8
Gain on disposal of plant and equipment	55	31.1	40	(9.4)
Gain on dilution of shareholding in an associate	—	—	23	(5.4)
	<u>177</u>	<u>100.0</u>	<u>(426)</u>	<u>100.0</u>

Administrative Expenses

During the Track Record Period, our administrative expenses included (i) wages and salaries (including bonuses, contributions to defined retirement benefits schemes and other staff welfare) for our general and administrative staff; (ii) depreciation expenses of property, plant and equipment, right-of-use assets and investment property; (iii) amortisation expenses of intangible assets; (iv) share-based payments; (v) Listing expenses; (vi) professional fees; (vii) repair and maintenance costs; (viii) business development expenses; (ix) property tax; (x) utilities; and (xi) others.

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Our administrative expenses amounted to approximately S\$10.5 million and S\$11.7 million for the years ended 31 December 2022 and 2023, respectively. The following table sets forth the breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Wages and salaries	3,213	30.6	3,462	29.7
Depreciation expenses	917	8.8	1,018	8.7
Amortisation expenses	935	8.9	288	2.5
Business development expenses	444	4.2	289	2.5
Share-based payments	815	7.8	3,151	27.0
Listing expenses	1,930	18.4	1,896	16.3
Professional fees	312	3.0	235	2.0
Repair and maintenance costs	498	4.7	186	1.6
Property tax	209	2.0	249	2.1
Utilities	444	4.2	345	2.9
Others	<u>772</u>	<u>7.4</u>	<u>547</u>	<u>4.7</u>
	<u>10,489</u>	<u>100.0</u>	<u>11,666</u>	<u>100.0</u>

Our share-based payments during the Track Record Period arose from grant of shares and exercise of anti-dilution rights granted to employees and shareholders of our Group. Expenses incurred with respect to the share-based payments had increased our administrative expenses during the Track Record Period, especially for the year ended 31 December 2023.

Details of the share-based payments (included both from continuing operations and discontinued operations) are set out below.

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For the year ended 31 December 2022

Employee/Shareholder	Share Issuance Date	Events	Share-based payment S\$'000
1. Mr. Thng (employee and shareholder of our Group)	11 March 2022	Following Metaoptics Technologies' issue and allotment of 31,865 ordinary shares to Origgin, pursuant to the Metaoptics Anti-Dilution Undertaking, Metasurface Technologies transferred 6,373 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.	79
2. Mr. Thng (employee and shareholder of our Group)	11 March 2022	Following Metaoptics Technologies' issue and allotment of 31,865 ordinary shares to Origgin, pursuant to the Metaoptics Anti-Dilution Undertaking, Metasurface Technologies transferred 6,373 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.	196
3. Mr. Thng (employee and shareholder of our Group)	12 April 2022	Following Metaoptics Technologies' issue and allotment of 16,093 ordinary shares to Autec, pursuant to the Metaoptics Anti-Dilution Undertaking, Mr. A Chua, who acted in accordance of the instructions of Dato' Sri Chua, transferred 3,219 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.	40
4. Mr. Thng (employee and shareholder of our Group)	25 August 2022	Following Metaoptics Technologies' issue and allotment of 35,574 ordinary shares to MMI, pursuant to the Metaoptics Anti-Dilution Undertaking, Metasurface Technologies transferred 7,896 ordinary shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.	98

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Employee/Shareholder	Share Issuance Date	Events	Share-based payment S\$'000
5. Mr. Thng (employee and shareholder of our Group)	27 September 2022	Pursuant to the Anti-dilution Undertaking, Dato' Sri Chua and Mrs. Chua transferred 13,990 ordinary shares and 13,990 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1.	413
6. Mr. Thng (employee and shareholder of our Group)	14 October 2022	In conjunction with the 2nd Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 13,623 ordinary shares and 13,623 ordinary shares in Metasurface Technologies, respectively, to Mr. Thng at a nominal consideration of S\$1 pursuant to the Anti-dilution Undertaking.	402
			1,228

For the year ended 31 December 2023

Employee/Shareholder	Share Issuance Date	Events	Share-based payment S\$'000
1. Dr. Kuznetsov (employee of Metaoptics Technologies)	2 January 2023	Metasurface Technologies transferred 7,549 ordinary shares of Metaoptics Technologies to Dr. Kuznetsov at no consideration as part of his remuneration package for his services to Metaoptics Technologies.	106
2. MMI (shareholder of our Group)	30 January 2023	Pursuant to the 3rd Pre-IPO Investment, MMI subscribed for, and Metasurface Technologies allotted and issued to MMI, 139,913 ordinary shares in Metasurface Technologies at a consideration of S\$1,000,000.	797

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Employee/Shareholder	Share Issuance Date	Events	Share-based payment S\$'000
3. Mr. Thng (employee and shareholder of our Group)	30 January 2023	In conjunction with the 3rd Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 7,364 ordinary shares and 7,364 ordinary shares (in total 14,728 ordinary shares) in Metasurface Technologies, respectively to Mr. Thng, at a nominal consideration of S\$1 pursuant to the Anti-Dilution Undertaking.	217
4. Accelerate (shareholder of our Group)	30 January 2023	Pursuant to Accelerate's anti-dilution right under the amended and restated shareholders' agreement dated 30 January 2023 entered into between, among others, Metasurface Technologies, Accelerate and MMI, Accelerate subscribed for, and Metasurface Technologies allotted and issued to Accelerate, 7,364 ordinary shares in Metasurface Technologies at a nominal consideration of S\$1.	78
5. Mr. Thng (employee and shareholder of our Group)	16 May 2023	Pursuant to a share purchase agreement dated 16 May 2023 entered into between Mr. Thng and Metasurface Technologies, Metasurface Technologies transferred 125,767 ordinary shares in Metaoptics Technologies held by it to Mr. Thng at a consideration of S\$180,000.	2,059
			3,257

The anti-dilution rights granted to certain of our employees and shareholders of our Group have been terminated on 26 April 2023. For more information on our share-based payments and the anti-dilution rights granted, see “History and Development — Corporate Development — Our subsidiaries — Anti-dilution Undertaking” and Note 31 of Appendix I to this prospectus.

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Finance Costs

During the Track Record Period, our finance costs included (i) interest expense on our borrowings; (ii) interest expense on lease liabilities in relation to (a) our Tuas Property we leased from an independent third party, which is used as our production facilities in Singapore and (b) certain machineries and motor vehicles acquired by us on hire purchase arrangements; (iii) interest expense on provision for reinstatement cost in connection with our Tuas Property leased by us; (iv) interest expense and unwinding of discount on deposits received from the tenant of our Tuas Property which will be released to the tenant at the end of the lease period; and (v) interest expense on non-Listing put option in relation to the 3rd Pre-IPO Investment. Our finance costs were approximately S\$1.6 million and S\$1.3 million for the years ended 31 December 2022 and 2023, respectively.

The following table sets forth the breakdown of our net finance costs for the periods indicated:

	Year ended 31 December			
	2022		2023	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%
Interest expense on borrowings	511	32.4	207	15.4
Interest expense on lease liabilities	1,097	69.5	1,080	80.4
Interest expense on provision for reinstatement cost	9	0.6	9	0.7
Interest expense on deposits received	—	—	18	1.3
Unwinding of discount on deposits received	(38)	(2.5)	—	—
Interest expense on non-Listing put option	—	—	29	2.2
	<u>1,579</u>	<u>100.0</u>	<u>1,343</u>	<u>100.0</u>

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Income tax expense

Our income tax expense consists of current and deferred income tax. The following table sets forth the breakdown of our income tax expense for the periods indicated:

	Year ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Income tax		
— Current year	910	1,412
— Over-provision in prior year	—	(32)
	910	1,380
Deferred tax		
— Current year	585	(134)
— Over-provision in prior year	—	(185)
	585	(319)
Total income tax expense	1,495	1,061

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act and accordingly, is exempted from the Cayman Islands income tax.

Singapore and Malaysia income tax has been provided at the rate of 17% and 24% on the estimated assessable profit during the Track Record Period.

Since the year of assessment for 2020 onwards, a 75% tax exemption is applied on the first S\$10,000 of normal chargeable income and a further 50% tax exemption is applied on the next S\$190,000 of normal chargeable income in Singapore.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

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PERIOD TO PERIOD COMPARISON

Year ended 31 December 2022 compared with year ended 31 December 2023

Revenue

Our revenue slightly decreased by approximately S\$0.3 million or 0.9% from approximately S\$39.1 million for the year ended 31 December 2022 to approximately S\$38.8 million for the year ended 31 December 2023. The decrease was mainly attributable to the decrease in sales from precision machining services by approximately S\$7.4 million, offset by the increase in sales from precision welding services by approximately S\$7.0 million over such period.

Revenue by service type

Revenue from precision machining services decreased by approximately S\$7.4 million or 32.2% from approximately S\$22.9 million for the year ended 31 December 2022 to approximately S\$15.5 million for the year ended 31 December 2023. The decrease was mainly attributable to the decrease in sales of precision machining services to Customer A and a customer based in Malaysia, which is a part of a group listed on the Toronto Stock Exchange and the New York Stock Exchange and headquartered in Canada and is principally engaged in the provision of supply chain solutions to customers in advance technology solutions and connectivity and cloud solutions industries, during the year for the provision of precision machining services by approximately S\$4.6 million and S\$0.9 million, respectively, which were primarily due to the decrease in purchase orders for certain parts and components from these customers. Such decrease in purchase orders from customers of our precision machining services was mainly due to postponed delivery of certain precision machining parts and components, in particular during the second half of 2023 as requested by our customers, most of which were then expected to be delivered in the second and third quarters of 2024. To the best knowledge of the Company, the postponed delivery requests in the precision machining parts and components by our customers was primarily due to their de-stocking of the then existing inventories on hand. According to the CIC Report, the COVID-19 pandemic has disrupted global supply chains, leading to global chip shortage. The lingering effect of the global chip shortage and the surge in demand for electronic products have consequently led to increase in demand in the semiconductor industry in 2022. In 2022, with the eventual uplift of COVID-19 preventive and lock-down measures by governments in different countries, in order to secure the production capacity of their suppliers in the post COVID-19 period to cope with the expected growing demand for chips, semiconductor companies increased its capital expenditure and investment in semiconductor manufacturing equipment. Therefore, the surge in production and demand resulted in accumulation of inventories during 2022. This then caused semiconductor companies and semiconductor equipment manufacturing companies to slow down their purchases and undertake periodic de-stocking measures in 2023, leading to decrease in demand of our precision machining parts and components during the year ended 31 December 2023.

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Revenue from precision welding services increased by approximately S\$7.0 million or 43.3% from approximately S\$16.2 million for the year ended 31 December 2022 to approximately S\$23.2 million for the year ended 31 December 2023. The increase was primarily attributable to the increase in purchase orders from Customer C and Customer B during the year for the provision of precision welding services by approximately S\$4.6 million and S\$1.4 million, respectively, which were primarily due to the increase in purchase orders for certain parts and components from these customers. During the Track Record Period, we received both repeated orders and new orders from our existing customers for our precision welding services. Our customers continue to place recurring orders after we successfully passed the initial quality inspection and become an approved supplier for such products, demonstrating their satisfaction to the quality of our products. Our customers also requested for precision welding services for new parts and components from time to time. Notwithstanding the periodic de-stocking phenomenon experienced by the semiconductor manufacturing equipment industry in 2023 which impacted certain precision engineering processes such as precision machining, the demand for precision welding services remained relatively resilient in 2023 as the precision welding process will still be required for the ordered precision machined parts and components once such components reach the stage for further processing, such as precision welding, sub-assemblies, assemblies or system integration within the production chain.

Revenue by customer sector

Revenue from customers in the semiconductor industry slightly decreased by approximately S\$1.6 million or 4.6% from approximately S\$35.7 million for the year ended 31 December 2022 to approximately S\$34.1 million for the year ended 31 December 2023. The decrease in proportion of our revenue contribution from customers in the semiconductor industry was mainly attributable to our efforts to diversify our customer sectors, for instance in the aerospace industry. Revenue from customers in the aerospace industry increased by approximately S\$1.5 million from approximately S\$0.1 million for the year ended 31 December 2022 to approximately S\$1.6 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in purchase orders from Customer B for aerospace related parts and components for the year ended 31 December 2023. Customer B recorded an increase in its sales in relation to aerospace and defence by approximately 4% from 2022 to 2023, by leveraging its market position in both defence and commercial aerospace sectors to capture the increase in the global market size of the aerospace and defence market in 2023, partly driven by increased air travel and aviation activities.

Revenue from customers in the data storage industry remained stable at approximately S\$2.4 million and S\$2.4 million for the years ended 31 December 2022 and 2023, respectively.

Revenue by customer geographical location

Revenue from customers located in Singapore decreased by approximately S\$5.9 million from approximately S\$20.7 million for the year ended 31 December 2022 to approximately S\$14.8 million for the year ended 31 December 2023. Revenue from

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customers located in Malaysia increased by approximately S\$3.5 million from approximately S\$12.6 million for the year ended 31 December 2022 to approximately S\$16.1 million for the year ended 31 December 2023. Revenue from customers located in the U.S. increased by approximately S\$1.8 million from approximately S\$3.5 million for the year ended 31 December 2022 to approximately S\$5.3 million for the year ended 31 December 2023. The increase in proportion of revenue contribution from customer located in Malaysia and the U.S. was mainly attributable to (i) increase in sales to Customer C for certain parts and components in Malaysia, and (ii) increase in sales to Customer B and Intevac Asia Pte. Ltd. for certain parts and components in relation to the aerospace and data storage sector in the U.S..

Cost of sales

Our cost of sales increased by approximately S\$1.3 million or 5.6% from approximately S\$23.1 million for the year ended 31 December 2022 to approximately S\$24.4 million for the year ended 31 December 2023, which was attributable to the (i) increase in direct labour cost by approximately S\$1.0 million as a result of the increase in procurement of third party labour services to fulfil the increased sales in respect to precision welding services; and (ii) increase in direct material costs by approximately S\$0.1 million due to increase in sales from our precision welding services, which generally required more inputs of standard parts such as valve and fittings in the production process.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by approximately S\$1.7 million or 10.2% from approximately S\$16.1 million for the year ended 31 December 2022 to approximately S\$14.4 million for the year ended 31 December 2023. Our overall gross profit margin decreased from approximately 41.0% for the year ended 31 December 2022 to approximately 37.2% for the year ended 31 December 2023, which was mainly attributable to the decrease in the gross profit margin for our precision machining services from approximately 43.2% for the year ended 31 December 2022 to approximately 31.4% for the year ended 31 December 2023. The decrease in the gross profit margin for our precision machining services was mainly attributable to that our cost of sales for precision machining services comprised relatively large portion of overhead costs such as labour costs as well as depreciation of property, plant and equipment and right-of-use assets which were relatively static regardless of sales performance, therefore our cost of sales for precision machining only decreased by approximately 18.2% while our revenue for precision machining decreased by approximately 32.2%, which was primarily due to the normalisation of our customers' purchase orders during the year after their surge in production and demand for our products in 2022 when there was eventual uplift of COVID-19 preventive and lock down measures by governments in different countries, thus leading to the decrease in the gross profit margin for our precision machining services during the year ended 31 December 2023. Our cost of sales for precision machining services comprised relatively larger portion of fixed overhead costs than our precision welding services as our precision machining services involved more use of advanced machineries and equipment such as CNC turning and milling machines which are of higher value than the welding tools used for our precision welding services, and therefore incurred larger depreciation expenses.

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The gross profit margin for our precision welding services increased from approximately 38.1% for the year ended 31 December 2022 to approximately 41.0% for the year ended 31 December 2023, which was mainly attributable to the bulk purchase discount we received from our suppliers as a results of the increase in our sales of precision welding services during the year.

Other income

Other income increased by approximately S\$1.6 million or 141.7% from approximately S\$1.1 million for the year ended 31 December 2022 to approximately S\$2.7 million for the year ended 31 December 2023. The increase was mainly attributable to (i) the increase in rental income by approximately S\$1.0 million, primarily due to the recognition of full year rental income during the year ended 31 December 2023 from part of the Tuas Property which we sublet to an independent third party since November 2022; and (ii) increase in service income by approximately S\$0.9 million due to the recognition of full year service income generated from our provision of services, such as tubular thread inspection, tubular body inspection, tubular inventory management and storage and other logistic services related to tubular management, to an independent third party, which is principally engaged in trading of steel tubulars and provision of related services for the year ended 31 December 2023, partially offset by the decrease in scrap material sales income generated by approximately S\$0.2 million.

Other gains/(losses), net

Other net gains or losses decreased by approximately S\$0.6 million from a net gain of approximately S\$0.2 million for the year ended 31 December 2022 to a net loss of approximately S\$0.4 million for the year ended 31 December 2023, mainly attributable to the recognition of net currency losses of approximately S\$0.5 million for the year ended 31 December 2023 when compared to a net currency gain of approximately S\$0.1 million for the year ended 31 December 2022 due to the fluctuations of USD against SGD during the respective year.

Administrative expenses

Administrative expenses increased by approximately S\$1.2 million or 11.2% from approximately S\$10.5 million for the year ended 31 December 2022 to approximately S\$11.7 million for the year ended 31 December 2023. The increase was mainly attributable to (i) increase in share-based payments for the employees and shareholders of approximately S\$2.3 million, which was partially offset by (ii) decrease in amortisation expenses of approximately S\$0.6 million, mainly attributable to the derecognised intangible assets as a results of disposal of interests in Metaoptics Technologies and (iii) decrease in repair and maintenance costs by approximately S\$0.3 million. For further details of the share-based payments, see Note 31 of Appendix I to this prospectus.

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Finance costs

Finance costs decreased by approximately S\$0.3 million or 14.9% from approximately S\$1.6 million for the year ended 31 December 2022 to approximately S\$1.3 million for the year ended 31 December 2023. The decrease was mainly attributable to the repayment of our borrowings, resulting in decrease in our borrowings from approximately S\$5.5 million as at 31 December 2022 to approximately S\$4.2 million as at 31 December 2023. The decrease in our borrowings led to the decrease in interest expense on borrowings by approximately S\$0.3 million for the year ended 31 December 2023.

Income tax expense

Income tax expense decreased by approximately S\$0.4 million or 29.0% from approximately S\$1.5 million for the year ended 31 December 2022 to approximately S\$1.1 million for the year ended 31 December 2023. The decrease was mainly due to the over-provision of current and deferred tax expenses in prior year.

Our effective tax rate was approximately 28.2% and 31.7% for the years ended 31 December 2022 and 2023, respectively.

(Loss)/profit from discontinued operation

Our profit or loss from discontinued operation represents the operating results of Metaoptics Technologies before the disposal on 16 May 2023. Our profit or loss from discontinued operation increased from a loss of approximately S\$1.1 million for the year ended 31 December 2022 to a profit of approximately S\$2.1 million for the year ended 31 December 2023. The increase was primarily due to (i) the recognition of gains on disposal of Metaoptics Technologies for the year ended 31 December 2023 of approximately S\$2.5 million which comprises a gain on disposal of controlling interest of approximately S\$1.6 million and a gain on retained investment of approximately S\$1.0 million.

We recognised gains on disposal of Metaoptics Technologies as the fair value of the interests in Metaoptics Technologies we disposed of and retained as investment in an associate was greater than the corresponding carrying value of the net assets of Metaoptics Technologies as at the date of disposal. The valuation of Metaoptics Technologies at the date of disposal was undertaken by an independent qualified professional valuer.

Profit for the year

As a result of the foregoing, we recorded profits of approximately S\$2.7 million and approximately S\$4.4 million for the years ended 31 December 2022 and 2023, respectively.

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DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION LINE ITEMS

The following table sets forth our consolidated statements of financial position as at the dates indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
ASSETS		
Non-current assets		
Property, plant, and equipment	7,235	5,710
Prepayments	—	203
Right-of-use assets	27,044	26,249
Investment property	616	575
Goodwill	4,429	4,429
Intangible assets	6,697	2,281
Other assets	359	359
Other receivables — Amount due from an associate	—	2,880
Investment in an associate	—	1,015
Deferred tax assets	325	644
	<u>46,705</u>	<u>44,345</u>
Total non-current assets		
Current assets		
Inventories	7,873	6,641
Trade and other receivables	9,345	7,742
Prepayments	1,091	1,907
Cash and bank balances	4,392	9,225
	<u>22,701</u>	<u>25,515</u>
Total current assets		
	<u>69,406</u>	<u>69,860</u>
Total assets		
EQUITY AND LIABILITIES		
Equity		
Share capital	—*	1
Accumulated losses	(10,724)	(6,117)
Currency translation reserve	(145)	(154)
Capital reserve	32,165	33,267
	<u>21,296</u>	<u>26,997</u>
Total equity attributable to owners of the Company		
Non-controlling interests	1,013	—
	<u>22,309</u>	<u>26,997</u>

* *Less than S\$1,000*

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	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
LIABILITIES		
Current liabilities		
Borrowings	5,542	4,018
Lease liabilities	2,682	2,652
Trade and other payables	9,089	7,564
Contract liabilities	297	—
Income tax payable	993	1,381
	<u>18,603</u>	<u>15,615</u>
Total current liabilities		
Non-current liabilities		
Borrowings	—	219
Lease liabilities	27,719	26,214
Trade and other payables	458	489
Provisions	260	269
Deferred tax liabilities	57	57
	<u>28,494</u>	<u>27,248</u>
Total non-current liabilities		
	<u>47,097</u>	<u>42,863</u>
Total liabilities		
	<u>69,406</u>	<u>69,860</u>
Total equity and liabilities		
	<u>4,098</u>	<u>9,900</u>
Net current assets		

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly consisted of (i) plant and machineries; (ii) freehold building and freehold land; (iii) renovation for factory and office; (iv) furniture and fittings; (v) motor vehicles; (vi) office equipment software; and (vii) computers. As at 31 December 2022 and 2023, our property, plant and equipment were approximately S\$7.2 million and S\$5.7 million, respectively. The decrease in our property, plant and equipment by approximately S\$1.5 million was mainly due to depreciation expenses of approximately S\$1.3 million.

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Depreciation on our property, plant and equipment was charged to profit or loss during the years ended 31 December 2022 and 2023 as set out as below:

	Year ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Cost of sales	909	1,032
Administrative expenses	<u>235</u>	<u>259</u>
Total	<u><u>1,144</u></u>	<u><u>1,291</u></u>

The property, plant and equipment with the carrying value of approximately S\$1.2 million and S\$1.2 million as at 31 December 2022 and 2023, respectively, were pledged for a term loan as disclosed in “— Indebtedness — Borrowings” and Note 25(a) of Appendix I to this prospectus.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were in relation to lease arrangements for (i) the leasehold property in relation to the Tuas Property for a lease term of approximately 23.5 years; and (ii) machineries and motor vehicles under hire purchase arrangement. The lease payments of these right-of-use assets are payable on monthly basis. The balances of our right-of-use assets remained relatively stable at approximately S\$27.0 million and S\$26.2 million as at 31 December 2022 and 2023, respectively.

During the years ended 31 December 2022 and 2023, depreciation expenses on our right-of-use assets amounted to approximately S\$1.9 million and S\$2.1 million, respectively.

Investment Property

Our investment property represents the carrying amount of the Enterprise Road Property which has been leased to an independent third party. Our investment property amounted to approximately S\$0.6 million and S\$0.6 million as at 31 December 2022 and 2023, respectively.

Amounts recognised in our profit and loss for the investment property during the Track Record Period are set out as below:

	Year ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Rental income from operating leases	83	99
Direct expenses from property that generated rental income	<u>57</u>	<u>57</u>

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Our investment property is stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over an estimated useful life of 28 years. During the years ended 31 December 2022 and 2023, depreciation expenses on our investment property amounted to approximately S\$41,000 and S\$41,000, respectively.

The investment property with the carrying value of approximately S\$0.6 million and S\$0.6 million as at 31 December 2022 and 2023, respectively, was pledged to a term loan as disclosed in “— Indebtedness — Borrowings” and Note 25(a) of Appendix I to this prospectus.

The fair value of the investment property was approximately S\$0.9 million and S\$0.9 million as at 31 December 2022 and 2023, respectively, based on a valuation conducted by an independent property valuer.

Goodwill

As at 31 December 2022 and 2023, the carrying amount of our goodwill was approximately S\$4.4 million and S\$4.4 million, respectively.

Impairment tests for goodwill

Our goodwill arises from the acquisition of SPW, a subsidiary of our Group under the precision welding segment, and being a cash-generating unit (the “CGU”) of our Group.

Our Group assesses whether our goodwill has suffered any impairment on an annual basis. For the years ended 31 December 2022 and 2023, the recoverable amount was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates. The pre-tax discount rate reflects specific risks relating to the relevant segment and the countries in which it operates.

The following table sets out the key assumptions for the value-in-use calculation:

	2022	2023
Revenue growth rate	6%–34.6% ¹	1%–5.1% ²
Pre-tax discount rate ³	16.9%	16.9%
Terminal growth rate ⁴	1.8%	1.8%

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Notes:

1. For goodwill assessment as at 31 December 2022, the revenue growth rate of 2023 was relatively high at 34.6%, as we have taken into account certain purchase orders from our major customers which were expected to be delivered in 2023 while the growth rate for 2024 to 2027 were expected to be relatively stable.
2. In respect of the goodwill assessment as at 31 December 2023, we took a prudent approach to revise the five-year budget plan to reflect a lower growth rate as our customers were undergoing a periodic de-stocking process in 2023 and requested us to postpone delivery of certain parts and components.
3. We have assessed the discount rate based on the Capital Asset Pricing Model (CAPM) and parameters adopted for the valuation for the Acquisition with reference to the market data of comparable companies and other public data sources, where applicable, including the 20-year government bond yield rate and adjusted the company specific risk when estimating the discount rates. We consider that the overall changes to the parameters of the discount rates between the years were not material. We have also adopted a prudent view in the impairment assessment for both years, and considered a high level of company specific risk premium in their discount rate derivation for both December 2022 and 2023. Hence the same pre-tax discount rates were adopted throughout the Track Record Period.
4. We have considered Singapore's 20-year projected average inflation rate from The Economist Intelligence Unit (EIU) as well as the long-term risk-free rate as indicated by the Singapore Government Bond yields, as parameters to estimate the terminal growth rates. We consider that a 1.8% terminal growth rate is appropriate as it falls within the aforementioned estimates for both December 2022 and 2023.

If the following key parameters (i.e. revenue growth rate and pre-tax discount rate) change, with all other variables held constant, the headroom between the estimated recoverable amount and the carrying amount of the relevant goodwill would decrease as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Revenue growth rate decreased by 4% (2022: 5%)	9,716	18,795
Pre-tax discount rate increased by 3% (2022: 3%)	22,454	22,575

Based on the assessment performed, the headrooms available for the CGU were approximately S\$29.0 million and S\$30.9 million as at 31 December 2022 and 2023, respectively.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

There was no provision for impairment of goodwill for the years ended 31 December 2022 and 2023, respectively.

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Intangible assets

Our intangible assets decreased by approximately S\$4.4 million from approximately S\$6.7 million as at 31 December 2022 to approximately S\$2.3 million as at 31 December 2023, primarily due to (i) disposal of Metaoptics Technologies with carrying amount of intangible assets of approximately S\$3.9 million, and (ii) the amortisation of approximately S\$0.5 million for the year ended 31 December 2023.

During the Track Record Period, our intangible assets consisted of (i) know-how transferred by Mr. Thng to our Group in 2021 in exchange for his acquisition of certain shareholdings in Metasurface Technologies and Metaoptics Technologies, (ii) customer relationship and customer contracts recognised from the acquisition of SPW, and (iii) licence granted by Accelerate to our Group pursuant to the Licence Agreement for us to use its technologies and intellectual property rights to develop enhancements and commercialise its technologies and licenced products for a consideration of approximately S\$2.9 million. The upfront fee of approximately S\$2.9 million payable by our Group to Accelerate pursuant to the Licence Agreement was settled in full by offsetting against the consideration of the same amount for the subscription in Metasurface Technologies's ordinary shares payable by Accelerate.

The estimated useful lives of the know-how and licence are seven years and 10 years, respectively, which were determined with reference to the technological obsolescence, product life cycles, expected usage and expiration of the respective contracts. The estimated useful lives of our customer contracts and customer relationships are 10 years, which was determined based on our assessment of the estimated years of relationships with our customers, attrition rate and historical experience. In assessing the estimated useful life of customer contracts and customer relationships, a benchmarking analysis has been performed on similar transactions and a 10-year useful life falls within the commonly observed range for customer relationships. For further details of our intangible assets, see Note 16 of Appendix I to this prospectus.

During the years ended 31 December 2022 and 2023, amortisation expenses on our intangible assets amounted to approximately S\$1.5 million and S\$0.5 million, respectively.

Other assets

During the Track Record Period, our other assets represented keyman insurance asset (life insurance settlement contract) which is initially recognised as a financial instrument at the amount of premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss. As at 31 December 2022 and 2023, our other assets were approximately S\$0.4 million and S\$0.4 million, respectively.

Investment in an associate

Investment in an associate consists of our investment in Metaoptics Technologies subsequent to our disposal of approximately 33.32% interests in Metaoptics Technologies to Mr. Thng on 16 May 2023.

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We recorded investment in an associate of nil and approximately S\$1.0 million as at 31 December 2022 and 2023, respectively, primarily due to the reduction of our shareholdings in Metaoptics Technologies from approximately 53.5% to 20.2% following the disposal and its subsequent reclassification as investment in an associate. As at 31 December 2023, we held approximately 18.78% shares in Metaoptics Technologies.

During the years ended 31 December 2022 and 2023, share of loss from an associate amounted to nil and approximately S\$0.4 million, respectively.

Deferred income taxes

As at 31 December 2022 and 2023, our net deferred tax assets were approximately S\$0.3 million and S\$0.6 million, respectively.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

Our deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Inventories

During the Track Record Period, our inventories consisted of (i) raw materials, (ii) work in progress, (iii) finished goods, and (iv) product consumables. As at 31 December 2022 and 2023, we had inventories of approximately S\$7.9 million and S\$6.6 million, respectively. The decrease in our inventories balance as at 31 December 2023 when compared to 31 December 2022 was mainly attributable to (i) the utilisation of our raw materials to cope with our sales near the year end; and (ii) the provision for inventory obsolescence of approximately S\$0.4 million.

The following table sets forth the breakdown of our inventory balances as at the dates indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Raw materials	2,582	1,984
Work in progress	3,876	3,629
Finished goods	1,351	1,220
Product consumables	64	222
	7,873	7,055
Less: Provision for inventory obsolescence	—	(414)
Total	7,873	6,641

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We had written off finished goods with cost of approximately S\$130,000, nil and nil for the years ended 31 December 2022 and 2023 and up to the Latest Practicable Date, respectively according to our inventory policy as a result of buffer inventories we produced for certain parts ordered by our customers to cope with any urgent orders. We recognised approximately S\$18.9 million and S\$14.9 million of our cost of inventories in our cost of sales for the years ended 31 December 2022 and 2023, respectively. We have established our internal policy regarding inventory management. Our accounting department will monitor and identify if there is any obsolete or slow moving inventory on a yearly basis and assess if provision or a write-down on cost is required to be made on any stock according to our inventory policy. For obsolete and slow moving inventory which provision was made or had been written off, we would not dispose of such inventory without the consent of the relevant customer but instead keep such inventory at our warehouse. Besides, there is possibility that our customers may subsequently request for such inventory that we considered obsolete. Considering that no disposal of obsolete or slow moving inventory was made during the Track Record Period and our obsolete inventory may possibly be sold to customers whenever they require such item, the Directors believe that the ESG risk relating to our obsolete and slow moving inventory management is minimal. Provision for impairment and obsolescence on inventory should be made with the approval of the Directors or management of our Group upon identification of any obsolete inventory. During the Track Record Period, we have made provision for or written off our inventories (as appropriate) according to our inventory policy. Inventories are written down if the anticipated net realisable value declines below the carrying amount of the inventories. The calculation of the net realisable value takes into consideration specific characteristics of each inventory category, such as age, expected sales movements, slow-moving indicators, etc.

As at 30 April 2024, approximately S\$4.2 million, accounting for approximately 63.4%, of our inventories as at 31 December 2023 was subsequently consumed or sold. Our Group adopts a build-to-order inventory policy and places order to purchase raw materials for production after we receive purchase orders from our customers. The relatively low subsequent usage of inventories as at 30 April 2024 was due to postponed delivery of certain parts and components as requested by our customers, most of which were then expected to be delivered in the second and third quarters of 2024. To the best knowledge of the Company, the postponed delivery requests in the parts and components by our customers was primarily due to their de-stocking of the then existing inventories on hand since the second quarter of 2023. Our Directors have assessed and made sufficient provision for our inventories and do not believe there is any recoverability issue for our inventories during the Track Record Period and up to the Latest Practicable Date.

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The following table sets forth our average inventory turnover days for the periods indicated:

	For the year ended	
	31 December	
	2022	2023
Average inventory turnover days ⁽¹⁾	<u>91</u>	<u>109</u>

Note:

- (1) Average inventory turnover days for each period is calculated by dividing the average opening and closing balances of inventories by cost of sales of our Group for that period and then multiplied by the number of days in that period.

Our average inventory turnover days increased from approximately 91 days for the year ended 31 December 2022 to 109 days for the year ended 31 December 2023 due to postponed delivery of certain parts and components as requested by our customers. Our average inventory turnover days during the Track Record Period were generally in line with our project lead time which typically ranges from 4 to 17 weeks for our precision machining services and 9 to 22 weeks for our precision welding services from receipt of purchase orders to delivery. For details of our business flow, see “Business — Our Business Model”.

The following table sets forth the ageing analysis of our inventories after considering the provision for inventory obsolescence as at the dates indicated:

	As at 31 December 2023				
	Raw	Work in	Finished	Product	Total
	materials	progress	goods	consumables	
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
0–30 days	1,537	1,744	491	151	3,923
31–60 days	215	300	109	13	637
61–90 days	38	116	95	11	260
Over 91 days	<u>166</u>	<u>1,139</u>	<u>470</u>	<u>46</u>	<u>1,821</u>
	<u>1,956</u>	<u>3,299</u>	<u>1,165</u>	<u>221</u>	<u>6,641</u>

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	As at 31 December 2022				
	Raw materials	Work in progress	Finished goods	Product consumables	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
0–30 days	1,256	1,916	456	14	3,642
31–60 days	770	635	376	13	1,794
61–90 days	240	850	119	10	1,219
Over 91 days	<u>316</u>	<u>475</u>	<u>400</u>	<u>27</u>	<u>1,218</u>
	<u>2,582</u>	<u>3,876</u>	<u>1,351</u>	<u>64</u>	<u>7,873</u>

Trade and other receivables

The following table sets forth the breakdown of our trade and other receivables as at the dates indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Non-current		
Non-trade		
Amount due from an associate	<u>—</u>	<u>2,880</u>
	<u>—</u>	<u>2,880</u>
Current		
Trade		
Trade receivables from third parties	<u>7,952</u>	<u>6,614</u>
Non-trade		
GST receivables	193	36
Deposits	<u>1,200</u>	<u>1,092</u>
	<u>1,393</u>	<u>1,128</u>
	<u>9,345</u>	<u>7,742</u>

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of our business. Our trade receivables are generally due for settlement within 30 to 60 days of the invoice date and therefore are all classified as current. They are non-interest bearing and are recognised at their original invoice amounts which represent their fair value on initial recognition. Based on the impairment review conducted by our management, during the Track Record Period, we expect the occurrence

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of losses from non-performance by the counterparties of our trade and other receivables was remote and loss allowance provision for our trade and other receivables was immaterial. As a result, there was no bad debt or provision on our trade receivables made during the Track Record Period.

Our trade receivables decreased from approximately S\$8.0 million as at 31 December 2022 to S\$6.6 million as at 31 December 2023 which was mainly due to a larger settlement of trade receivables by our customers near year end of 2023.

The following tables set forth the ageing analysis of our trade receivables, based on invoice date, as at the dates indicated, and our average trade receivables turnover days for the periods indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
0 to 30 days	3,370	4,642
31 to 60 days	2,728	1,597
61 to 90 days	1,606	196
Over 90 days	248	179
	7,952	6,614
	For the year ended	
	31 December	
	2022	2023
Average trade receivables turnover days ⁽¹⁾	65	69

Note:

- (1) Average trade receivables turnover days for each period is calculated by dividing the average opening and closing balances of trade receivables by revenue of our Group for that period and then multiplied by the number of days in that period.

Our average trade receivables turnover days remained relatively stable at approximately 65 days for the year ended 31 December 2022 and approximately 69 days for the year ended 31 December 2023.

The financial assets measured at amortised cost during the Track Record Period include trade receivables, other receivables and cash and bank balances. Our management estimated the expected credit loss (“ECL”) rates of these financial assets in accordance with IFRS 9 during the Track Record Period, which were estimated to be minimal and immaterial to our Group.

As at 30 April 2024, approximately S\$6.6 million or 99.3% of our trade receivables as at 31 December 2023 were subsequently settled.

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Non-trade receivables

During the Track Record Period, our non-trade receivables primarily consisted of (i) amount due from an associate, Metaoptics Technologies, for the aggregate consideration settled by the Group for the intangible assets acquired by Metaoptics Technologies under the Licence Agreement with Accelerate, (ii) deposits we placed with the landlord as tenant of the Tuas Property and as well as deposits for electricity and bank guarantee, and (iii) GST receivables with respect to GST refunds.

Our non-trade receivables increased by approximately S\$2.6 million from approximately S\$1.4 million as at 31 December 2022 to S\$4.0 million as at 31 December 2023 primarily due to the increase in amount due from an associate of approximately S\$2.9 million, partially offset by decrease in GST receivables and deposits by approximately S\$0.2 million and S\$0.1 million, respectively as at 31 December 2023.

Our amount due from an associate is non-trade in nature, interest-free and repayable on demand. As agreed between our Group and Metaoptics Technologies, such amount will not be settled prior to the Listing and is expected to be settled by Metaoptics Technologies from the operating cashflow generated from its business operations and investment from its investors after Listing. The amount due from an associate arose from the amount Metasurface Technologies settled the upfront licence fee for certain technologies licenced under the Licence Agreement with its share capital for Metaoptics Technologies when Metaoptics Technologies was still our subsidiary, to support the continual development of Metaoptics Technologies. After Metaoptics Technologies became our associate, this amount was reclassified as amount due from an associate. Considering that our Group remained as an investor with approximately 17.10% equity interests in Metaoptics Technologies as at the Latest Practicable Date, the Directors consider that it is strategically advantageous to provide Metaoptics Technologies sufficient time to settle the amount due to us to support their ongoing development in optics technology and to ensure their operational stability.

Pursuant to Rule 20.29 of the GEM Listing Rules, continuing connected transactions are connected transactions involving the provision of goods or services or financial assistance, which are carried out on a continuing or recurring basis and are expected to extend over a period of time. The amount of S\$2,880,000 due from Metaoptics Technologies, being an associate of our Group, arose from the Pre-IPO Investment, which is one-off and non-recurring in nature and entered into prior to the Listing. For details, please see “History and Development — Pre-IPO Investments — 2nd Pre-IPO Investment by Accelerate” in this prospectus. Such amount was regarded as an amount due from an associate purely due to the reclassification after Metaoptics Technologies became our associate, accordingly, it will not constitute a continuing connected transaction subject to the relevant requirements under Chapter 20 of the GEM Listing Rules after Listing.

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Prepayments

During the Track Record Period, our current and non-current prepayments amounted to approximately S\$1.1 million and S\$2.1 million as at 31 December 2022 and 2023, respectively, which were mainly related to the prepayments for Listing expenses of approximately S\$1.0 million and S\$1.8 million for the years ended 31 December 2022 and 2023, respectively.

Cash and bank balances

During the Track Record Period, our cash and bank balances, which consisted of our cash at bank and cash on hand, were approximately S\$4.4 million and S\$9.2 million as at 31 December 2022 and 2023, respectively. The increase in our cash and bank balances as at 31 December 2023 when compared with that as at 31 December 2022 was mainly resulted from the cash generated from operations during the year ended 31 December 2023.

Trade and other payables

The following table sets forth the breakdown of our trade and other payables as at the dates indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Current		
Trade		
Trade payables to third parties	<u>5,919</u>	<u>2,357</u>
	<u>5,919</u>	<u>2,357</u>
Non-trade		
Other payables to third party	—	350
Amount due to a shareholder	—	1,029
Amount due to a director	225	228
Accrued expenses	2,925	3,592
GST payables	—	1
Deposits received	<u>20</u>	<u>7</u>
	<u>3,170</u>	<u>5,207</u>
	<u>9,089</u>	<u>7,564</u>
Non-current		
Non-trade		
Deposits received	<u>458</u>	<u>489</u>
	<u>9,547</u>	<u>8,053</u>

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Trade payables

During the Track Record Period, our trade payables represent trade payables to third parties mainly in relation to our procurement of raw materials and processing services from third-party suppliers. Our trade payables to third parties are non-interest bearing and are generally on 30 to 60 days' credit terms based on invoice date.

The decrease in our trade payables from approximately S\$5.9 million as at 31 December 2022 to approximately S\$2.4 million as at 31 December 2023 was primarily due to our prompt repayment of trade payables near the year end.

The following tables set forth the ageing analysis of our trade payables based on invoice dates as at the dates indicated and our average trade payables turnover days for the periods indicated:

	As at 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
0 to 30 days	1,429	1,703
31 to 60 days	1,607	244
61 to 90 days	1,108	143
Over 90 days	1,775	267
	5,919	2,357
	For the year ended	
	31 December	
	2022	2023
Average trade payables turnover days ⁽¹⁾	74	62

Note:

- (1) Average trade payables turnover days for each period is calculated by dividing the average opening and closing balances of trade payables by cost of sales of our Group for that period and then multiplied by the number of days in that period.

Our average trade payables turnover days decreased from approximately 74 days for the year ended 31 December 2022 to approximately 62 days for the year ended 31 December 2023 since we had expedited our settlement of outstanding payables to our suppliers in order to accelerate the procurement and delivery of the imminent orders of raw materials from the suppliers to facilitate our production schedule.

As at 30 April 2024, approximately S\$2.2 million, or approximately 92.1%, of our trade payables as at 31 December 2023 had been subsequently settled.

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Non-trade payables

During the Track Record Period, our non-trade payables mainly represented (i) accrued expenses which mainly include accrued Listing expenses and accrued salaries and bonuses payable to our employees, (ii) amount due to a director, which is expected to be fully settled upon the Listing, (iii) deposits which consisted of the deposit received from the tenants of our Enterprise Road Property and for the sublet of our Tuas Property; (iv) amount due to a shareholder which represents amount payable to a pre-IPO investor for non-Listing put option in relation to the 3rd Pre-IPO Investment; and (v) other payable to third party which consists of rental payable to ESR-LOGOS Property Management (S) Pte Ltd for our Tuas Property.

Our non-trade payables increased by approximately S\$2.1 million from approximately S\$3.6 million as at 31 December 2022 to approximately S\$5.7 million as at 31 December 2023 primarily due to (i) increase in amount due to a shareholder by approximately S\$1.0 million; (ii) increase in accrued expenses by approximately S\$0.7 million for the year ended 31 December 2023; and (iii) increase in other payables to third party by approximately S\$0.4 million;

The amount due to a shareholder relates to a non-Listing put option granted to the pre-IPO investor. Upon Listing, the non-Listing put option to require our Company to purchase all of its shares expires without delivery and shall remain unexercisable perpetually. It shall not be reinstated pursuant to the shareholders' agreement and the carrying amount of the non-Listing put option will be reclassified to equity.

Our amount due to a director is non-trade in nature and non-interest bearing, the amount of which is expected to be settled upon the Listing.

Contract Liabilities

Our contract liabilities of approximately S\$0.3 million as at 31 December 2022 represented an advance service fee received from a customer in respect of purchase in advance for components for estimated future orders. The contract liabilities as at 31 December 2022 have been fully settled as at the Latest Practicable Date. We did not have any contract liability as at 31 December 2023.

Provisions

Our provisions amounted to approximately S\$0.3 million and S\$0.3 million as at 31 December 2022 and 2023, respectively, representing the provision for reinstatement costs based on the present value of costs to be incurred for removing the renovations from our Tuas Property upon the termination of the lease of the property.

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Accumulated losses

We recorded accumulated losses of approximately S\$10.7 million and S\$6.1 million as at 31 December 2022 and 2023, respectively, primarily due to the net losses we had incurred for certain financial years before the Track Record Period. Such net losses were primarily due to (i) the adoption of IFRS 16 as at 1 January 2019 for which the retrospective restatement adjustment had resulted in higher expenses arising from the depreciation of the right-of-use assets and interest expenses from the lease liabilities, (ii) decrease in revenue and gross profit during the financial years prior to the Track Record Period, which was primarily due to significant decrease in sales from a customer, which is principally engaged in manufacturing of semi-conductor processing equipment and its contract manufacturers and/or service providers. During the relevant period, such customer recorded a decrease in its sales in the LED Lighting, Display & Compound Semiconductor market segment, and (iii) certain of our operating expenses (including depreciation expenses for our property, plant and equipment and finance costs) are relatively fixed in nature, regardless of the performance of our revenue during the previous financial years.

Despite the net losses made for the financial years prior to the Track Record Period, our Group recorded adjusted profit from continuing operations of approximately S\$6.5 million and S\$7.3 million for the years ended 31 December 2022 and 2023, respectively primarily due to our profits generated from operations during the periods. For more information on the period to period comparison of the financial information for the years ended 31 December 2022 and 2023, see “— Period to Period Comparison”.

Non-controlling interests

Our non-controlling interests represent the portion of Metaoptics Technologies’ net results of operations and its net assets, which are attributable to the interests that are not owned directly or indirectly by the equity holders of our Company.

As at 31 December 2022 and 2023, our non-controlling interests amounted to approximately S\$1.0 million and nil. There was no non-controlling interest held by the Group as at 31 December 2023 due to the de-recognition of the carrying value of our non-controlling interest in Metaoptics Technologies upon our disposal of approximately 33.32% interest in Metaoptics Technologies in May 2023.

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INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as at the dates indicated:

	As at 31 December		As at
	2022	2023	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(unaudited)
Current			
Borrowings	5,542	4,018	3,658
Lease liabilities	2,682	2,652	2,877
Amount due to a shareholder	<u>—</u>	<u>1,029</u>	<u>1,029</u>
	<u>8,224</u>	<u>7,699</u>	<u>7,564</u>
Non-current			
Borrowings	—	219	195
Lease liabilities	<u>27,719</u>	<u>26,214</u>	<u>26,104</u>
	<u>27,719</u>	<u>26,433</u>	<u>26,299</u>
	<u><u>35,943</u></u>	<u><u>34,132</u></u>	<u><u>33,863</u></u>

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not have any material difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants. Except as disclosed herein, we did not have any other banking facilities (utilised or not), outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

Our Directors confirm that there was no material change in the Group's indebtedness since the Latest Practicable Date up to the date of this prospectus.

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Borrowings

Our current and non-current borrowings amounted to approximately S\$5.5 million, S\$4.2 million and S\$3.9 million as at 31 December 2022 and 2023 and 30 April 2024, respectively, with effective interest rates generally ranging from 2.75% to 7.00% per annum as at 31 December 2022 and 2023, respectively. For details of the effective interest rates of our borrowings during the Track Record Period, see Note 25 of Appendix I to this prospectus. During the Track Record Period, our borrowings consisted of (i) secured and/or guaranteed bank loans and (ii) secured and/or guaranteed bank overdraft. The decrease in our total borrowings by approximately S\$1.3 million from approximately S\$5.5 million as at 31 December 2022 to approximately S\$4.2 million as at 31 December 2023 was primarily attributable to settlement of our current bank loans during the year ended 31 December 2023. Our borrowings maintained relatively stable at approximately S\$4.2 million and S\$3.9 million as at 31 December 2023 and 30 April 2024. The following table sets forth the breakdown of our borrowings as at the dates indicated:

	As at 31 December		As at
	2022	2023	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(unaudited)
Current			
Bank overdraft (secured/unsecured and guaranteed)	188	—	—
Bank loans (secured/unsecured and guaranteed)	<u>5,354</u>	<u>4,018</u>	<u>3,658</u>
	5,542	4,018	3,658
Non-current			
Bank loans, secured and guaranteed	<u>—</u>	<u>219</u>	<u>195</u>
	<u><u>5,542</u></u>	<u><u>4,237</u></u>	<u><u>3,853</u></u>

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For further details of our secured/unsecured and guaranteed borrowings, see Note 25 of Appendix I to this prospectus. The guarantees provided by the Controlling Shareholders in relation to the bank overdraft and bank loan are expected to be fully released or replaced by corporate guarantee provided by our Group upon the Listing.

In accordance with the loan agreements we entered into with our banks, certain banks reserved a right to demand repayment at their discretion at any time (the “**on-demand clauses**”) although the agreed repayment schedules are more than one year. As a result of these on-demand clauses, the relevant bank borrowings of approximately S\$4.1 million and S\$2.4 million as at 31 December 2022 and 2023, respectively, have been classified as current liabilities.

Furthermore, our current liabilities included borrowings by our Group with a total carrying amount of approximately S\$5.5 million, S\$4.0 million and S\$3.7 million as at 31 December 2022, 31 December 2023 and 30 April 2024, respectively.

Terms of our bank borrowings include, among others, the following major covenants and undertakings:

- (i) customary covenants and undertakings, which include, among others, periodic reporting and making available certain documents, purchase of insurance regarding the relevant charged properties, maintaining a current account with the relevant lending bank to facilitate repayment of borrowings;
- (ii) financial covenants, which include, among others, (a) maintaining a minimum tangible net worth of \$6.0 million, (b) the outstanding amount under the relevant facility not exceeding a certain percentage of the prevailing market value of the property secured in favour of the lending bank ranging from approximately 75.8% to 80.0%, and (c) the market value of our Johor Property being not less than RM9 million.

As at 30 April 2024 (being the latest practicable date for indebtedness purpose), we have outstanding bank borrowings of approximately S\$3.9 million and there is no unutilised bank borrowings.

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Lease Liabilities

During the Track Record Period, we recorded lease liabilities in relation to our lease contracts for leasehold property, machineries and motor vehicles. As at 31 December 2022 and 2023 and 30 April 2024, our current and non-current lease liabilities amounted to approximately S\$30.4 million, S\$28.9 million and S\$29.0 million, respectively. The following table sets forth the breakdown of our lease liabilities as at the dates indicated:

	As at 31 December		As at
	2022	2023	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(unaudited)
Current			
Leasehold property	946	982	1,026
Leased machineries	1,612	1,531	1,639
Leased motor vehicles	124	139	212
	<u>2,682</u>	<u>2,652</u>	<u>2,877</u>
Non-current			
Leasehold property	24,719	23,737	23,371
Leased machineries	2,830	2,015	1,792
Leased motor vehicles	170	462	941
	<u>27,719</u>	<u>26,214</u>	<u>26,104</u>
	<u>30,401</u>	<u>28,866</u>	<u>28,981</u>

The decrease in our lease liabilities by approximately S\$1.5 million from approximately S\$30.4 million as at 31 December 2022 to approximately S\$28.9 million as at 31 December 2023 was mainly attributable to payment of the capital and interest element of our lease liabilities of approximately S\$3.9 million in relation to machineries under hire purchase arrangement and rental payment for our Tuas Property which was partially offset by the new lease entered into of approximately S\$1.3 million and interests expense on lease liabilities of approximately S\$1.1 million during the year. The slight increase in our lease liabilities from approximately S\$28.9 million as at 31 December 2023 to approximately S\$29.0 million as at 30 April 2024 was mainly attributable to addition of new motor vehicles.

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Amount due to a shareholder

As at 31 December 2023 and 30 April 2024, we recognised an amount due to a shareholder of approximately S\$1.0 million and S\$1.0 million, respectively which represents amount payable to MMI, a pre-IPO Investor for a non-Listing put option in relation to the 3rd Pre-IPO Investment. Pursuant to the 3rd Pre-IPO Investment, we granted the MMI a non-Listing put option. In the event the Listing fails to materialise by a date falling 12 months after the first submission of our Listing application (which shall automatically be extended until, whichever is earlier, (i) the date of our successful Listing, or (ii) the date upon the earliest occurrence of any one of the following events (the “**Event of Reinstatement**”): (a) our Company formally withdraws the Listing application or (b) the Listing application lapses and our Company does not submit a renewed Listing application within six months after the lapse), MMI has the option (but not the obligation) to require our Company to purchase all (and not part only) of its shares held on the date it issues a put option notice, at a price equivalent to the subscription consideration paid by MMI, plus interest on the subscription consideration commencing on the date immediately following the date falling 12 months after the first submission of our Listing application and continue until the date of MMI’s put option notice. The interest shall be fixed at a simple interest rate of 6% per annum and be prorated by the number of days where the period of time is not a full calendar year.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations mainly through a combination of cash generated from operating activities, borrowings and funds from our shareholders and investors. Following the completion of the Share Offer, we intend to continue to fund our cash requirements mainly through our net cash flows generated from operating activities, borrowings and the net proceeds from the Share Offer, if necessary, together with any additional debt or equity financing that is available and suitable to us from time to time.

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The following table sets forth our selected consolidated cash flow items for the periods indicated:

	Year ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Operating cash flows before working capital changes	11,793	12,169
Changes in working capital	(2,457)	(691)
Income tax paid	<u>(301)</u>	<u>(992)</u>
Net cash generated from operating activities	9,035	10,486
Net cash used in investing activities	(647)	(407)
Net cash used in financing activities	<u>(6,275)</u>	<u>(5,079)</u>
Net increase in cash and cash equivalents	2,113	5,000
Effect of currency translation on cash and cash equivalents	(72)	21
Cash and cash equivalents as at beginning of the year	<u>2,163</u>	<u>4,204</u>
Cash and cash equivalents as at end of the year	<u>4,204</u>	<u>9,225</u>

Cash Flows generated from Operating Activities

Cash flows generated from operating activities represented profit before tax adjusted for (i) certain non-cash or non-operating activities related items, which mainly include depreciation of property, plant and equipment, investment property and right-of-use assets, amortisation of intangible assets, share-based payments for the employees and shareholders, gains on disposal of a subsidiary, interest expense, inventories written-off or provided and unrealised currency translation gain or loss; (ii) the effect of changes in working capital, which mainly include movements in trade and other receivables, prepayments, trade and other payables and inventories; and (iii) income tax payment.

For the year ended 31 December 2023, our net cash generated from operating activities was approximately S\$10.5 million, which was primarily attributable to (a) our profit before tax of approximately S\$5.5 million, as adjusted for major non-cash and non-operating items such as (i) interest expense of approximately S\$1.3 million; (ii) depreciation of property, plant and equipment of approximately S\$1.3 million; (iii) depreciation of right-of-use assets of approximately S\$2.1 million; (iv) amortisation of intangible assets of approximately S\$0.5 million; (v) share-based payments for our employees and shareholders of approximately S\$3.3 million; (vi) gains on disposal of a subsidiary of approximately S\$2.5 million, (b) negative changes in working capital, which primarily comprised of (i) increase in trade and other receivables of approximately S\$1.6 million mainly attributable to increase in amount due from an associate; (ii) increase in prepayments of approximately S\$0.3 million mainly attributable to prepayment of Listing expenses; partially offset by

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decrease in inventories of approximately S\$0.8 million mainly attributable to the utilisation of raw materials to cope with our sales near the year end and the provision of inventory obsolescence and (c) income tax paid of approximately S\$1.0 million.

For the year ended 31 December 2022, our net cash generated from operating activities was approximately S\$9.0 million, which was primarily attributable to (a) our profit before tax of approximately S\$4.2 million, as adjusted for major non-cash and non-operating items such as (i) interest expense of approximately S\$1.6 million; (ii) depreciation of property, plant and equipment of approximately S\$1.1 million; (iii) depreciation of right-of-use assets of approximately S\$1.9 million; (iv) amortisation of intangible assets of approximately S\$1.5 million; and (v) share-based payments for our employees and shareholders of approximately S\$1.2 million, (b) negative changes in working capital, which primarily comprised of (i) increase in inventories of approximately S\$4.3 million mainly due to increase in our purchase of raw materials in response to the growth in sales, (ii) increase in trade and other receivables of approximately S\$2.3 million mainly attributable to increase in sales during the year; partially offset by an increase in trade and other payables of approximately S\$4.2 million mainly due to increase in our purchase of raw materials and (c) income tax paid of approximately S\$0.3 million.

Cash Flows generated used in Investing Activities

For the year ended 31 December 2023, we had net cash used in investing activities of approximately S\$0.4 million, primarily due to addition of right-of-use assets of approximately S\$0.1 million, purchase of property, plant and equipment of approximately S\$0.2 million for our business operations and disposal of a subsidiary, net on cash disposed of approximately S\$0.1 million.

For the year ended 31 December 2022, we had net cash used in investing activities of approximately S\$0.6 million, primarily due to addition of right-of-use assets of approximately S\$0.5 million and purchase of property, plant and equipment of approximately S\$0.2 million for expansion of our scale of operations; partially offset by proceeds from disposal of property, plant and equipment of approximately S\$55,000.

Cash Flows used in Financing Activities

For the year ended 31 December 2023, we had net cash used in financing activities of approximately S\$5.1 million, primarily due to (i) payment of principal portion of lease liabilities of approximately S\$2.8 million mainly in relation to machineries under hire purchase arrangement and rental payment for our Tuas Property; (ii) repayment of borrowings of approximately S\$1.5 million; (iii) interest paid of approximately S\$1.3 million; and (iv) Listing expenses paid of approximately S\$0.8 million, partially offset by (i) proceeds from issue of new shares of a subsidiary of S\$1.0 million in relation to the issuance and allotment of shares in Metasurface Technologies to MMI, a pre-IPO Investor of our Company, a shareholder of Metaoptics Technologies and an independent third party of our Group, in relation to the 3rd Pre-IPO Investment on 30 January 2023; and (ii) proceeds from new borrowings of approximately S\$0.3 million.

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For the year ended 31 December 2022, we had net cash used in financing activities of approximately S\$6.3 million, primarily due to (i) repayment of borrowings of approximately S\$2.3 million; (ii) payment of principal portion of lease liabilities of approximately S\$2.4 million mainly in relation to machineries under hire purchase arrangement and rental payment for our Tuas Property; (iii) interest paid of approximately S\$1.6 million; (iv) Listing expenses paid of approximately S\$0.6 million; and (v) repayment of advances from a director of approximately S\$0.5 million, partially offset by (i) proceeds from issue of new shares of Metaoptics Technology to non-controlling interests of approximately S\$0.9 million; and (ii) proceed from borrowings of approximately S\$0.3 million.

NET CURRENT ASSETS

The following table sets forth our current assets, current liabilities and net current assets as at the dates indicated:

	As at 31 December		As at
	2022	2023	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(unaudited)
Current assets			
Inventories	7,873	6,641	5,491
Trade and other receivables	9,345	7,742	7,651
Prepayments	1,091	1,907	2,098
Cash and bank balances	4,392	9,225	11,393
	22,701	25,515	26,633
Current liabilities			
Borrowings	5,542	4,018	3,658
Lease liabilities	2,682	2,652	2,877
Trade and other payables	9,089	7,564	8,066
Contract liabilities	297	—	—
Income tax payable	993	1,381	1,591
	18,603	15,615	16,192
Net current assets	4,098	9,900	10,441

We had net current assets of approximately S\$4.1 million, S\$9.9 million and S\$10.4 million as at 31 December 2022, 31 December 2023 and 30 April 2024, respectively. Our net current assets increased by approximately S\$5.8 million from approximately S\$4.1 million as at 31 December 2022 to approximately S\$9.9 million as at 31 December 2023, mainly due to (i) increase in cash and bank balances of approximately S\$4.8 million primarily generated from our operating activities; (ii) increase

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in prepayments by approximately S\$0.8 million primarily due to the increase in prepaid Listing expenses; (iii) reduction in current borrowings by approximately S\$1.5 million, which was partially offset by (iv) decrease in trade and other receivables by approximately S\$1.6 million mainly due to a larger settlement of trade receivables by our customers near year end of 2023.

Our net current assets remained relatively stable as at 30 April 2024.

WORKING CAPITAL SUFFICIENCY

Our Directors have confirmed that we have sufficient working capital for our requirements for at least the next 12 months from the date of this prospectus, taking into account our current cash and cash equivalents, available banking facilities, cash flows from operating activities and the estimated net proceeds from the Share Offer.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures for purchases of our property, plant and equipment as well as right-of-use assets, which amounted to approximately S\$0.7 million and S\$0.3 million for the years ended 31 December 2022 and 2023, respectively.

COMMITMENTS

Capital Commitments

Capital commitments represent capital expenditure contracted for as at the end of a reporting period but not yet recognised in our consolidated financial statements. As at 31 December 2022 and 2023, we had no capital commitments.

Operating Lease Arrangements

The future minimum rentals payable under non-cancellable operating leases as at the end of each of the years ended 31 December 2022 and 2023 are as follows:

	As at 31 December	
	2022	2023
	S\$'000	S\$'000
Not later than one year	3,739	1,893
Two to five years	10,972	8,020
More than five years	<u>24,313</u>	<u>22,248</u>

We lease certain portion of our Tuas Property to third parties under operating lease arrangements. These non-cancellable leases have remaining lease terms of approximately 2.2 years.

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The future minimum rentals receivable under these non-cancellable operating leases as at the end of each of the years ended 31 December 2022 and 2023 are as follows:

	As at 31 December	
	2022	2023
	S\$'000	S\$'000
Not later than one year	1,299	1,404
Two to five years	<u>1,477</u>	<u>217</u>

CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

During the Track Record Period, we had certain related party transactions, mainly in relation to (i) purchase of goods and services and (ii) shared administrative fee.

Purchase of goods and services

During the Track Record Period, we procured labour supply services from a related party, Meson Technology. The relevant related party transactions amounted to approximately S\$21,000 and nil for the years ended 31 December 2022 and 2023, respectively. We had a common director and common shareholder with Meson Technology, being Dato' Sri Chua (prior to him ceasing to act as a shareholder and director of Meson Technology) in January 2022.

Shared administrative fee

During the Track Record Period, we incurred approximately S\$3,000 of shared administrative fee with Metaoptics Technologies for the year ended 31 December 2023, subsequent to Metaoptics Technologies becoming our associate company since May 2023.

Our Directors confirm that all the aforementioned related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole. Our Directors further confirm that these related party transactions would not distort our results of operations for the Track Record Period nor make our historical results not reflective of our future performance in all material aspects. For further details on related party transactions and balances, see Note 29 of Appendix I to this prospectus.

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During the Track Record Period, we had bank loans guaranteed and/or secured by related parties of our Group or their owned properties. Our Directors confirm that all the guarantees provided by our related parties are expected to be released or replaced by corporate guarantees to be provided by our Group upon the Listing.

OFF BALANCE SHEET TRANSACTIONS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods and as at the dates indicated:

	As at/for the year ended	
	31 December	
	2022	2023
Gross Profit Margin (%) ⁽¹⁾	41.0	37.2
Net Profit Margin (%) ⁽²⁾	6.9	11.4
Current Ratio ⁽³⁾	1.2	1.6
Quick Ratio ⁽⁴⁾	0.8	1.2
Return on Assets (%) ⁽⁵⁾	3.9	6.3
Return on Equity (%) ⁽⁶⁾	15.0	17.1
Gearing Ratio (%) ⁽⁷⁾	24.8	15.7

Notes:

- (1) Gross profit margin is calculated by dividing gross profit of the financial year by revenue of the financial year.
- (2) Net profit margin is calculated by dividing profit for the year by revenue for the financial year.
- (3) Current ratio is calculated by dividing total current assets by total current liabilities as at the dates indicated.
- (4) Quick ratio is calculated by dividing total current assets less inventories by total current liabilities as at the dates indicated.
- (5) Return on assets is calculated by dividing profit for the year by total assets as at the end of the financial year and multiplied by 100%.
- (6) Return on equity is calculated by dividing profit attributable to owners of the Company for the financial year by total equity attributable to owners of the Company as at the end of the financial year and multiplied by 100%.
- (7) Gearing ratio is calculated by dividing total borrowings by total equity as at the dates indicated and multiplied by 100%.

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Gross profit margin

Our gross profit margin decreased from approximately 41.0% for the year ended 31 December 2022 to approximately 37.2% for the year ended 31 December 2023, which was mainly attributable to the decrease in the gross profit margin for our precision machining services from approximately 43.2% for the year ended 31 December 2022 to approximately 31.4% for the year ended 31 December 2023. As our cost of sales for precision machining services comprised relatively large portion of overhead costs such as labour costs as well as depreciation of property, plant and equipment and right-of-use assets which were relatively static regardless of sales performance, our cost of sales for precision machining only decreased by approximately 18.2% while our revenue for precision machining decreased by approximately 32.2%, thus leading to the decrease in the gross profit margin for our precision machining services during the year ended 31 December 2023.

Net profit margin

Our net profit margin increased from approximately 6.9% for the year ended 31 December 2022 to approximately 11.4% for the year ended 31 December 2023, which was due to (i) increase in our other income, mainly attributable to the increase in our rental income and service income, and (ii) recognition of gains on disposal of Metaoptics Technologies.

Current ratio

Our current ratio as at 31 December 2022 and 2023 was approximately 1.2 times and 1.6 times, respectively. The increase in the current ratio as at 31 December 2023 was mainly due to (i) increase in cash and bank balances of approximately S\$4.8 million primarily generated from our operating activities; (ii) increase in prepayments by approximately S\$0.8 million primarily due to the increase in prepaid Listing expenses; (iii) reduction in current borrowings by approximately S\$1.5 million; and (iv) decrease in trade payables by approximately S\$3.5 million primarily due to our prompt repayment of trade payables near the year end.

Quick Ratio

Our quick ratio as at 31 December 2022 and 2023 was approximately 0.8 times and 1.2 times respectively. The quick ratio increased as at 31 December 2023 due to the increase in our cash and bank balances, increase in prepayments, reduction in current borrowings and decrease in trade payables as mentioned above.

Return on Assets

Our return on assets for the years ended 31 December 2022 and 2023 was approximately 3.9% and 6.3%, respectively.

The return on assets increased from the year ended 31 December 2022 to the year ended 31 December 2023 due to increase in our profit for the year as a result of the increase in our other income and the recognition of gains on disposal of a subsidiary.

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Return on Equity

Our return on equity for the years ended 31 December 2022 and 2023 was approximately 15.0% and 17.1%, respectively.

The return on equity increased from the year ended 31 December 2022 to the year ended 31 December 2023 due to increase in our profit for the year as a result of the increase in our other income and the recognition of gains on disposal of a subsidiary.

Gearing Ratio

Our gearing ratio as at 31 December 2022 and 2023 was approximately 24.8% and approximately 15.7%, respectively.

The gearing ratio decrease as at 31 December 2023, primarily due to reduction of our total borrowings of approximately S\$1.3 million as at 31 December 2023.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks from our operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

Our Board of Directors regularly reviews and agrees on the policies and procedures for the management of these risks, which are executed by the management team. During the Track Record Period and up to the Latest Practicable Date, it has been our Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to our Group's exposure to these financial risks or the manner in which we manage and measures the risks.

Credit risk

Credit risk is managed on a group basis. Our financial assets are trade and other receivables and cash and bank balances.

The amount of those assets stated in the Consolidated Statements of Financial Position represent our maximum exposure to credit risk in relation to financial assets.

Our credit risk is concentrated on a number of long established customers. As at 31 December 2022 and 2023, trade receivables from the top three customers accounted for approximately 29.4%, 11.6% and 10.0% and 15.4%, 28.3% and 27.7% of our total trade receivables, respectively.

We have policies in place to ensure that sales are made to customers with an appropriate credit history and to limit the amount of credit limit to customers to minimise credit risk resulting from counterparty default. We have assessed that the credit risk is considered to be low based on our historical experience in collection of trade and other receivables.

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Our bank deposits are placed with reputable financial institutions. Our management does not expect any losses from non-performance by these banks.

In estimating the expected credit loss, credit evaluation on individual customer is performed by the management. The evaluation focused on assessing the size and background of each customer, as well as pertaining to the current and future general economic environment in which the customer operates. Our management estimates the expected credit loss rate of each customer by performing quantitative assessment on the customers' credit rating, and apply default probability and other loss rates taking into account the life of the receivables and forward-looking information. For forward-looking information, the management has identified Singapore government structural balance and current account balance as percentage of gross domestic product as the most relevant factors, and accordingly, has adjusted the expected loss rate based on these factors.

Liquidity risk

Liquidity risk refers to the risk that we will encounter difficulties in meeting our short-term obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from the maturities of financial liabilities. Our objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. Our operations are financed mainly through equity and borrowings. Our Directors are satisfied that funds are available to finance our operations. For more information on the maturity profile of our Group's financial liabilities, see Note 34(b) of Appendix I to this prospectus.

Market risk

Market risk represents the risk that changes in market variables, such as interest rates and foreign exchange rates will affect our Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Our Group is exposed to interest rate risk through the impact of rate changes on our interest earning financial assets and interest bearing financial liabilities.

Our interest earning financial assets are mainly bank balances which are short-term in nature. Therefore, any future variations in interest rates will not have a material impact on the results of our Group.

Our interest bearing financial liabilities are mainly borrowings. The interest rates and terms of repayment of term loans of our Group are disclosed in Note 25 of Appendix I to this prospectus. For more information on the interest rate profile of our interest-bearing financial instruments and the sensitivity analysis of our interest rates, see Note 34(c) of Appendix I to this prospectus.

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Foreign currency risk

Our Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of our Group, primarily USD.

Our Group does not have significant exposure to foreign currency risk other than those bank balances and trade and other receivables held by our Group which are denominated USD (not the functional currency of our Group) at the reporting date as disclosed in the Note 34(c) of Appendix I to this prospectus. Our Directors consider that we will have sufficient foreign exchange assets, primarily from our cash and bank balances as well as trade receivables which are denominated in USD to meet our foreign exchange liabilities as they became due.

DIVIDENDS

During the Track Record Period and up to the Latest Practicable Date, no dividend or distribution had been declared, made or paid by our Company or any of the other companies now comprising our Group. As at the Latest Practicable Date, our Company did not have a dividend policy in place.

After completion of the Listing, our Shareholders will be entitled to receive dividend declared, made or paid by us. Any declaration of dividends, however, is subject to the recommendation of our Directors at their discretion, and depending on, among other things, our results of operations, working capital and cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which our Directors may consider relevant. In addition, any declaration and payment as well as the amount of the dividends will be subject to the provisions of (i) our Articles of Association, which provides that dividends may be declared in any currency to our Shareholders in a general meeting out of the profits of the Company but no dividend shall be declared in excess of the amount recommended by the Board; and (ii) the Cayman Companies Act, which allows dividends to be paid out of sums standing to the credit of the Company's share premium account if immediately following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Any future declarations and payments of dividends will be at the absolute discretion of our Directors and may require the approval of our Shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2023, our Company did not have any distributable reserves available for distribution to our Shareholders.

FINANCIAL INFORMATION

LISTING EXPENSES

The estimated total Listing expenses in connection with the Share Offer (based on the mid-point of our indicative price range for the Share Offer) are approximately S\$8.9 million, representing approximately 72.6% of the gross proceeds of the Share Offer (based on the mid-point of our indicative price range for the Share Offer). Our Listing expenses are categorised into underwriting-related expenses of approximately S\$1.0 million and non-underwriting-related expenses of approximately S\$7.9 million. The non-underwriting-related expenses can be further classified into fees and expenses of legal advisers and accountants of approximately S\$4.9 million and other fees and expenses of approximately S\$3.0 million.

Prior to the Track Record Period, we have incurred Listing Expenses of approximately S\$0.2 million, of which approximately S\$0.1 million was charged to our consolidated statement of comprehensive income and the remaining amount of approximately S\$0.1 million was recorded as prepayment which is to be deducted from equity after the Listing. During the Track Record Period, we had incurred Listing expenses of approximately S\$4.9 million, of which approximately S\$3.8 million was charged to our consolidated statement of comprehensive income and the remaining amount of approximately S\$1.1 million was recorded as prepayment which is to be deducted from equity after the Listing. We expect to further incur Listing expenses (including underwriting commissions) of approximately S\$3.8 million (based on the mid-point of our indicative price range for the Share Offer) by the completion of the Share Offer, of which an estimated amount of approximately S\$2.3 million will be charged to our consolidated statement of comprehensive income for the year ending 31 December 2024 and an estimated amount of approximately S\$1.5 million which is directly attributable to the issue of the Shares to the public and to be deducted from equity. The aforementioned Listing expenses are the latest practicable estimates by us and are provided for reference only and the actual amounts may differ.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

Please refer to Part A of Appendix II to this prospectus for details. The unaudited pro forma statement of our adjusted consolidated net tangible assets prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only and is set out therein to illustrate the effect of the Share Offer on our net tangible assets attributable to the owners of our Company as at 31 December 2023 as if the Share Offer had taken place on that date. Because of its hypothetical nature, the unaudited pro forma statement may not give a true picture of our net tangible assets attributable to the owners of our Company as at 31 December 2023 or as at any subsequent date.

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RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

For details of the impact of recent developments on our business, operations and financial position, see “Summary — Recent Developments and Material Adverse Change.”

Save as disclosed in “— Listing Expenses”, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change to our financial, operational and/or trading position since 31 December 2023, being the date to which our most recent audited consolidated financial statements were prepared, and there has been no event since 31 December 2023 and up to the date of this prospectus that would materially affect the information shown in our audited consolidated financial information included in the Accountant’s Report set out in Appendix I to this prospectus.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our business objective is to provide best-in-class value in precision manufacturing which is built on trust, knowledge, innovation and synergy as well as to forge mutually beneficial partnership with our customers. See “Business — Our Strategies” for a detailed description of our future plans.

REASONS FOR THE LISTING

Our Directors believe that the Listing would be instrumental in enabling us to achieve our business strategies and provide us with the following:

Broader access to capital for future growth

Our operations are working capital intensive due to the nature of our industry including capital investment on advanced production machinery and equipment and purchase of raw materials. In order to fund our growth during the Track Record Period, we have relied on our bank credit facilities and other borrowings to finance our working capital. Our Directors consider that it is necessary for us to diversify our funding sources rather than to rely on our existing banking credit facilities to fund our growth and maintain our operation going forward.

The Listing can provide us with a fund-raising platform for external financial resources with a broadened shareholder base. It can also provide us with the flexibility to adjust our capital structure from time to time through accessing a wider spectrum of fund raising venue, including debt and equity funding raising, and negotiating more favourable terms of financing from financial institutions as and when appropriate. This will in turn enable us to implement any future expansion plans and better withstand external shocks and market fluctuations.

Expand customer base with wider industries coverage and increase competitiveness

The precision engineering industry is highly competitive. Most of our customers are listed companies which have stringent supplier selection criteria, thereby our reputation and corporate profile are vital as it is one of the criteria for their selection of suppliers. We believe that we can expand our customer base in different industries upon Listing as we will have enhanced corporate profile and brand image and customers are generally more inclined to develop business relationship with a listed company with public financial disclosures, regulatory supervision and better business reputation. We believe that with higher standard of corporate governance, we could provide better assurance and confidence to our customers which could enhance our competitiveness and expand our customer base.

FUTURE PLANS AND USE OF PROCEEDS

Stronger ability to attract talent and retain existing staff

As a precision engineering services provider, our operation depends on the continued service of our skilled workforce and on our ability to attract, retain and motivate such workforce. As disclosed in the section headed “Business — Business Strategies” in this prospectus, the competition for talent is intense in Singapore and we need to continue to attract and recruit additional machinists and technicians to utilise our production capacity. We believe that the Listing will provide us with more means, such as offering a more attractive employment environment, with more career advancement opportunities, to attract and retain quality talents to further expand our business.

Funding needs for implementing our business strategies

As at 30 April 2024, our cash and bank balances, which represent our immediately available working capital, amounted to approximately S\$11.4 million, as set out in “Financial information — Net current assets”. Our Directors consider that the amount of our cash and bank balances fluctuate from time to time, depending on the timing of (i) payment from our customers; and (ii) payment to our suppliers of raw materials and services. Therefore, the amount of our cash and bank balances as at a particular date may not fully reflect our general liquidity position.

Based on the current scale of our operations and the costs incurred by us during the Track Record Period, our Directors estimate that currently we have to incur an average monthly expense of approximately S\$3.1 million, primarily comprising material costs, production and administrative staff costs, production overhead and other general administrative costs as well as loan and lease principal repayment, for our daily operations. In particular, as at 30 April 2024, our current liabilities of approximately S\$16.2 million (excluding our income tax payable) consist of trade and other payables, borrowings and lease liabilities. There is no assurance that our customers will repay our trade receivables in a timely manner and our working capital will not deteriorate due to potential mismatch in time between receipt of payments from our customers and payments to our third party suppliers and service providers. For details of the potential mismatch of cashflow, see “Risk Factors — Our cash flows and working capital may deteriorate due to potential mismatch in time between receipt of payments from our customers and payments to our third party suppliers and service providers, and failure of our customers to pay the amounts owed to us in a timely manner may adversely affect our liquidity, financial condition and operating results”.

Based on the above analysis, and without taking into account other transactions that took place after 30 April 2024, our current cash resources available of approximately S\$11.4 million is sufficient to meet our average monthly expenses only for approximately three months. Therefore, our Directors consider that we will need to raise additional funding through the Share Offer to facilitate the implementation of our future plans, while maintaining sufficient working capital for our business operations.

FUTURE PLANS AND USE OF PROCEEDS

Based on the above, our Directors believe that the Listing will benefit our Group as a whole.

USE OF PROCEEDS

Our Directors have drawn up an implementation plan during the period up to 30 June 2026 with a view to developing ourselves along our business strategies for achieving our business objectives. The detailed implementation plan and expected timetable for the implementation of the plan with respect to items requiring us to make material financial commitments are summarised below. We intend to apply all our net proceeds of the Share Offer by 30 June 2026.

We estimate that the net proceeds of the Share Offer, after deducting underwriting commissions, and other estimated expenses in relation to the Share Offer, are approximately HK\$20.6 million (equivalent to approximately S\$3.5 million), assuming an Offer Price of HK\$2.69 per Share, being the mid-point of the indicative Offer Price range of HK\$2.38 to HK\$3.00 per Share. We intend to use such net proceeds for the following purposes:

1. approximately HK\$12.4 million (equivalent to approximately S\$2.1 million) (approximately 60.1% of our total estimated net proceeds) will be used for expanding our scale of operation and enhancing our production capabilities, among which:
 - (a) approximately HK\$7.0 million (equivalent to approximately S\$1.2 million) (approximately 33.8% of our total estimated net proceeds), will be used for procurement of raw materials as part of our effort to enhance our cash flow management and supply chain management;
 - (b) approximately HK\$5.4 million (equivalent to approximately S\$0.9 million and approximately 26.3% of our total estimated net proceeds) will be used for enhancing our human resources management.
2. approximately HK\$3.1 million (equivalent to approximately S\$0.5 million) (approximately 15.4% of our total estimated net proceeds) will be used for strengthening our quality control capabilities in relation to our precision machining services, among which:
 - (a) approximately HK\$1.3 million (equivalent to approximately S\$0.2 million) (approximately 6.6% of our total estimated net proceeds) will be used for enhancing our information system for our precision machining services;
 - (b) approximately HK\$1.8 million (equivalent to approximately S\$0.3 million) (approximately 8.8% of our total estimated net proceeds) will be used for acquiring a new coordinate measuring machine for our precision machining services;

FUTURE PLANS AND USE OF PROCEEDS

3. approximately HK\$1.0 million (equivalent to approximately S\$0.2 million and approximately 4.7% of our total estimated net proceeds) will be used for enhancing our marketing efforts for the purpose of maintaining relationships with existing customers and diversifying our customer base;
4. approximately HK\$2.0 million (equivalent to approximately S\$0.3 million) (approximately 9.8% of our total estimated net proceeds) will be used for repayment of bank borrowings; and
5. approximately HK\$2.1 million (equivalent to approximately S\$0.4 million) (approximately 10.0% of our total estimated net proceeds) will be used for working capital and general corporate purposes.

In summary, the implementation of our business strategies from the Listing Date up to the six months ending 30 June 2026 will be funded by the net proceeds of the Share Offer as follows:

	From the Listing Date to 31 December 2024 S\$'000	For the six months ending 30 June 2025 S\$'000	For the six months ending 31 December 2025 S\$'000	For the six months ending 30 June 2026 S\$'000	Total S\$'000	Approximate percentage of net proceeds %
(1) Expansion of scale of operation						
(a) Procurement of raw materials	294	294	294	294	1,176	33.8
(b) Human resources management						
(i) Recruitment and retention of machinists and technicians and implement night shifts	163	203	203	203	772	22.2
(ii) Improving remuneration packages of existing employees	12	12	12	12	48	1.4
(iii) Enhancing in-house logistic capability	—	65	15	15	95	2.7
(2) Strengthen our quality control capabilities						
(a) Enhancing our information system						
(i) Upgrading new CNC machinery programming software	120	—	—	—	120	3.5
(ii) Acquiring new production management systems	—	54	54	—	108	3.1
(b) Purchasing a new coordinate measuring machine	307	—	—	—	307	8.8
(3) Diversification of customer base						
Marketing expenses	41	41	41	41	164	4.7
(4) Repayment of bank borrowings	342	—	—	—	342	9.8
(5) Working capital and general corporate purpose	87	87	87	87	348	10.0
Total	<u>1,366</u>	<u>756</u>	<u>706</u>	<u>652</u>	<u>3,480</u>	<u>100</u>

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is set at the high-end or the low-end of the indicative Offer Price range, the estimated net proceeds from the Share Offer will increase to approximately HK\$28.3 million (equivalent to approximately S\$4.8 million) or decrease to approximately HK\$12.9 million (equivalent to approximately S\$2.2 million), after deducting the related listing expenses, respectively. The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range.

If the net proceeds of the Share Offer are not immediately used for the above purposes, we will only deposit such net proceeds into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the SFO).

In the event of any material change in our use of net proceeds from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be issued in accordance with the GEM Listing Rules.

Our Directors consider that the net proceeds from the Share Offer together with our internal resources will be sufficient to finance the implementation of our business plans as set out in the paragraphs headed “Implementation Plans” in this section. Investors should be aware that any part of our business plans may not proceed according to the timeframe as described above due to various factors. Under such circumstances, our Directors will evaluate carefully the situation and will set aside the funds as short-term deposits until the relevant business plan(s) materialise.

IMPLEMENTATION PLANS

In pursuance of the business objective and strategies set out above, our implementation plans are set out below from the Listing Date to 31 December 2024 and then for each of the six-month periods until 30 June 2026. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. There is no assurance that our business objectives will be achieved or our business plans will be implemented according to the estimated timeframe or at all.

FUTURE PLANS AND USE OF PROCEEDS

For the period from the Listing Date to 31 December 2024

	Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(1)	Expansion of our scale of operation	(a) To procure raw materials for our existing and upcoming purchase orders	294
		(b) (i) To recruit (i) five machinists for precision machining services and (ii) two technicians for precision welding services and to implement night shifts	163
		(ii) To improve remuneration packages of existing employees	12
(2)	Strengthening our quality control capabilities	(a) To purchase and upgrade the CNC programming software of our CNC machines	120
		(b) To purchase a new coordinate measuring machine to replace the existing coordinate measuring machine for the purpose of measuring the accuracy of parts against the design specifications	307

FUTURE PLANS AND USE OF PROCEEDS

Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(3) Diversification of our customer base	(a) To carry out marketing activities (i) To host our existing and prospective customers to our factories to demonstrate or update them regarding our latest production capabilities (ii) To maintain our corporate website with external service provider	41
(4) Repayment of bank borrowings	(a) To repay certain bank borrowings which were used for general working capital purpose. Such borrowings include: (i) bank borrowings repayable over the remaining term of the loan until 2025 with effective interest rate of 2.75% per annum and total outstanding amount of S\$1.5 million as at 31 December 2023	342
(5) Working capital and general corporate purposes	(a) To finance the general working capital needs of our Group	87

FUTURE PLANS AND USE OF PROCEEDS

For the period from 1 January 2025 to 30 June 2025

	Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(1)	Expansion of our scale of operation	(a) To procure raw materials	294
		(b) (i) To recruit (i) one CNC programmer for developing CNC programming instructions to control the CNC machines; (ii) one production planner to conduct production planning to optimise the production flow and raw materials planning; and to retain and pay remuneration for (i) five machinists for precision machining; and (ii) two technicians for precision welding services	203
		(ii) To improve remuneration packages of existing employees	12
		(iii) To purchase a truck and recruit a truck driver	65
(2)	Strengthening our quality control capabilities	(a) To purchase and install a production planning system to optimise the productions flow and monitor our business performance	54

FUTURE PLANS AND USE OF PROCEEDS

	Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(3)	Diversification of our customer base	(a) To carry out marketing activities (i) To host our existing and prospective customers to our factories to demonstrate or update them regarding our latest production capabilities (ii) To maintain our corporate website with external service provider	41
(4)	Working capital and general corporate purposes	(a) To finance the general working capital needs of our Group	87

FUTURE PLANS AND USE OF PROCEEDS

For the period from 1 July 2025 to 31 December 2025

	Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(1)	Expansion of our scale of operation	(a) To procure raw materials	294
		(b) (i) To retain and pay remuneration for (i) five machinists for precision machining services and two technicians for precision welding services and to implement night shifts; and	203
		(ii) one CNC programmer; and one production planner	
		(c) To improve the remuneration packages of existing employees	12
		(d) To retain and pay remuneration for the truck driver	15
(2)	Strengthening our quality control capabilities	(a) To purchase and install a production management system	54

FUTURE PLANS AND USE OF PROCEEDS

	Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(3)	Diversification of our customer base	<ul style="list-style-type: none">(a) To carry out marketing activities<ul style="list-style-type: none">(i) To host our existing and prospective customers to our factories to demonstrate or update them regarding our latest production capabilities(ii) To maintain our corporate website with external service provider	41
(4)	Working capital and general corporate purposes	(a) To finance the general working capital needs of our Group	87

FUTURE PLANS AND USE OF PROCEEDS

Period from 1 January 2026 and 30 June 2026

	Business Strategies	Implementation plans	Use of proceeds <i>S\$'000</i>
(1)	Expansion of our scale of operation	(a) To procure raw materials	294
		(b) (i) To retain and pay remuneration for (i) five machinists for precision machining services and two technicians for precision welding services and to implement night shifts; (ii) one production planners; and one CNC programmers	203
		(ii) To improve the remuneration packages of existing employees	12
		(iii) To retain and pay remuneration for the truck driver	15
(2)	Diversification of our customer base	(a) To carry out marketing activities	41
(3)	Working capital and general corporate purposes	(a) To finance the general working capital needs of our Group	87

BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business objective and strategies depend on a number of bases and assumptions, in particular:

- (1) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- (2) there will be no material changes in the funding requirement for each of our future plans described in this prospectus from the amount as estimated by our Directors;

FUTURE PLANS AND USE OF PROCEEDS

- (3) there will be no material changes in the existing laws and regulations, or other governmental policies relating to us, or in the political, economic or market conditions in which we operates;
- (4) there will be no material changes in the bases or rates of taxation in those countries in which we operate;
- (5) the Share Offer will be completed in accordance with and as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus;
- (6) there will be no significant changes in the interest rates or the foreign currency exchange rates from those currently prevailing;
- (7) we will be able to retain key personnel in the management and the main operational departments;
- (8) we will be able to solicit new customers or retain our existing customers and suppliers;
- (9) there will be no disasters, natural, political or otherwise, which would materially disrupt our businesses or operations; and
- (10) we will not be materially and adversely affected by any risk factors set out in the section headed “Risk Factors” in this prospectus.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

UOB Kay Hian (Hong Kong) Limited
(in alphabetical order)
Chiyu International Capital Limited
Cinda International Capital Limited
Maxa Capital Limited
Tiger Brokers (HK) Global Limited

UNDERWRITING

This prospectus is published solely in connection with the Public Offer. The Public Offer is fully underwritten by the Public Offer Underwriters on a conditional basis on the terms and conditions set out in the prospectus relating thereto and the Public Offer Underwriting Agreement. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the terms and conditions of the Placing Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not proceed and will lapse.

The Share Offer comprises the Public Offer of initially 2,700,000 Public Offer Shares and Placing of initially 24,300,000 Placing Shares.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions set out in this prospectus and the Public Offer Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus pursuant to the Capitalisation Issue, the Share Offer and the exercise of options that may be granted under the Post-IPO Share Option Scheme, and such approval not having been withdrawn, and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares being offered which are not taken up under the Public Offer on the terms and conditions set out in this prospectus and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to, among other things, the Placing Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination by notice in writing issued by the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Public Offer Underwriters) if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any local, national, regional or international event (or series of events) or circumstance in the nature of force majeure (including any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, Singapore, Malaysia, the United States, the United Kingdom, the European Union (taken as a whole), the Cayman Islands, the PRC or any other jurisdiction relevant to our Group (collectively the “**Relevant Jurisdictions (Underwriting)**”); or
 - (ii) any change, or any event or circumstance or series of events or circumstances, resulting or likely to result in or representing a change or development, in any local, national, regional or international financial, political, military, industrial, legal, fiscal, economic, regulatory, credit, market or currency matters or conditions or exchange control or any monetary or trading settlement system or other financial markets (including, but not limited to, conditions in the stock or bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions (Underwriting); or
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the Singapore Stock Exchange or in the NASDAQ Global Market; or
 - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority) or any other Relevant Jurisdictions (Underwriting) (declared by the relevant Authorities (as defined in the Public Offer Underwriting Agreement)) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions (Underwriting); or

UNDERWRITING

- (v) any new Law (as defined in the Public Offer Underwriting Agreement), or any change or development involving a prospective change or any event or circumstance or series of events or circumstances resulting or likely to result in a prospective change in, any existing law or in the interpretation or application thereof by any court or other competent Authority in or affecting any of the Relevant Jurisdictions (Underwriting); or
- (vi) any imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions (Underwriting); or
- (vii) any change or development involving a prospective change in or affecting Taxation (as defined in the Public Offer Underwriting Agreement) or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change in the system under which the value of the Hong Kong currency is linked to the U.S. dollar, or a material devaluation of the U.S. dollar or Hong Kong dollar against any foreign currencies in the Relevant Jurisdictions (Underwriting)), or the implementation of any exchange control, in any of the Relevant Jurisdictions (Underwriting) or affecting an investment in the Offer Shares; or
- (viii) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus or the offering circulars in connection with the Placing (or to any other document used in connection with the contemplated offer, subscription and sale of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator; or
- (ix) any valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (x) an order or a petition is presented for the winding up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

UNDERWRITING

- (xi) any litigation, actions, writs, suits and proceedings (including any investigation or inquiry by or before any Authority), claims (whether or not any such claim involves or results in any action, suit or proceeding), demands, judgment and awards being instigated against any member of our Group or any of the Controlling Shareholders or any executive Director; or
- (xii) save as disclosed in this prospectus, the offering circulars in connection with the Placing and any other document authorised and approved by our Company to be issued, given or used in connection with the contemplated offering and sale of the Offer Shares or otherwise in connection with the Share Offer and in each case, all amendments or supplements thereto, with the exception of any document in which solicitation of an offering or sale of the Offer Shares is expressly disclaimed (collectively the “**Offering Documents**”), any contravention by any member of our Group or any executive Director of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance or other applicable laws; or
- (xiii) any non-compliance of this prospectus (or any other Offering Document) or any aspect of the Share Offer with the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or other applicable Laws; or
- (xiv) any change, development or event involving a prospective change in or an actual materialisation of any of the risks set out in the section headed “Risk Factors”; or
- (xv) there is a breach of any provision of, or any obligation imposed upon any party to, the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than obligations imposed upon any of the Sole Sponsor, the Sole Overall Coordinator, the Capital Market Intermediaries, the Public Offer Underwriters or the Placing Underwriters); or
- (xvi) there is an event, act or omission which gives or is likely to give rise to any liability of any of the Warrantors (as defined in the Public Offer Underwriting Agreement) pursuant to the indemnities given by any of them under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, as applicable; or
- (xvii) there is a breach of, or any matter, event or circumstance rendering or which may render, any of the representations, warranties, agreements and undertakings given by any of the Warrantors in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement, as applicable, untrue, incorrect or incomplete in any respect or misleading; or

UNDERWRITING

(xviii) any Authority in any Relevant Jurisdiction (Underwriting) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group or any of our Controlling Shareholders or any of our executive Directors;

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Public Offer Underwriters) acting reasonably:

- (A) has or will or may have a material adverse change or effect, or any development involving a prospective material adverse change or effect, in, on or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial, operational or trading or otherwise, or performance of our Group as a whole (“**Material Adverse Change**”); or
 - (B) has or will or may have a material adverse effect on the success or marketability of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
 - (C) makes or will or may make it impracticable or incapable for any part of the Public Offer or the Placing to proceed as envisaged or to market the Share Offer or to deliver the Offer Shares on the terms and in the manner as contemplated by this prospectus; or
 - (D) has or will or may have the effect of (i) making any part of the Public Offer Underwriting Agreement (including underwriting) incapable or impracticable of performance in accordance with its terms or (ii) preventing or delaying the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Sole Sponsor and the Sole Overall Coordinator that:
- (i) any statement contained in any of the Offering Documents, Operative Documents (as defined in the Public Offer Underwriting Agreement) and/or the preliminary offering circular in connection with the Placing (collectively, the “**Offer Related Documents**”) (but excluding information relating to the Sole Sponsor and the Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respect or misleading or deceptive, or that any forecast, estimate, expression of opinion, intention or expectation expressed or contained in any of the Offer Related Documents is not fair and honest in all material respects and not made on reasonable grounds or, where appropriate, not based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

UNDERWRITING

- (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or material misstatement in, any of the Offer Related Documents; or
- (iii) there is any Material Adverse Change; or
- (iv) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer and the exercise of options that may be granted under the Post-IPO Share Option Scheme is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (v) any of the experts specified in this prospectus (other than the Sole Sponsor) or other person whose consent (other than the Underwriters) is required for the issue of this prospectus or the formal notice in connection with the Public Offer with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears has withdrawn its consent to being named in, or to the issue of, this prospectus or the formal notice in connection with the Public Offer; or
- (vi) our Company withdraws this prospectus (and/or any other document issued or used in connection with the Share Offer) or the Share Offer; or
- (vii) there is a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Share Offer; or
- (viii) any executive Director is being charged with an indictable offence which may materially and adversely affect his suitability to act as a Director under the GEM Listing Rules or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (ix) the chairman of the Board, the chief executive officer of the Company or any executive Director vacates his office; or
- (x) the Shares being rejected for clearing and settlement in CCASS on or before the Listing Date or such admission subsequently being revoked prior to the commencement of trading of the Shares on the Stock Exchange; or

UNDERWRITING

- (xi) a significant portion of the orders in the bookbuilding process at the time when the Placing Underwriting Agreement is entered into have been withdrawn, terminated, cancelled or otherwise not fulfilled which, in the opinion of the Sole Sponsor and the Sole Overall Coordinator acting reasonably, makes it incapable or impracticable for the Share Offer to proceed as envisaged under the Public Offer Underwriting Agreement or the Placing Underwriting Agreement.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances prescribed under Rule 17.29 of the GEM Listing Rules which include the issue of Shares pursuant to a share scheme under chapter 23 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to each of the Stock Exchange and our Company that, save as permitted under the GEM Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, he/she/it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (but save pursuant to a bona fide commercial loan) in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”); or
- (b) in the period of six months commencing on the date on which the period referred to in (a) above expires, he/she/it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company.

UNDERWRITING

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has further undertaken to each of the Stock Exchange and our Company that within the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall:

- (a) in the event that he/she/it pledges or charges any direct or indirect interest in the Relevant Securities under Rule 13.18(1) of the GEM Listing Rules, or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the relevant periods, he/she/it will inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to 17.43(4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in securities referred to in paragraph (a) above, he/she/it will inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of securities affected.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (a) and (b) above (if any) by our Controlling Shareholders and subject to the then applicable requirements of the GEM Listing Rules disclose such matters by way of an announcement.

Undertakings to the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, we have undertaken to each of the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Public Offer Underwriters that, except for the issue, offer or sale of the Shares by our Company pursuant to the Capitalisation Issue, the Share Offer and the exercise of options that may be granted under the Post-IPO Share Option Scheme, not to, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the GEM Listing Rules, at any time during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise

UNDERWRITING

transfer or dispose of or create an Encumbrance (as defined in the Public Offer Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any interest in any of the foregoing) or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts; or

- (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction set out in paragraphs (i) or (ii) above; or
- (iv) offer or agree or contract to effect any transaction set out in paragraphs (i), (ii) or (iii) above or publicly announce any intention to do so,

in each case, whether any of the transactions set out in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period). In the event that, during the six-month period commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions set out in paragraphs (i), (ii) or (iii) above or offers or agrees or contracts to, or publicly announces an intention to, enter into any such transactions, our Company shall take all reasonable steps to ensure compliance with applicable legal and regulatory requirements relating to the avoidance of creating a disorderly or false market in the Shares or other securities of our Company. Each of our Controlling Shareholders also undertakes to each of the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMI and the Public Offer Underwriters to procure our Company’s compliance with the foregoing undertakings.

UNDERWRITING

Undertakings by our Controlling Shareholders

Our Controlling Shareholders undertake (the “**Controlling Shareholders’ Lock-up Undertakings**”) to each of our Company, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMI and the Public Offer Underwriters that, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the GEM Listing Rules that he/she/it will not and will procure that his/her/its affiliate(s) (which is/are the relevant registered owner(s) of the Relevant Securities (as defined below)) will not during the First Six-Month Period:

- (i) offer, pledge, charge, sell, offer, contract or agree to sell, pledge, assign, mortgage, charge, hypothecate, lend, grant or sell (or agree to grant or sell) any option, warrant, contract or right to subscribe for or purchase, grant or purchase (or agree to grant or purchase) any option, warrant, contract or right to sell, lend or otherwise transfer or dispose of, make any short sale, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company) directly or indirectly held by him/her/it as at the date of the Public Offer Underwriting Agreement (the “**Relevant Securities**”); or
- (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including any securities convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase the Relevant Securities; or
- (iii) enter into any transaction with the same economic effect as any transaction set out in paragraphs (i) or (ii); or
- (iv) publicly disclose that he/she/it will or may enter into any transaction set out in paragraphs (i), (ii) or (iii),

whether any of the transaction set out in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period); that he/she/it shall not during the Second Six-Month Period, enter into any transaction described in paragraphs (i), (ii) or (iii) above or offer, agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, he/she/it will cease to be a Controlling Shareholder. Until the expiry of the Second Six-Month Period, in the event that any of our Controlling Shareholders enters into any such transactions specified in (i), (ii) or (iii) above or offers, agrees or contracts to, or publicly announces an intention to enter into any such transaction, he/she/it will notify the Sole Sponsor and the Sole Overall Coordinator and

UNDERWRITING

take all reasonable steps to ensure his/her/its compliance with applicable Laws insofar as they relate to the avoidance of creating a disorderly or false market in the securities of our Company.

Each of our Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Public Offer Underwriters that, within a period commencing on the date of the Public Offer Underwriting Agreement and ending on and including a date which is 12 months from the Listing Date, he/she/it shall:

- (i) if and when he/she/it pledges or charges any Shares or other securities of our Company (or any interests therein) beneficially owned by him/her/it, immediately inform our Company, the Sole Sponsor and the Sole Overall Coordinator in writing of such pledge or charge together with the number of Shares or securities (or interests therein) so pledged or charged; and
- (ii) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities (or interests therein) of our Company will be disposed of, immediately inform our Company, the Sole Sponsor and the Sole Overall Coordinator in writing of such indications.

We undertake to the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Public Offer Underwriters that upon receiving such information in writing from a Controlling Shareholder, we will, as soon as reasonably practicable and if required pursuant to the GEM Listing Rules, notify the Stock Exchange and make a public disclosure in accordance with applicable Laws.

Public Underwriters' interests in our Company

Except for their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement and save as disclosed in this prospectus, as at the Latest Practicable Date, none of the Public Offer Underwriters had any shareholding interest in the Company or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any securities of our Company.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement.

UNDERWRITING

Indemnity

We have agreed to indemnify, among others, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Public Offer Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach or alleged breach (with valid grounds) by us of the Public Offer Underwriting Agreement.

Placing

Placing Underwriting Agreement

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement on the Price Determination Date with the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or itself to subscribe for, their respective applicable proportions of the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. See the section headed “Structure and Conditions of the Share Offer — The Placing”.

Commissions and Expenses

The Underwriters and the CMIs will receive an underwriting commission of 8.0% of the aggregate Offer Price payable for all the Offer Shares (the “**Fixed Fees**”). In addition, our Company may, at our sole and absolute discretion, pay to all or any of the Underwriters or the CMIs (in such proportions as our Company may solely determine) a discretionary incentive fee of up to 2.0% of the aggregate Offer Price in respect of all the Offer Shares (the “**Incentive Fees**”).

Assuming the Incentive Fees will be fully paid, the aggregate amount of fees payable by us to all syndicate members will be 10.0% of the gross proceeds from the Share Offer, with the proportion of 80.0% in Fixed Fees and 20.0% in Incentive Fees.

UOB Kay Hian is the sole overall coordinator of the Share Offer. The names of the capital market intermediaries involved in the Share Offer are set out in the section headed “Directors and Parties Involved in the Share Offer — Capital Market Intermediaries”. The amount of Fixed Fees payable to all syndicated members represents 80% of the total Fixed Fees and Incentive Fees payable to all syndicate members (assuming the Incentive Fees are paid in full).

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- the Public Offer of 2,700,000 Offer Shares (subject to reallocation) as described under the paragraph headed “— The Public Offer” below; and
- the Placing of 24,300,000 Shares (subject to reallocation) as described under the paragraph headed “— The Placing” below.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both.

The Offer Shares will represent 18% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued and allotted upon the exercise of options which may be granted under the Post-IPO Share Option Scheme).

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the paragraph headed “— Reallocation and clawback” below.

THE PUBLIC OFFER

Number of Public Offer Shares initially offered

Our Company is initially offering 2,700,000 Public Offer Shares at the Offer Price, representing 10% of the total number of Offer Shares available under the Share Offer, for subscription by the public in Hong Kong. The number of Shares offered under the Public Offer will represent 1.8% of the enlarged issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued and allotted upon the exercise of options which may be granted under the Post-IPO Share Option Scheme).

The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “— Conditions of the Public Offer” below.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Reallocation and clawback

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation. Paragraph 4 of Practice Note 6 of the GEM Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if certain prescribed total demand levels are reached.

If the Placing is fully or oversubscribed and the number of Offer Shares validly applied for under the Public Offer represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times or (c) 100 times or more of the total number of Offer Shares available under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing. As a result of such reallocation, the total number of Offer Shares available under the Public Offer will be increased to 8,100,000 Offer Shares (in the case of (a)), 10,800,000 Offer Shares (in the case of (b)) and 13,500,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares available under the Share Offer, respectively.

In addition, the Sole Overall Coordinator may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with the Guide for New Listing Applicants, if such reallocation is done in the circumstance that the Placing Shares are undersubscribed or other than pursuant to the clawback mechanism above, the total number of Offer Shares available under the Public Offer following such reallocation shall be not more than 5,400,000 Offer Shares (representing 20% of the total number of Offer Shares available under the Share Offer), and the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e., HK\$2.38 per Offer Share) stated in this prospectus.

If the Public Offer is not fully subscribed, the Sole Overall Coordinator may reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Overall Coordinator deems appropriate.

The Offer Shares to be offered in the Public Offer and the Offer Shares to be offered in the Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Overall Coordinator.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

Each applicant under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or if such applicant has been or will be placed or allocated Offer Shares under the Placing.

The Listing is sponsored by the Sole Sponsor. Applicants under the Public Offer may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$3.00 per Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed “— Pricing of the Share Offer” below, is less than the maximum Offer Price of HK\$3.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest (subject to application channels). Further details are set out in the section headed “How to Apply for Public Offer Shares.”

References in this prospectus to applications, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Placing Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered for subscription under the Placing will be 24,300,000 Placing Shares, representing 90% of the total number of Offer Shares available under the Share Offer, and 16.2% of the Company's enlarged issued share capital immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued and allotted upon the exercise of options which may be granted under the Post-IPO Share Option Scheme).

Allocation

The Placing will include selective marketing of the Placing Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in the section headed “— Pricing of the Share Offer” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered the Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Overall Coordinator so as to allow it to identify the relevant application under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the Placing may change as a result of the clawback mechanism described in the section headed “— The Public Offer — Reallocation and clawback” above and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

PRICING OF THE SHARE OFFER

The Placing Underwriters will be soliciting from prospective investors’ indications of interest in acquiring the Placing Shares in the Share Offer. Prospective professional and institutional investors will be required to specify the number of the Placing Shares under the Share Offer they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or before 12:00 noon on Thursday, 27 June 2024, by agreement between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will be not more than HK\$3.00 per Offer Share and is expected to be not less than HK\$2.38 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Applicants under the Public Offer may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$3.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% payable on each Offer Share. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reduction in Offer Price range and/or number of Offer Shares

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares offered in the Share Offer and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be posted on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.metatechnologies.com.sg) notices of the reduction, cancellation of the Share Offer and relaunch of the Share Offer at the revised number of Offer Shares and/or indicative Offer Price range. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental or new prospectus updating investors of the change in the number of Offer Shares and/or indicative Offer Price range, and giving investors at least three business days to consider the new information.

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the day which is the last day for lodging applications under the Public Offer. In the absence of the publication of any such notice so announced and any such supplemental or new prospectus so published, the number of Offer Shares and/or the indicative Offer Price range shall not be reduced below that stated in this prospectus and the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price falling outside the indicative Offer Price range as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus had it arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our Shares, we are required to cancel the Share Offer and relaunch it with a supplemental or new prospectus in FINI.

Announcement of final pricing of the Offer Shares

The final pricing of the Offer Shares, the level of indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be posted on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.metatechnologies.com.sg).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is conditional upon the Placing Underwriting Agreement being signed and becoming unconditional.

The Company expects to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date. These underwriting arrangements and the respective Underwriting Agreements are summarised in the section headed “Underwriting.”

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer (including the Shares which may be issued and allotted upon the exercise of options which may be granted under the Post-IPO Share Option Scheme);
- the Offer Price having been duly agreed on or around the Price Determination Date;
- the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Underwriters under each of the Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not beyond the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will cause the notice of the lapse of the Public Offer to be published on the Stock Exchange’s website and on our Company’s website on the next day following such lapse.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Share certificates for the Offer Shares are expected to be issued on Friday, 28 June 2024 but will only become valid evidence of title at 8:00 a.m. on Tuesday, 2 July 2024, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the paragraph headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination” in this prospectus has not been exercised.

ADMISSION OF THE SHARES INTO CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on GEM or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 2 July 2024, it is expected that dealings in the Shares on GEM will commence at 9:00 a.m. on Tuesday, 2 July 2024. The Shares will be traded in board lots of 1,000 Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF PUBLIC OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Public Offer and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.metatechnologies.com.sg.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR PUBLIC OFFER SHARES

1. Who Can Apply

You can apply for Public Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the **HK eIPO White Form** service only*).

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Public Offer period will begin at 9:00 a.m. on Friday, 21 June 2024 and end at 12:00 noon on Wednesday, 26 June 2024 (Hong Kong time).

HOW TO APPLY FOR PUBLIC OFFER SHARES

To apply for Public Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	You may apply online via the HK eIPO White Form service in the IPO App (which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or the designated website at www.hkeipo.hk .	Investors who would like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, 21 June 2024 to 11:30 a.m. on Wednesday, 26 June 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, 26 June 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC’s FINI system in accordance with your instruction.	Investors who would <u>not</u> like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant’s stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Public Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorised to give those instructions as an agent.

HOW TO APPLY FOR PUBLIC OFFER SHARES

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorised the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for Public Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Public Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Public Offer.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Public Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. Hong Kong identity card; or
 - ii. national identification document; or
 - iii. passport
- Identity document number

For Corporate Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. legal entity identifier (LEI) registration document; or
 - ii. certificate of incorporation; or
 - iii. business registration certificate; or
 - iv. other equivalent document
- Identity document number

HOW TO APPLY FOR PUBLIC OFFER SHARES

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a Hong Kong identity card number, you must confirm that you do not hold a Hong Kong identity card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid Hong Kong identity card, the Hong Kong identity card number must be used when making an application to subscribe for shares in the Public Offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data (CID) of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at four in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW TO APPLY FOR PUBLIC OFFER SHARES

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Sole Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Public Offer Shares for Application

Board lot size : 1,000

Permitted number of Public Offer Shares for application and amount payable on application/successful allotment : Public Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$3.00 per Share.

If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for Public Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)	No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)	No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)	No. of Public Offer Shares applied for	Maximum amount payable ⁽²⁾ on application/successful allotment (HK\$)
1,000	3,030.25	15,000	45,453.83	80,000	242,420.40	900,000	2,727,229.50
2,000	6,060.51	20,000	60,605.10	90,000	272,722.96	1,000,000	3,030,255.00
3,000	9,090.76	25,000	75,756.38	100,000	303,025.50	1,200,000	3,636,306.00
4,000	12,121.02	30,000	90,907.66	200,000	606,051.00	1,400,000	4,242,357.00
5,000	15,151.28	35,000	106,058.93	300,000	909,076.50	1,600,000	4,848,408.00
6,000	18,181.54	40,000	121,210.20	400,000	1,212,102.00	1,800,000	5,454,459.00
7,000	21,211.79	45,000	136,361.48	500,000	1,515,127.50	2,000,000	6,060,510.00
8,000	24,242.05	50,000	151,512.76	600,000	1,818,153.00	2,200,000	6,666,561.00
9,000	27,272.30	60,000	181,815.30	700,000	2,121,178.50	2,400,000	7,272,612.00
10,000	30,302.56	70,000	212,117.86	800,000	2,424,204.00	2,700,000 ⁽¹⁾	8,181,688.50

(1) Maximum number of Public Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the GEM Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Applications for Public Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any Placing Shares.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Public Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Sole Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Public Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus, the **IPO App** and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Public Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of Shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons (Share Offer), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons (Share Offer), the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— G. Personal Data — 3. Purposes and 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances In Which You Will Not Be Allocated Public Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons (Share Offer) will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Sole Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Public Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

HOW TO APPLY FOR PUBLIC OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Public Offer Shares through:

Platform	Date/Time
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Applying through the **HK eIPO White Form** service or HKSCC EIPO channel:

Website	The “IPO Results” function in the IPO App or the designated results of allocation website at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function.	24 hours, from 11:00 p.m. on Friday, 28 June 2024 to 12:00 midnight on Thursday, 4 July 2024 (Hong Kong time)
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The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Public Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result).

The Stock Exchange’s website at www.hkexnews.hk and our website at www.metatechnologies.com.sg which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Friday, 28 June 2024 (Hong Kong time)
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Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the Hong Kong Share Registrar.	Between 9:00 a.m. and 6:00 p.m., from Tuesday, 2 July 2024 to Friday, 5 July 2024 (Hong Kong time) on a business day
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For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, 27 June 2024 (Hong Kong time).

HOW TO APPLY FOR PUBLIC OFFER SHARES

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, 27 June 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocations of Public Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.metatechnologies.com.sg by no later than 11:00 p.m. on Friday, 28 June 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED PUBLIC OFFER SHARES

You should note the following situations in which Public Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application

We, the Sole Overall Coordinator, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Public Offer Shares is void:

The allocation of Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

HOW TO APPLY FOR PUBLIC OFFER SHARES

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Applications for Public Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we believe or the Sole Overall Coordinator believes that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Public Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Public Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Public Offer Shares will be reallocated to the Placing. Public Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Public Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons (Share Offer), the Hong Kong Share Registrar and HKSCC is or will be liable if Public Offer Shares are not allocated to you due to the money settlement failure.

HOW TO APPLY FOR PUBLIC OFFER SHARES

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made through the HKSCC EIPO channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Tuesday, 2 July 2024 (Hong Kong time), provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of Share certificate⁽¹⁾		
For application of 1,000,000 Public Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account.
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, 2 July 2024 (Hong Kong time)	No action by you is required.
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.	
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.	
	<i>Note:</i> If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	

HOW TO APPLY FOR PUBLIC OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
For application of less than 1,000,000 Public Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.	
	Date: Friday, 28 June 2024	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, 2 July 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

- ⁽¹⁾ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in force in Hong Kong in the morning on Friday, 28 June 2024, rendering it impossible for the relevant Share certificates to be despatched to HKSCC in a timely manner, the Company will procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, 26 June 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions

(collectively “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 26 June 2024.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.metatechnologies.com.sg of the revised timetable.

If a Severe Weather Signal is hoisted on Friday, 28 June 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Tuesday, 2 July 2024.

If a Severe Weather Signal is hoisted on Friday, 28 June 2024, for application of less than 1,000,000 Public Offer Shares, the despatch of physical Share certificates will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, 28 June 2024 or on Tuesday, 2 July 2024).

If a Severe Weather Signal is hoisted on Tuesday, 2 July 2024, for application of 1,000,000 Public Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, 2 July 2024 or on Wednesday, 3 July 2024).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You should seek the advice of your broker or other professional adviser for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the Receiving Bank and the Relevant Persons (Share Offer) about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Person Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Public Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Public Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Public Offer Shares or transferring Public Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Public Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Public Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Public Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Public Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Public Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Public Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for Public Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the GEM Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Public Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Public Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Public Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed “Corporate information” in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF METASURFACE TECHNOLOGIES HOLDINGS LIMITED AND UOB KAY HIAN (HONG KONG) LIMITED**Introduction**

We report on the historical financial information of Metasurface Technologies Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-87, which comprises the consolidated statements of financial position as at 31 December 2022 and 2023, the company statements of financial position as at 31 December 2022 and 2023, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022 and 2023 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-87 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 June 2024 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2022 and 2023 and the consolidated financial position of the Group as at 31 December 2022 and 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

Dividends

No dividends have been paid by Metasurface Technologies Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

21 June 2024

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**PREPARATION OF HISTORICAL FINANCIAL INFORMATION**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2023 (the "Track Record Period"), on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars (S\$'000) and all values are rounded to the nearest thousands except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
	<i>Note</i>		
Continuing operations			
Revenue	4	39,116	38,769
Cost of sales	7	<u>(23,060)</u>	<u>(24,354)</u>
Gross profit		16,056	14,415
Other income	5	1,130	2,731
Other gains/(losses), net	6	177	(426)
Administrative expenses	7	<u>(10,489)</u>	<u>(11,666)</u>
Operating profit		6,874	5,054
Finance costs	8	(1,579)	(1,343)
Share of loss from an associate		<u>—</u>	<u>(366)</u>
Profit before tax		5,295	3,345
Income tax expense	10	<u>(1,495)</u>	<u>(1,061)</u>
Profit from continuing operations		<u>3,800</u>	<u>2,284</u>
Discontinued operation			
(Loss)/profit from discontinued operation	38	<u>(1,095)</u>	<u>2,143</u>
Profit for the year		<u>2,705</u>	<u>4,427</u>
Profit/(loss) attributable to:			
Owners of the Company		3,192	4,607
Non-controlling interests		<u>(487)</u>	<u>(180)</u>
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Currency translation differences on foreign operations		<u>(9)</u>	<u>(9)</u>
Total comprehensive income for the year		<u>2,696</u>	<u>4,418</u>

	Year ended 31 December 2022	Year ended 31 December 2023
<i>Note</i>	<i>S\$'000</i>	<i>S\$'000</i>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	3,183	4,598
Non-controlling interests	<u>(487)</u>	<u>(180)</u>
	<u>2,696</u>	<u>4,418</u>
Total comprehensive income/(loss) for the year attributable to owners of the Company arising from:		
— Continuing operations	4,278	2,455
— Discontinued operation	<u>(1,095)</u>	<u>2,143</u>
	<u>3,183</u>	<u>4,598</u>
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company		
Basic and diluted earnings/(loss) per ordinary share arising from (expressed in S\$ per share)*:		
	11	
Continuing operations	0.68	0.41
Discontinued operation	<u>(0.11)</u>	<u>0.41</u>
	<u>0.57</u>	<u>0.82</u>

* The earnings/(loss) per share presented above has not taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the shareholders passed on 7 June 2024 because the proposed capitalisation issue has not become effective as at the date of this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
ASSETS			
Non-current assets			
Property, plant, and equipment	12	7,235	5,710
Prepayments	22	—	203
Right-of-use assets	13	27,044	26,249
Investment property	14	616	575
Goodwill	15	4,429	4,429
Intangible assets	16	6,697	2,281
Other assets	17	359	359
Other receivables			
— Amount due from an associate	21	—	2,880
Investment in an associate	18	—	1,015
Deferred tax assets	19	325	644
Total non-current assets		<u>46,705</u>	<u>44,345</u>
Current assets			
Inventories	20	7,873	6,641
Trade and other receivables	21	9,345	7,742
Prepayments	22	1,091	1,907
Cash and bank balances	23	4,392	9,225
Total current assets		<u>22,701</u>	<u>25,515</u>
Total assets		<u>69,406</u>	<u>69,860</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	—*	1
Accumulated losses		(10,724)	(6,117)
Currency translation reserve		(145)	(154)
Capital reserve	24	32,165	33,267
Total equity attributable to owners of the Company		21,296	26,997
Non-controlling interests	37	1,013	—
		<u>22,309</u>	<u>26,997</u>

* Less than S\$1,000.

		As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
	<i>Note</i>		
LIABILITIES			
Current liabilities			
Borrowings	25	5,542	4,018
Lease liabilities	26	2,682	2,652
Trade and other payables	27	9,089	7,564
Contract liabilities	4(a)(ii)	297	—
Income tax payable		<u>993</u>	<u>1,381</u>
Total current liabilities		<u>18,603</u>	<u>15,615</u>
Non-current liabilities			
Borrowings	25	—	219
Lease liabilities	26	27,719	26,214
Trade and other payables	27	458	489
Provisions	28	260	269
Deferred tax liabilities	19	<u>57</u>	<u>57</u>
Total non-current liabilities		<u>28,494</u>	<u>27,248</u>
Total liabilities		<u>47,097</u>	<u>42,863</u>
Total equity and liabilities		<u>69,406</u>	<u>69,860</u>
Net current assets		<u>4,098</u>	<u>9,900</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December 2022 <i>S\$'000</i>	As at 31 December 2023 <i>S\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current asset			
Investment in a subsidiary	1	—	19,369
Total non-current asset		<u>—</u>	<u>19,369</u>
Current assets			
Trade and other receivables	21	—*	—*
Prepayments	22	—	1,812
Total current assets		<u>—*</u>	<u>1,812</u>
Total assets		<u>—*</u>	<u>21,181</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	—*	1
Capital reserve	24	—	19,368
Accumulated losses		(15)	(3,895)
Total equity attributable to owners of the Company		<u>(15)</u>	<u>15,474</u>
LIABILITIES			
Current liabilities			
Trade and other payables	27	15	5,707
Total current liabilities		<u>15</u>	<u>5,707</u>
Total liabilities		<u>15</u>	<u>5,707</u>
Total equity and liabilities		<u>—*</u>	<u>21,181</u>
Net current liabilities		<u>(15)</u>	<u>(3,895)</u>

* Less than S\$1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Accumulated losses	Currency translation reserve	Capital reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2022	—*	(13,916)	(136)	26,836	12,784	515	13,299
Profit for the financial year	—	3,192	—	—	3,192	(487)	2,705
Other comprehensive loss for the financial year, net of tax	—	—	(9)	—	(9)	—	(9)
Total comprehensive income/ (loss) for the financial year	—	3,192	(9)	—	3,183	(487)	2,696
Transactions with owners:							
Issue of new shares by a subsidiary:							
— Loan capitalisation	1.2(xiii)(a)	—	—	4,285	4,285	—	4,285
— Settlement of licence fee	1.2(xiv)(a)	—	—	—	—	—	—
Share-based payment expenses for the employees and shareholders	31	—	—	1,044	1,044	184	1,228
Change in non-controlling interests in a subsidiary	37	—	—	—	—	801	801
At 31 December 2022	—*	(10,724)	(145)	32,165	21,296	1,013	22,309

* Less than S\$1,000.

	Note	Attributable to owners of the Company						Total equity S\$'000
		Share capital S\$'000	Accumulated losses S\$'000	Currency translation reserve S\$'000	Capital reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	
At 1 January 2023		—*	(10,724)	(145)	32,165	21,296	1,013	22,309
Profit for the financial year		—	4,607	—	—	4,607	(180)	4,427
Other comprehensive loss for the financial year, net of tax		—	—	(9)	—	(9)	—	(9)
Total comprehensive income/ (loss) for the financial year		—	4,607	(9)	—	4,598	(180)	4,418
Transactions with owners:								
Share swap as part of reorganisation:								
Share issuance to the original parent in exchange for existing shares	24(b)	1	—	—	19,368	19,369	—	19,369
Share reorganisation	24(b)	—	—	—	(19,369)	(19,369)	—	(19,369)
Disposal of a subsidiary	37	—	—	—	—	—	(928)	(928)
Share-based payment expenses for the employees and shareholders	31	—	—	—	1,149	1,149	49	1,198
Change in non-controlling interests in a subsidiary	37	—	—	—	(46)	(46)	46	—
At 31 December 2023		<u>1</u>	<u>(6,117)</u>	<u>(154)</u>	<u>33,267</u>	<u>26,997</u>	<u>—</u>	<u>26,997</u>

* Less than S\$1,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the year ended 31 December 2022 S\$'000	For the year ended 31 December 2023 S\$'000
	<i>Note</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	32(a)	9,336	11,478
Income tax paid		<u>(301)</u>	<u>(992)</u>
Net cash generated from operating activities		<u>9,035</u>	<u>10,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of property, plant and equipment		(239)	(174)
Additions of right-of-use assets		(463)	(100)
Proceeds from disposal of property, plant and equipment		55	—
Disposal of a subsidiary, net of cash disposed	38	<u>—</u>	<u>(133)</u>
Net cash used in investing activities		<u>(647)</u>	<u>(407)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares of a subsidiary to non-controlling interests	1.2(x)(a) 1.2(xii)(a)	850	—
Proceeds from issue of new shares of a subsidiary	1.2(xvi)(a)	—	1,000
Payment of listing expenses		(625)	(787)
Interest paid	32(b)	(1,608)	(1,287)
Payment of principal portion of lease liabilities	32(b)	(2,440)	(2,803)
Proceeds of borrowings	32(b)	300	300
Repayment of borrowings	32(b)	(2,287)	(1,505)
Advances from a director	32(b)	—	228
Repayment of advances from a director	32(b)	<u>(465)</u>	<u>(225)</u>
Net cash used in financing activities		<u>(6,275)</u>	<u>(5,079)</u>
Net increase in cash and cash equivalents		2,113	5,000
Effect of currency translation on cash and cash equivalents		(72)	21
Cash and cash equivalents as at beginning of the year		<u>2,163</u>	<u>4,204</u>
Cash and cash equivalents as at end of the year	23	<u>4,204</u>	<u>9,225</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganisation and basis of presentation

1.1 General information

Metasurface Technologies Holdings Limited (the “Company”) is a limited liability company incorporated on 7 December 2021 in the Cayman Islands. The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is an investment holding company of a group of companies headquartered in Singapore principally engaged in the business of, among others, precision machining services, precision welding services and sale of laser diodes (the “Listing Business”). The principal activities of its subsidiaries are disclosed in Note 1.2 below.

The ultimate controlling party is Dato’ Sri Chua Chwee Lee and Ms. Jee Wee Jene (“Dato’ Sri Chua” and “Mrs. Chua”, the “Controlling Shareholders”), who are also directors of the Company.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”) as described below, the principal activities were carried out by Metasurface Technologies Pte. Ltd. (“Metasurface Technologies”), a company incorporated in Singapore on 6 January 2000. Metasurface Technologies was collectively controlled by Dato’ Sri Chua and Mrs. Chua throughout the Track Record Period. On 17 June 2023, Dato’ Sri Chua, Mrs. Chua and Mr. Aloysius Chua Hao Peng (“Mr. A Chua”, a nephew of Dato’ Sri Chua) as defined below executed a confirmatory deed pursuant to which they have confirmed their acting in concert arrangements in the past as well as their intention to continue to act in concert to consolidate their control over the Group until and unless the confirmatory deed is terminated in writing.

In preparation for the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “Listing”), the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

- (i) 15 June 2021 — Incorporation of Metaoptics Technologies Pte. Ltd. (“Metaoptics Technologies”)

Metaoptics Technologies was incorporated in Singapore on 15 June 2021. On incorporation, Metaoptics Technologies had 290,000 issued ordinary shares of \$1 each, of which 261,000 ordinary shares were allotted and issued to Metasurface Technologies and 29,000 ordinary shares were allotted and issued to Mr. Thng Chong Kim (“Mr. Thng”, an executive Director of the Company).

- (ii) 23 September 2021 — Share transfers in Metaoptics Technologies
 - (a) 14,500 shares in Metaoptics Technologies were transferred from Metasurface Technologies to Mr. A Chua at a nominal value of consideration of S\$1.
 - (b) In return for providing the know-how to Metasurface Technologies and its subsidiaries, 29,000 shares in Metaoptics Technologies were transferred from Metasurface Technologies to Mr. Thng at a nominal value of consideration of S\$1 to reward Mr. Thng’s continual contribution to the Group.

- (iii) 8 October 2021 — Share transfers in Metasurface Technologies
 - (a) Each of Mr. Jee Wee Chek, Mr. Lee Liang Seng, Mr. Ng Cheow Boo and Ms. Chong Siow Ming transferred 10,000 shares, 2,000 shares, 211,581 shares and 5,000 shares in Metasurface Technologies to Dato' Sri Chua, respectively, at a consideration of S\$1 payable by Dato' Sri Chua based on the nominal value of the shares.
 - (b) In return for providing the know-how to Metasurface Technologies and its subsidiaries, Dato' Sri Chua transferred 391,164 shares in Metasurface Technologies to Mr. Thng at a total consideration mutually agreed of S\$1.
- (iv) 30 November 2021 — Metaoptics Technologies temporary transferred to Mr. A Chua

During the initial period of Metaoptics Technologies' incorporation, management were still exploring the business prospects and future development plans of Metaoptics Technologies and had not decided whether the inclusion of Metaoptics Technologies into the Group would be in the best interests of the Group and the shareholders as a whole. On 30 November 2021, Metasurface Technologies transferred all its 217,500 shares held in Metaoptics Technologies (75%) to Mr. A Chua at a consideration of S\$1 per share. Immediately upon completion of the share transfer, Metaoptics Technologies was held by Mr. A Chua as to 80% and Mr. Thng as to 20%. Following subsequent discussion among the directors, the then potential collaborators, investors and business partners of Metaoptics Technologies, the directors decided to include Metaoptics Technologies in the Group, having considered that the upcoming projects, potential research and development capabilities and development of Metaoptics Technologies could benefit and create synergies to the Group as a whole. As a result, on 10 March 2022, Mr. A Chua transferred 217,500 shares (75%) in Metaoptics Technologies to Metasurface Technologies at a consideration of S\$1 per share. Mr. A Chua had at all material times throughout the period from 30 November 2021 to 10 March 2022 held 217,500 shares in Metaoptics Technologies for the sole benefit of Metasurface Technologies.

- (v) 1 December 2021 — Acquisition of Singapore Precision Welding Pte. Ltd. ("SPW")

Pursuant to a share purchase agreement dated 16 November 2021 of Dato' Sri Chua and Ms. Pang Chen May ("Ms. Pang") transferred 35,000 shares, each representing half of the entire issued share capital of SPW, to Metasurface Technologies at a consideration of S\$5,474,550 for each of his/her portion of the SPW shares (in aggregate S\$10,949,100), which was satisfied by the allotment and issue of 371,343 shares in Metasurface Technologies to each of Dato' Sri Chua and Ms. Pang. The consideration was determined based on the then fair value of SPW.
- (vi) 3 December 2021 — Incorporation of SGP Capital Holdings Limited ("SGP BVI"), Baccini Capital Holdings Limited ("Baccini") and Angelling Capital Holdings Limited ("Angelling");
 - (a) SGP BVI was incorporated in the British Virgin Islands ("BVI") as a company with limited liability. On incorporation, 100 shares were allotted and issued to Dato' Sri Chua at a consideration of US\$100. SGP BVI is intended to be the intermediate holding company of Dato' Sri Chua's shareholding in the Company.
 - (b) Baccini was incorporated in the BVI as a company with limited liability. On incorporation, 100 shares were allotted and issued to Mrs. Chua at a consideration of US\$100. Baccini is intended to be the intermediate holding company of Mrs. Chua's shareholding in the Company.

- (c) Angelling was incorporated in the BVI as a company with limited liability. On incorporation, 100 shares were allotted and issued to Mr. Thng at a consideration of US\$100. Angelling is intended to be the intermediate holding company of Mr. Thng's shareholding in the Company.

(vii) 7 December 2021 — Incorporation of the Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. On incorporation, the authorised share capital was HK\$380,000 divided into 380,000,000 shares of HK\$0.001 each, of which one share was allotted and issued to the initial subscriber and subsequently transferred to SGP BVI on the same day.

(viii) 13 December 2021 — First Undertaking from Dato' Sri Chua to Mr. Thng

As a reward for Mr. Thng's continual contribution to the growth of the Listing Business and its fund-raising activities as well as providing the know-how to Metasurface Technologies and its subsidiaries, Dato' Sri Chua agreed to grant Mr. Thng an anti-dilution right to maintain his 10% shareholding in Metasurface Technologies and undertook to transfer, or procure the transfer of, a number of shares in Metasurface Technologies to Mr. Thng from time to time prior to the submission of the listing application of Metasurface Technologies or a related corporation for the purpose of the Listing to maintain Mr. Thng's shareholding proportion of 10% in the event Mr. Thng's shareholding in Metasurface Technologies is diluted to below 10% (the "First Undertaking"). The First Undertaking was terminated on 25 April 2023 (Note 1.2(xix)).

(ix) 28 December 2021 — Pre-IPO investment by nine investors and share transfers to Mr. Thng

- (a) Metasurface Technologies allotted, and nine investors, each an independent third party of the Group, subscribed for ordinary shares in Metasurface Technologies set out in the table below (the "1st Pre-IPO Investment"). The considerations paid by all nine investors were based on commercial negotiation.

Name	Number of ordinary shares	Consideration (S\$'000)
Zou Shuling	43,440	700
Hong Haicheng	40,958	660
Soo Siew Har and Ho Gim Hai	37,235	600
Chua Lee Chai	31,029	500
Tan Beng Kiat	31,029	500
Deborah Chua Wee Wei	31,029	500
Tan Kok Thye George	15,514	250
Poh Seng Kah	12,412	200

- (b) In conjunction with the 1st Pre-IPO Investment, Dato' Sri Chua and Mrs. Chua transferred 86,401 ordinary shares and 12,132 ordinary shares (in total 98,533 ordinary shares) of Metasurface Technologies to Mr. Thng respectively, at nil consideration pursuant to the First Undertaking.

- (x) 11 March 2022 — Metaoptics Technologies' allotment and issue of shares to Origgin Ventures Pte. Ltd. ("Origgin") and share transfers to Mr. Thng, Second Undertaking from Metasurface Technologies to Mr. Thng
- (a) Pursuant to a share subscription agreement entered into between Metaoptics Technologies and Origgin (an independent third party of the Group) dated on 11 March 2022, Origgin subscribed for, and Metaoptics Technologies allotted and issued to Origgin, 31,865 ordinary shares in Metaoptics Technologies at a consideration of S\$200,000. The consideration was determined based on commercial negotiations between Metaoptics Technologies and Origgin.
 - (b) Pursuant to the shareholders' agreement dated the same date entered into, among others, Metasurface Technologies agreed to grant Origgin an anti-dilution right to maintain its 9.90% shareholding in Metaoptics Technologies and undertook to transfer, or procure the transfer of, such number of shares in Metaoptics Technologies to Origgin from time to time prior to the termination of this right to maintain Origgin's shareholding proportion of 9.90% in the event Origgin's shareholding in Metaoptics Technologies is diluted to below 9.90% ("Origgin Anti-dilution Right"). This right was terminated on 25 August 2022 (Note 1.2(xii)(d)).
 - (c) As a reward for Mr. Thng's continual contribution to the growth of Metaoptics Technologies' business and its fund-raising activities as well as providing the know-how to Metaoptics Technologies and its related companies including the grant of several patents, Metasurface Technologies agreed to grant Mr. Thng an anti-dilution right to maintain his 20% shareholding in Metaoptics Technologies and undertook to transfer, or procure the transfer of, a number of shares in Metaoptics Technologies to Mr. Thng from time to time prior to the submission of the listing application of Metasurface Technologies or a related corporation for the purpose of the Listing to maintain Mr. Thng's shareholding proportion of 20% in the event Mr. Thng's shareholding in Metaoptics Technologies is diluted to below 20% (the "Second Undertaking"). The Second Undertaking were terminated on 25 April 2023.
 - (d) On 11 March 2022, Metasurface Technologies transferred 6,373 shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.
- (xi) 12 April 2022 — Metaoptics Technologies' allotment and issue of shares to Autec Solutions Pte. Ltd. ("Autec") and share transfers in Metasurface Technologies to Origgin and Mr. Thng
- (a) Pursuant to a share subscription agreement entered into between Metaoptics Technologies and Autec (an independent third party of the Group) dated the same date, Autec subscribed for, and Metaoptics Technologies allotted and issued to Autec, 16,093 ordinary shares in Metaoptics Technologies at a consideration of S\$200,000. The consideration was determined based on commercial negotiations between Metaoptics Technologies and Autec.
 - (b) Mr. A Chua, transferred 7,901 shares in Metaoptics Technologies to Metasurface Technologies at a nominal consideration of S\$1.
 - (c) Mr. A Chua, who acted in accordance with the instructions of Dato' Sri Chua, transferred 3,219 shares in Metaoptics Technologies to Mr. Thng at a total consideration mutually agreed of S\$1.

- (d) Pursuant to the Origin Anti-dilution Right, Metasurface Technologies transferred 1,593 shares in Metaoptics Technologies to Origin at a nominal consideration of S\$1 in satisfaction of Origin's anti-dilution right to maintain its shareholding in Metaoptics Technologies at 9.90% at all times.
- (xii) 25 August 2022 — Metaoptics Technologies's allotment and issue of shares to MMI Holdings Limited ("MMI") and Origin, and share transfers to Mr. Thng
- (a) Pursuant to a share subscription agreement entered into between Metaoptics Technologies and MMI dated on 25 August 2022, MMI subscribed for, and Metaoptics Technologies allotted and issued to MMI, 35,574 ordinary shares in Metaoptics Technologies at a consideration of S\$500,000. The consideration was determined based on commercial negotiations between Metaoptics Technologies and MMI.
 - (b) Pursuant to the Second Undertaking, Metasurface Technologies transferred 7,896 shares in Metaoptics Technologies to Mr. Thng at a nominal consideration of S\$1.
 - (c) Pursuant to Origin Anti-dilution Right, Origin subscribed for, and Metaoptics Technologies allotted and issued to Origin, 3,909 ordinary shares in Metaoptics Technologies at a nominal consideration of S\$1.
 - (d) Upon completion of the above allotments and share transfer, an amended and restated shareholders' agreement was entered into among Metaoptics Technologies and all of its then shareholders, namely, Metasurface Technologies, Mr. Thng, Mr. A Chua, Origin, Autec and MMI. Under this amended and restated shareholders' agreement, Origin no longer has an anti-dilution right.
- (xiii) 27 September 2022 — Loan capitalisation in Metasurface Technologies and share transfer to Mr. Thng
- (a) Pursuant to a deed entered into by Metasurface Technologies and Mrs. Chua dated on 27 September 2022, an amount of S\$4,285,000 owed by Metasurface Technologies to Mrs. Chua was set-off against the monies for the subscription of 279,800 ordinary shares in Metasurface Technologies, payable by Mrs. Chua to Metasurface Technologies.
 - (b) Pursuant to the First Undertaking, each of Dato' Sri Chua and Mrs. Chua transferred 13,990 (in total 27,980 ordinary shares) ordinary shares in Metasurface Technologies to Mr. Thng at a nominal consideration of S\$1.
- (xiv) 14 October 2022 — Metasurface Technologies' allotment and issue of shares to Accelerate Technologies Pte. Ltd. ("Accelerate") and share transfers to Mr. Thng
- (a) Pursuant to a share subscription agreement entered into between Metasurface Technologies and Accelerate (an independent third party of the Group) dated on 14 October 2022, Accelerate subscribed for, and Metasurface Technologies allotted and issue to Accelerate, 272,462 ordinary shares in Metasurface Technologies at a consideration of S\$2,880,000 (the "2nd Pre-IPO Investment"). The consideration was determined by commercial negotiations between Metasurface Technologies and Accelerate and was settled in full by offsetting the licence fee of S\$2,880,000 payable by Metasurface Technologies to Accelerate pursuant to a licence agreement dated 10 December 2021 for using Accelerate's technologies and intellectual property rights to develop enhancements on and to commercialise Accelerate's technologies and licenced products.

- (b) Pursuant to the shareholders' agreement dated 14 October 2022 entered into, among existing shareholders of Metasurface Technologies and Accelerate, Accelerate holds anti-dilution right on its shareholding in Metasurface Technologies at 5% at all times. The right was terminated on 26 April 2023 (Note 1.2(xix)).
 - (c) In conjunction with the 2nd Pre-IPO Investment, each of Dato' Sri Chua and Mrs. Chua transferred 13,623 ordinary shares (in total 27,246 ordinary shares) in Metasurface Technologies to Mr. Thng at a nominal consideration of S\$1 pursuant to the First Undertaking.
- (xv) 2 January 2023 — Metasurface Technologies transferred 7,549 shares of Metaoptics Technologies to Dr. Kuznetsov at no consideration as part of his remuneration package for his services to Metaoptics Technologies.
- (xvi) 30 January 2023 — Metasurface Technologies' allotment and issue of shares to MMI and Accelerate, and share transfers to Mr. Thng
- (a) Pursuant to a share subscription agreement entered into between Metasurface Technologies and MMI dated the same date, MMI subscribed for, and Metasurface Technologies allotted and issued to MMI, 139,913 ordinary shares in Metasurface Technologies at a consideration of S\$1,000,000 (the "3rd Pre-IPO Investment", together with the 1st Pre-IPO Investment and the 2nd Pre-IPO Investment, the "Pre-IPO Investments"). The consideration was determined by commercial negotiations between Metasurface Technologies and MMI.
 - (b) On the same date, Metasurface Technologies granted MMI an non-listing put option. In the event the Listing fails to materialise by a date, whichever is earlier, (i) falling 12 months after the first submission of the Company's Listing application; (ii) the Listing date; (iii) the Company formally withdraws the Listing application or (iv) the Listing application lapses and the Company does not submit a renewed Listing application within six months after the lapse, MMI has the option to require Metasurface Technologies to purchase all of the shares held by MMI, at a price equivalent to the subscription consideration paid by MMI, plus interest on the subscription consideration. The interest is fixed at a simple interest rate of 6% per annum.
 - (c) In conjunction with the 3rd Pre-IPO Investment, each of Dato' Sri Chua and Mrs. Chua transferred 7,364 ordinary shares (in total 14,728 ordinary shares) in Metasurface Technologies to Mr. Thng at a nominal consideration of S\$1 pursuant to the First Undertaking. Pursuant to Accelerate's anti-dilution right under the amended and restated shareholders' agreement dated 30 January 2023 entered into, among others, Metasurface Technologies, Accelerate and MMI, Accelerate subscribed for, and Metasurface Technologies allotted and issued to Accelerate, 7,364 ordinary shares in Metasurface Technologies at a nominal consideration of S\$1.
- (xvii) 31 March 2023 — Share transfer to Aquaspring Group Limited ("Aquaspring")

Pursuant to a share purchase agreement dated on 31 March 2023 entered into between Aquaspring (an independent third party of the Group) and Mr. Thng. Mr. Thng transferred 37,744 ordinary shares in Metaoptics Technologies, representing approximately 9.99% of the entire issued share capital of Metaoptics Technologies to Aquaspring at a consideration of S\$800,000. The consideration was determined based on commercial negotiations between Mr. Thng and Aquaspring.

- (xviii) 10 April 2023 — Share transfers to the nine investors by Mrs. Chua

Mrs. Chua transferred 208,615 ordinary shares in Metasurface Technologies to the nine investors in proportion of their respective shareholdings of the 1st Pre-IPO Investment at nominal consideration of S\$1.

- (xix) 25 April 2023 and 26 April 2023 — Termination of anti-dilution rights

The anti-dilution rights granted to Mr. Thng in respect of Metasurface Technologies and Metaoptics Technologies have been terminated on 25 April 2023. The anti-dilution right granted to Accelerate in respect of Metasurface Technologies has been terminated on 26 April 2023.

- (xx) 26 April 2023 — Consolidation of Listing Business under the Company

Pursuant to a restructuring deed dated 26 April 2023, each shareholder of Metasurface Technologies transferred all shares in Metasurface Technologies held by him/her to the Company, at a consideration for which the Company issued 5,596,510 ordinary shares in the Company to him/her (or an entity designated by him/her) in proportion of their respective shareholdings in Metasurface Technologies.

- (xxi) 16 May 2023 — Share transfer to Mr. Thng

Pursuant to a share purchase agreement dated 16 May 2023 entered into between Mr. Thng and Metasurface Technologies, Metasurface Technologies transferred 125,767 ordinary shares in Metaoptics Technologies held by it, representing approximately 33.3% of the entire issued share capital of Metaoptics Technologies, to Mr. Thng at a cash consideration of S\$180,000. The consideration was determined based on a negotiation between Metasurface Technologies and Mr. Thng. Upon completion of the share transfer, Metaoptics Technologies became an associate of the Group and since then has been held by Metasurface Technologies as to approximately 20.2%.

Further to the share transfer, on 9 June 2023, Mr. Thng transferred 25,500 ordinary shares in Metaoptics Technologies, representing approximately 6.76% of the entire issued share capital of Metaoptics Technologies, to MMI at a consideration of S\$36,496. Upon completion of this share transfer, Mr. Thng held approximately 36.56% equity interest in Metaoptics Technologies.

Upon completion of the Reorganisation, the Company became the holding company of the companies comprising the Group.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Place and date of incorporation/ establishment	Issued and fully paid share capital ('000)	Effective interest held		As at the date of this report	Principal activities/ place of operation	Notes
			As at 31 December 2022	As at 31 December 2023			
Directly held by the Company							
Metasurface Technologies Pte. Ltd.	Singapore, 6 January 2000	S\$26,936	100%	100%	100%	Manufacture of dies, moulds, tools, jigs and fixtures, Singapore	(i)
Indirectly held by the Company							
Metaoptics Technologies Pte. Ltd.	Singapore, 15 June 2021	S\$1,190	55.5%	N/A*	N/A*	Design and manufacturing of optics lens and module, Singapore	(i)
Singapore Precision Welding Pte. Ltd.	Singapore, 15 November 2006	S\$70	100%	100%	100%	Manufacturer and suppliers of ultra high vacuum) & high vacuum weldment, ultra high purity & high purity gas line weldment for semiconductor industry, Singapore	(i)
SGP 1st Engineering Sdn. Bhd.	Malaysia, 6 August 2013	MYR1,361	100%	100%	100%	Industries engineering, Malaysia	(ii)

* Metaoptics Technologies Pte. Ltd. has ceased to be a subsidiary of the Group from 16 May 2023 (Note 1.2 (xxi)) and became an associate of the Group.

- (i) The statutory financial statements of these subsidiaries for the year ended 31 December 2022 were audited by Prime Accountants LLP.
- (ii) The statutory financial statements of this subsidiary for the year ended 31 December 2022 was audited by Ing Wang & Co.

All companies now comprising the Group have adopted 31 December as the year-end date.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is conducted by Metasurface Technologies and its subsidiaries, which have been owned and controlled by the Controlling Shareholders. Pursuant to the Reorganisation, Metasurface Technologies and the Listing Business were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the ownership structure of the Listing Business with no changes in management of such business and the ultimate owners of the Listing Business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under Metasurface Technologies and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Metasurface Technologies and its subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the consolidated financial statements of Metasurface Technologies for all years presented, since the respective dates of incorporation of the consolidating entities, or since the date when the consolidating companies first came under the control of the Controlling Shareholders, whichever is the earlier.

2 Summary of material accounting policy information

The material accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Historical Financial Information is for the Group consisting of the Company and its subsidiaries now comprising the Group.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations). The financial statements have been prepared on the historical cost basis except as disclosed in Note 2.14.

New or amended Standards and Interpretations effective after 1 January 2024

A number of amendments to standards that are relevant to the Group but not yet effective for the Track Record Period have not been early adopted by the Group.

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 — Classification of liabilities as current or non-current	1 January 2024
Amendment to IAS 1 — Non-current liabilities with covenants	1 January 2024
Amendment to IFRS 16 — Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 — Supplier finance arrangements	1 January 2024
Amendments to IFRS 10 and IAS 28 — Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 21 — Lack of exchangeability	1 January 2025

The Group has assessed the related impact to the Group of the above amendments upon initial application. According to the assessment made by the directors of the Company, none of the above is expected to have a material impact on the results of operation and financial position of the Group.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

For the purposes of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore dollars (“S\$”), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of each reporting period are recognised in profit or loss.

Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting profit or loss are presented in net gain/loss in profit or loss within “other operating expenses” unless a significant net gain will be presented within “other income”.

(iii) Translation of Group entities' financial statements

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

- assets and liabilities are translated at the closing exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

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 a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not

recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.3 Principles of Consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Disposal of a subsidiary

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

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(iii) Transactions with non-controlling interests

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

(iv) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Interests in associates are accounted for using the equity method of accounting (see (v) below), after initially being recognised at cost.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

(v) Equity method

Under the equity method of accounting, the investment in associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate is eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.4 *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 *Segment reporting*

An operating segment is a component in the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided and reviewed regularly to the chief operating decision-makers of the Group ("CODM"), which has been identified as the chief executive officer, chief financial officer and the chief operating officer of the Group.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

No provision for depreciation is made on freehold land. Depreciation of other property, plant and equipment is calculated on the straight-line method so as to write off the cost of the assets over their estimated useful lives as follows:

Category	Useful life
• Freehold building	50 years
• Office equipment	10 years
• Renovation	5 to 10 years
• Plant and machinery	3 to 15 years
• Motor vehicles	10 years
• Computers	3 years
• Furniture and fittings	10 years

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. The effects of any revision are recognised in profit or loss when the changes arise.

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

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

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

2.7 *Investment property*

Investment property is property that held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives as follows:

• Leasehold property	28 years
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The residual values, useful lives and depreciation method of investment property is reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise. Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 *Impairment of non-financial assets*

Non-financial assets of the Group comprise investment property, property, plant and equipment, right-of-use assets, investment in an associate, intangible assets, goodwill and prepayments.

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

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

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

2.9 *Intangible assets*

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold. Goodwill is not amortised but is tested for impairment annually.

Licence, know-how, customer contracts and customer relationship

Licence, patents, customer contracts and relationship acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are to be amortised to profit or loss using the straight-line method over years, which is the shorter of their estimated useful lives and periods of contractual rights as follows:

Category	Useful life
● Know-how	7 years
● Customer contracts	0.5 years
● Customer relationship	10 years
● Licence	10 years

The useful lives of know-how and licence are estimated with reference to the technical obsolescence and product life cycles, expected usage and the expiries of the respective contracts.

The useful life of customer-contracts and customer relationships are estimated based on the attrition rate, historical experience, contract periods and life cycles of customers.

2.10 Financial assets

(a) Initial recognition and measurement

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

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

(b) Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The Group's debt instruments at amortised cost comprise trade and other receivables, and cash and cash equivalents.

Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in profit or loss using the effective interest method. Gains and losses on debts instrument are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(c) Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Financial liabilities

Financial liabilities of the Group comprise trade and other payables, borrowings and lease liabilities. Financial liabilities are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

For a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount (for example, for the present value of the forward repurchase price, option exercise price or other redemption amount).

(a) Initial recognition and measurement

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

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

(b) Subsequent measurement

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

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the statements of financial position. For cash subject to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow moving and defective inventories.

2.14 Keyman insurance

The Group acquired a keyman insurance contract. The insurance contract is initially recognised at the amount of the premium paid and subsequently carried at cash surrender value at the end of each reporting period, with changes in cash surrender value recognised in profit or loss.

Changes in the cash surrender value are recognised in “other gains/(losses), net”.

2.15 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's trade receivables and Note 34 for a description of the Group's impairment policies.

Prepayments, deposits and other receivables mainly comprise prepaid listing expense based on the percentage of work done by professional parties, rental deposits, utilities deposits as well as GST receivables.

2.16 Provisions

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

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

2.17 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.18 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings and borrowing costs

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount

of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.21 Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and Malaysian Employees Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.22 Leases

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

(a) As lessee

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

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8 "Impairment of non-financial assets".

The Group's right-of-use assets are presented in Note 13.

Lease liabilities

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

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

The Group's lease liabilities are presented in Note 26.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (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 of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.24 *Revenue and income recognition*

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

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

The Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are further described as follows.

(a) Sales of goods and services

The Group sells parts and components of precision engineering equipment that undergo the precision machining and welding services.

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services.

Revenue is recognised at a point in time upon satisfaction of the PO, which generally coincides with the delivery of goods and when services are rendered. Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No significant element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group concluded obligation to repair or replace faulty products under the standard warranty terms is remote and no provision has been recognised.

(b) Service income

Service income represents the provision of handling and logistics services to the customers. The service income is recognised as other income in profit or loss upon completion of the services.

(c) Scrap material sales income

The sale value of scrap is credited to profit and loss account as other income.

(d) Other income — lease income

Lease income from operating leases where the Group is a lessor is recognised in other income on a straight-line basis over the lease term.

2.25 *Current and deferred income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) *Offsetting*

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.26 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel include all directors of the Company.

2.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group 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 Company or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (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).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.28 Share capital

Classification

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted against equity. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Dividend

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

2.29 Share-based payments

Share-based compensation benefits are provided to employees and shareholders. Information relating to these schemes is set out in Note 31.

The fair value of shares granted is recognised as an employee benefits expense or share-based payments to shareholders with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted.

If the equity instruments granted vest immediately, the counterparty is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. In the absence of evidence to the contrary, the Company shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. In this case, on grant date the entity shall recognise the services received in full, with a corresponding increase in equity.

2.30 Discontinued operation

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operation are presented separately in the consolidated statements of comprehensive income.

3 Critical accounting estimates and judgements

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

(a) Impairment of non-financial assets

The Group performed impairment assessment at each reporting date to determine whether the goodwill may be impaired. The Group estimates the recoverable amount of the goodwill or the cash-generating unit ("CGU"), based on the value in use calculation ("VIU"). The VIU is based on discounted cash flow forecast of the CGU, the preparation of which requires management to use assumptions and estimates relating to revenue growth rate, terminal growth rate and pre-tax discount rate of the CGU. The assumptions and estimates used are inherently subjective and may be affected by uncertainties around future market or economic condition. The impairment assessment and the carrying amount of the goodwill are disclosed in Note 15 to the financial statements.

Non-financial assets other than goodwill of the Group comprise licence, know-how, customer contracts, customer relationship and investment in an associate are reviewed for impairment whenever there is any indication that the assets may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of an asset or group of assets is assessed as the higher of its fair value less costs of disposal and its value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Management has concluded that there was no impairment in respect of these assets at the reporting date. The carrying amounts of the Group's intangible assets are disclosed in Note 16 to the financial statements.

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over its estimated useful life which is estimated to be within 3 to 50 years based on assets specifications, industry norms, and other factors. This estimate is dependent on variables such as usage levels and technological developments and will be reassessed at the end of every reporting period. The carrying amount of the Group's property, plant and equipment is disclosed in Note 12.

(c) Share based payments

Share-based payments comprises anti-dilution rights granted to certain management and shareholders of the Group, acquisition of identified and unidentified goods and services. The fair value of the shares granted is recognised in profit or loss as share-based payment expense. The fair value of the shares granted is derived using the market approach and subject to assumptions.

In the market approach, the fair value of the equity interest in the entities now comprising the Group is based on the multiplication of the normalised earnings before interest, tax, depreciation and amortisation by an appropriate market multiple. The market approach result is then adjusted for a discount for lack of marketability to arrive at fair value.

The share-based payments recognised are disclosed in Note 31.

4 Revenue and operating segments

(a) Revenue from contracts with customers

(i) Disaggregation of revenue from contracts with customers:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Continuing operations		
Sale of goods and its related services:		
Precision machining	22,913	15,545
Precision welding	<u>16,203</u>	<u>23,224</u>
	<u>39,116</u>	<u>38,769</u>
Discontinued operation		
Sale of laser diodes	<u>66</u>	<u>—</u>
Total revenue from contracts with customers	<u><u>39,182</u></u>	<u><u>38,769</u></u>
Timing of revenue recognition for revenue		
Point in time	<u><u>39,182</u></u>	<u><u>38,769</u></u>

(ii) Contract liabilities

Service fee received in advance where the goods or services have not been delivered are recognised as contract liabilities. The revenue will be recognised in profit or loss at a point in time when the goods or services are delivered.

	As at 1 January 2022 S\$'000	As at 31 December 2022 S\$'000	2023 S\$'000
Contract liabilities			
— Advance service fee received	<u>—</u>	<u>297</u>	<u>—</u>
Total contract liabilities	<u><u>—</u></u>	<u><u>297</u></u>	<u><u>—</u></u>

Revenue recognised in relation to contract liabilities

	Year ended 31 December 2022 S\$'000	2023 S\$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period	<u><u>—</u></u>	<u><u>297</u></u>

Unsatisfied performance obligations

	Year ended 31 December	
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
— Advance service fee received	297	—

The transaction price allocated to unsatisfied performance obligations in 2022 is recognised as revenue in 2023.

(b) Information about major customers

Revenue from each major customer which contributed 10% or more of the Group's revenue for each of the Track Record Period, is set out below:

	Year ended	Year ended
	31 December	31 December
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Customer A	12,449	8,400
Customer B	6,317	7,804
Customer F	4,418	8,960
Customer G	4,236	N/A

5 Other income

	Year ended	Year ended
	31 December	31 December
	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Continuing operations		
Rental income	285	1,299
Service income	318	1,190
Scrap material sales income	374	134
Government grants	86	87
Others	67	21
	<u>1,130</u>	<u>2,731</u>
Discontinued operation		
Others	<u>26</u>	<u>1</u>

Government grants consist of Special Employment Credit, Senior Employment Credit, Progressive Wage Credit Scheme, and Jobs Growth Incentive. Special Employment Credit was introduced in 2012 to encourage businesses to hire Singaporean employees aged above 55. The Special Employment Credit will be paid to eligible employers for a 9 year period from 2012 to 2022. The Senior Employment Credit effected from 2023 to 2035, by providing wage offsets to support employers in hiring senior workers aged above 60.

The Progressive Wage Credit Scheme was introduced to provide transitional wage support for employers to adjust to upcoming mandatory wage increases for lower-wage workers and voluntarily raise wages of lower-wage workers for eligible resident employees from 2022 to 2026. Job Growth Incentive introduced to support employers to accelerate the hiring of local workforce, so as to create good and long-term jobs for locals from September 2020 to March 2023. There are no unfulfilled conditions or other contingencies attaching to these grants.

6 Other gains/(losses), net

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Continuing operations		
Unrealised gains (<i>Note 17</i>)	14	—*
Net currency exchange gains/(losses)	108	(489)
Gain on disposal of plant and equipment	55	40
Gain on dilution of shareholding in an associate (<i>Note 18</i>)	—	23
	<u>177</u>	<u>(426)</u>
Discontinued operation		
Gain on disposal of a subsidiary		
— Gain on disposal of controlling interest (<i>Note 38</i>)	—	1,574
— Gain on retained investment (<i>Note 38</i>)	—	955
	<u>—</u>	<u>2,529</u>

* Less than S\$1,000.

7 Expenses by nature

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Continuing operations		
Change in work-in-progress and finished goods	(2,505)	378
Raw materials and consumables used	15,928	13,095
Production and direct costs*	2,942	2,718
Inventories provision (<i>Note 20</i>)	—	414
Inventories written-off (<i>Note 20</i>)	130	—
Depreciation of property, plant and equipment (<i>Note 12</i>)	1,144	1,291
Depreciation of right-of-use assets (<i>Note 13</i>)	1,901	2,086
Depreciation of investment property (<i>Note 14</i>)	41	41
Amortisation of intangible assets (<i>Note 16</i>)	935	288
Business development expenses	444	289
Employee benefit expenses (<i>Note 9.1</i>)	8,424	11,087
Share-based payments for the shareholders (<i>Note 31</i>)	—	875
Listing expenses	1,930	1,896
Professional fees	312	235
Repair and maintenance	498	186
Property tax	209	249
Utilities	444	345
Insurance	83	157
Bank charges and administrative fees	85	17
Other expenses	604	373
	<u>33,549</u>	<u>36,020</u>
Discontinued operation		
Amortisation of intangible assets (<i>Note 16</i>)	560	209
Share-based payments for shareholders (<i>Note 31</i>)	196	—
Employee benefit expenses (<i>Note 9.1</i>)	239	139
Production and direct costs	62	—
Other expense	130	39
	<u>1,187</u>	<u>387</u>

* Included in the production and direct costs are mainly handling, delivery, freight charges, welding gases, subcontractor costs.

8 Finance costs

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Interest expense on borrowings (<i>Note 32(b)</i>)	511	207
Interest expense on lease liabilities (<i>Note 26</i>)	1,097	1,080
Interest expense on provision for reinstatement cost	9	9
Interest expense on deposits received	—	18
Unwinding of discount on deposits received	(38)	—
Interest expense on non-Listing put option (<i>Note 1.2(xvi)</i>)	—	29
	<u>1,579</u>	<u>1,343</u>

9 Employee benefit expenses

9.1 Employee benefit expenses (including directors' emoluments)

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Continuing operations		
Salaries and bonuses	6,876	7,535
Contributions to defined contribution retirement benefits schemes	619	987
Share-based payments for the employees (<i>Note 31</i>)	815	2,276
Staff welfare	114	289
	<u>8,424</u>	<u>11,087</u>
Discontinued operation		
Salaries and bonuses	22	33
Share-based payments for the employees (<i>Note 31</i>)	217	106
	<u>239</u>	<u>139</u>

Employee benefit expenses was charged to profit or loss during the years ended 31 December 2022 and 31 December 2023 as set out below:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Cost of sales	4,396	5,349
Administrative expenses	4,028	5,738
Total	<u>8,424</u>	<u>11,087</u>

During the years ended 31 December 2022 and 2023, no forfeited contributions were utilised by the Group to reduce its contributions to retirement benefits schemes. There is no balance available as at 31 December 2022 and 2023 to reduce future contributions.

Five highest paid individuals

The five highest paid individuals during the Track Record Period included three directors of the Company for the years ended 31 December 2022 and 2023 with details of the emoluments reflected in the analysis shown in Note 9.2. Details of the emoluments payable to five highest paid individuals for the years ended 31 December 2022 and 2023 were as follows:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Salaries and bonuses	1,074	1,422
Contributions to defined contribution retirement benefits schemes	53	73
Share-based payments for the employees (<i>Note 31</i>)	<u>1,032</u>	<u>2,276</u>
	<u>2,159</u>	<u>3,771</u>

The emoluments of the remaining non-director individuals fell within the following bands:

Number of individuals

	Year ended 31 December 2022	Year ended 31 December 2023
Emolument bands		
Nil to S\$180,000 (equivalent to HK\$Nil to HK\$1,000,000)	2	1
S\$180,001 to S\$270,000 (equivalent to HK\$1,000,001 to HK\$1,500,000)	<u>—</u>	<u>1</u>

9.2 Benefits and interests of directors

(a) Directors' emoluments

The emoluments paid or payable to the directors of the Company were as follows:

Year ended 31 December 2022

Name	Fees <i>SS'000</i>	Salary <i>(note (i))</i> <i>SS'000</i>	Discretionary bonuses <i>(note (ii))</i> <i>SS'000</i>	Allowances and benefits in kind <i>SS'000</i>	Employer's contribution to a retirement benefit scheme <i>SS'000</i>	Other emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking <i>(note (iii))</i> <i>SS'000</i>	Total <i>SS'000</i>
Dato' Sri Chua Chwee Lee	—	447	—	—	15	—	462
Ms. Jee Wee Jene	—	257	—	—	15	—	272
Mr. Thng Chong Kim	—	92	—	—	12	1,032	1,136
	—	796	—	—	42	1,032	1,870

Year ended 31 December 2023

Name	Fees <i>SS'000</i>	Salary <i>(note (i))</i> <i>SS'000</i>	Discretionary bonuses <i>(note (ii))</i> <i>SS'000</i>	Allowances and benefits in kind <i>SS'000</i>	Employer's contribution to a retirement benefit scheme <i>SS'000</i>	Other emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries undertaking <i>(note (iii))</i> <i>SS'000</i>	Total <i>SS'000</i>
Dato' Sri Chua Chwee Lee	—	617	75	—	22	—	714
Ms. Jee Wee Jene	—	257	21	—	17	—	295
Mr. Thng Chong Kim	—	84	—	—	10	2,276	2,370
	—	958	96	—	49	2,276	3,379

Notes:

- (i) Salary to a director is generally an emolument paid or payable to the directors in respect of that person's services in connection with the management of the affairs of the Company or its subsidiaries undertakings. Dato' Sri Chua and Mrs. Chua were appointed as executive directors of the Company on 12 July 2021. During the Track Record Period, the independent non-executive directors had not yet been appointed and no directors' remuneration was paid or payable in the capacity of independent non-executive directors. No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office as director during the Track Record Period.
- (ii) Discretionary bonuses are determined based on the financial performance of the Group and the performance of each individual.
- (iii) The share-based payments paid to Mr. Thng Chong Kim comprised of S\$1,032,000 and S\$217,000 for his services rendered under the continuing operations for the years ended 31 December 2022 and 2023 respectively. The share-based payments compensated for his services rendered under the discontinued operation was S\$2,059,000 for the year ended 31 December 2023.

(b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled body corporate by and connected entities with such Directors during the Track Record Period.

(e) Directors' material interests in transactions, arrangements or contracts

Other than disclosed in Notes 1.2 and 29, there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Track Record Period or at any time during the Track Record Period.

10 Income tax expense

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 24% (2022: 17% and 24%) respectively.

The amount of income tax expense charged to the consolidated statements of comprehensive income represents:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Income tax		
— Current year	910	1,412
— Over-provision in prior year	<u>—</u>	<u>(32)</u>
	910	1,380
Deferred tax		
— Current year	585	(134)
— Over-provision in prior year	<u>—</u>	<u>(185)</u>
	<u>585</u>	<u>(319)</u>
Income tax expense		
Continuing operations	1,495	1,061
Discontinued operation	<u>—</u>	<u>—</u>
	<u>1,495</u>	<u>1,061</u>

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the Group as follows:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Reconciliation of taxation		
Profit from continuing operations before income tax	5,295	3,345
(Loss)/profit from discontinued operation before income tax	<u>(1,095)</u>	<u>2,143</u>
	4,200	5,488
Tax calculated at tax rate of 17%	714	933
Difference in overseas tax rate	(6)	8
Expenses not deductible for tax purposes	703	791
Income not subject to tax	(15)	(437)
Unabsorbed capital allowance and unutilised tax losses not recognised as deferred tax assets	116	—
Tax exemption (<i>Note</i>)	(17)	(17)
Over-provision in prior year	<u>—</u>	<u>(217)</u>
Income tax expense for continuing operations	<u>1,495</u>	<u>1,061</u>

Note: During the years of assessment 2020 onwards, tax exemption relates to 75% tax exemption of the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income.

11 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

	Year ended 31 December 2022	Year ended 31 December 2023
Profit/(loss) attributable to owners of the Company (S\$'000)		
Continuing operations	3,800	2,284
Discontinued operation	<u>(608)</u>	<u>2,323</u>
	<u>3,192</u>	<u>4,607</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (<i>Note</i>)	<u>5,596,511</u>	<u>5,596,511</u>
Earnings/(loss) per share (S\$)		
Continuing operations	0.68	0.41
Discontinued operation	<u>(0.11)</u>	<u>0.41</u>
	<u>0.57</u>	<u>0.82</u>

Note: The weighted average number of shares has been retrospectively adjusted for the effect of the issuance of shares in connection with the Reorganisation completed on 16 May 2023 (*Note* 1.2).

(b) Diluted earnings/(loss) per share

As the Group has no dilutive instruments as at 31 December 2022 and 2023, the Group's diluted earnings/(loss) per share equals to its basic earnings/(loss) per share.

12 Property, plant and equipment

Group	Freehold land S\$'000	Freehold building S\$'000	Office equipment S\$'000	Renovation S\$'000	Plant and machineries S\$'000	Motor vehicles S\$'000	Furniture and fittings S\$'000	Computers S\$'000	Total S\$'000
Cost									
As 1 January 2022	646	1,508	42	1,663	21,253	114	424	267	25,917
Additions	—	—	—	1	101	38	250	279	669
Disposals	—	—	—	—	(352)	—	—	—	(352)
Write off	—	—	—	—	(3)	—	—	(10)	(13)
Currency translation differences	(38)	(89)	(1)	(9)	(26)	—	(2)	—	(165)
At 31 December 2022 and 1 January 2023	608	1,419	41	1,655	20,973	152	672	536	26,056
Additions	—	—	—	—	43	—	37	94	174
Disposal of a subsidiary (Note 38)	—	—	—	—	—	—	—	(308)	(308)
Currency translation differences	(35)	(81)	(1)	(8)	(24)	(1)	(2)	—	(152)
At 31 December 2023	<u>573</u>	<u>1,338</u>	<u>40</u>	<u>1,647</u>	<u>20,992</u>	<u>151</u>	<u>707</u>	<u>322</u>	<u>25,770</u>
Accumulated depreciation									
At 1 January 2022	—	151	33	1,001	16,327	80	276	219	18,087
Depreciation for the year	—	28	3	111	909	37	20	36	1,144
Disposal	—	—	—	—	(352)	—	—	—	(352)
Write off	—	—	—	—	(3)	—	—	(10)	(13)
Currency translation differences	—	(9)	(1)	(7)	(26)	—	(2)	—	(45)
At 31 December 2022 and 1 January 2023	—	170	35	1,105	16,855	117	294	245	18,821
Depreciation for the year	—	27	3	109	1,032	12	67	41	1,291
Disposal of a subsidiary (Note 38)	—	—	—	—	—	—	—	(8)	(8)
Currency translation differences	—	(10)	(1)	(7)	(24)	—	(2)	—	(44)
At 31 December 2023	<u>—</u>	<u>187</u>	<u>37</u>	<u>1,207</u>	<u>17,863</u>	<u>129</u>	<u>359</u>	<u>278</u>	<u>20,060</u>
Carrying amount									
At 1 January 2022	<u>646</u>	<u>1,357</u>	<u>9</u>	<u>662</u>	<u>4,926</u>	<u>34</u>	<u>148</u>	<u>48</u>	<u>7,830</u>
At 31 December 2022	<u>608</u>	<u>1,249</u>	<u>6</u>	<u>550</u>	<u>4,118</u>	<u>35</u>	<u>378</u>	<u>291</u>	<u>7,235</u>
At 31 December 2023	<u>573</u>	<u>1,151</u>	<u>3</u>	<u>440</u>	<u>3,129</u>	<u>22</u>	<u>348</u>	<u>44</u>	<u>5,710</u>

Depreciation was charged to profit or loss during the years ended 31 December 2022 and 31 December 2023 as set out below:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Cost of sales	909	1,032
Administrative expenses	<u>235</u>	<u>259</u>
Total	<u><u>1,144</u></u>	<u><u>1,291</u></u>

The property, plant and equipment with the carrying value of S\$1,249,000 and S\$1,151,000 as at 31 December 2022 and 2023 respectively were pledged for a term loan as disclosed in Note 25(a)(ii).

13 Right-of-use assets

Group	Leasehold property S\$'000	Machineries S\$'000	Motor vehicles S\$'000	Total S\$'000
Cost				
At 1 January 2022	29,821	7,481	791	38,093
Addition	<u>—</u>	<u>1,925</u>	<u>—</u>	<u>1,925</u>
At 31 December 2022 and 1 January 2023	29,821	9,406	791	40,018
Addition	<u>—</u>	<u>620</u>	<u>790</u>	<u>1,410</u>
Disposal	<u>—</u>	<u>—</u>	<u>(269)</u>	<u>(269)</u>
31 December 2023	<u><u>29,821</u></u>	<u><u>10,026</u></u>	<u><u>1,312</u></u>	<u><u>41,159</u></u>
Accumulated depreciation				
At 1 January 2022	9,140	1,663	270	11,073
Depreciation for the year	<u>1,279</u>	<u>525</u>	<u>97</u>	<u>1,901</u>
At 31 December 2022 and 1 January 2023	10,419	2,188	367	12,974
Depreciation for the year	<u>1,279</u>	<u>660</u>	<u>147</u>	<u>2,086</u>
Disposal	<u>—</u>	<u>—</u>	<u>(150)</u>	<u>(150)</u>
At 31 December 2023	<u><u>11,698</u></u>	<u><u>2,848</u></u>	<u><u>364</u></u>	<u><u>14,910</u></u>
Carrying amount				
At 1 January 2022	<u><u>20,681</u></u>	<u><u>5,818</u></u>	<u><u>521</u></u>	<u><u>27,020</u></u>
At 31 December 2022	<u><u>19,402</u></u>	<u><u>7,218</u></u>	<u><u>424</u></u>	<u><u>27,044</u></u>
At 31 December 2023	<u><u>18,123</u></u>	<u><u>7,178</u></u>	<u><u>948</u></u>	<u><u>26,249</u></u>

The Group entered into lease arrangements for leasehold property, machineries and motor vehicles. The lease terms of these leased assets are disclosed as follows:

	Lease term (Years)
Leasehold property	23.5
Machineries	10–15
Motor vehicles	10

The lease payments of these right-of-use assets are payable on a monthly-basis and the details of related lease liabilities is disclosed in Note 26.

Depreciation was charged to profit or loss during the years ended 31 December 2022 and 31 December 2023 as set out below:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Cost of sales	1,260	1,368
Administrative expenses	<u>641</u>	<u>718</u>
Total	<u><u>1,901</u></u>	<u><u>2,086</u></u>

14 Investment property

	<i>S\$'000</i>
Historical cost	
As at 31 December 2021, 31 December 2022 and 31 December 2023	<u><u>1,150</u></u>
Accumulated depreciation	
As at 31 December 2021 and 1 January 2022	(493)
Depreciation for the year	<u>(41)</u>
As at 31 December 2022 and 1 January 2023	(534)
Depreciation for the year	<u>(41)</u>
As at 31 December 2023	<u>(575)</u>
Carrying Amount	
As at 1 January 2022	<u><u>657</u></u>
As at 31 December 2022	<u><u>616</u></u>
As at 31 December 2023	<u><u>575</u></u>

Amounts recognised in profit and loss for an investment property

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Rental income from operating leases	83	99
Direct expenses from a property that generated rental income	<u>57</u>	<u>57</u>

The investment property as at 31 December 2022 and 2023 was pledged for a term loan as disclosed in Note 25(a)(i).

Fair value measurement

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Fair value for disclosure purposes only:		
Fair value at end of the year	<u>920</u>	<u>900</u>

The fair value of the investment property was measured as at 31 December 2022 and 2023 based on a valuation made by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent professional external valuers. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued.

15 Goodwill

	S\$'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>4,429</u>

Impairment tests for goodwill

The goodwill is arisen from the acquisition of SPW, a subsidiary of the Group, under the precision welding segment, being a CGU of the Group.

The Group assesses whether goodwill has suffered any impairment on an annual basis. For the 2022 and 2023 reporting periods, the recoverable amount was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates. The pre-tax discount rate reflects specific risks relating to the relevant segment and the countries in which it operates.

The following table sets out the key assumptions for the value-in-use calculation:

	2022	2023
Revenue growth rate	6%–34.6%	1%–5.1%
Pre-tax discount rate	16.9%	16.9%
Terminal growth rate	1.8%	1.8%

If the following key parameters (i.e. revenue growth rate and pre-tax discount rate) change, with all other variables held constant, the headroom between the estimated recoverable amount and the carrying amount of the relevant goodwill would decrease as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Revenue growth rate decreased by 4% (2022: 5%)	9,716	18,795
Pre-tax discount rate increased by 3% (2022: 3%)	22,454	22,575

Based on the assessment performed, the headrooms available for the CGU were approximately S\$28,950,000 and S\$30,867,000 as at 31 December 2022 and 2023.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

There was no provision for impairment of goodwill for the years ended 31 December 2022 and 2023.

16 Intangible assets

Group	Know-how S\$'000	Customer contracts S\$'000	Customer relationship S\$'000	Licence S\$'000	Total S\$'000
Cost					
At 1 January 2022	1,900	776	2,881	2,880	8,437
Additions	—	—	—	—	—
At 31 December 2022	1,900	776	2,881	2,880	8,437
Disposal of a subsidiary (note a, b) (Note 38)	(1,900)	—	—	(2,880)	(4,780)
At 31 December 2023	—	776	2,881	—	3,657
Accumulated amortisation					
At 1 January 2022	(68)	(129)	(24)	(24)	(245)
Amortisation for the year	(272)	(647)	(288)	(288)	(1,495)
At 31 December 2022 and 1 January 2023	(340)	(776)	(312)	(312)	(1,740)
Amortisation for the year	(101)	—	(288)	(108)	(497)
Disposal of a subsidiary (Note 38)	441	—	—	420	861
At 31 December 2023	—	(776)	(600)	—	(1,376)
Carrying amounts					
As at 31 December 2022	1,560	—	2,569	2,568	6,697
As at 31 December 2023	—	—	2,281	—	2,281

Note (a)

On 8 September 2021 and 1 November 2021, Mr. Thng transferred know-how to the Group in exchange for certain shareholding in Metasurface Technologies and Metaoptics Technologies, details of which are set out in Note 1.2(ii) to (iii) above.

The valuation of the know-how acquired by the Group was undertaken by an independent qualified professional valuer. The fair values of the know-how amounting to S\$1,900,000 were derived using the income approach, relief from royalty method and subject to a number of assumptions including as royalty rates, useful lives of the know-how, discount rates and rates of obsolescence.

Note (b)

The Group entered into a licence agreement with Accelerate (the "Licence Agreement") on 10 December 2021, pursuant to which Accelerate grants the Group the rights to, among others, use Accelerate's technologies and intellectual property rights to develop enhancements and to commercialise Accelerate's technologies and licenced products for a consideration of S\$2,880,000.

17 Other assets

	Group and Company	
	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Keyman insurance:		
At 1 January	345	359
Unrealised gains recognised in profit or loss (<i>Note 6</i>)	14	—*
At 31 December	359	359

* *Less than S\$1,000.*

Keyman insurance asset (life insurance settlement contract) is initially recognised at the amount of the premium paid and subsequently carried at cash surrender value at the end of each reporting period, with changes recognised in profit or loss.

Changes in the cash surrender value are recognised in “other gains/(losses), net”.

18 Investment in an associate

The investment in Metaoptics Technologies is initially recognised at its fair value on 16 May 2023 upon its loss of control.

Following the Group's disposal of Metaoptics Technologies on 16 May 2023 (*Note 38*), Metaoptics Technologies has entered into share subscription agreements in December 2023 and allotted additional ordinary shares to Autec, Aquaspring and Haur-Jye Technology Co., Ltd. Upon completion of the share issuance, Metasurface Technologies' shareholding was diluted and decreased from 20.2% to 18.78%. As at 31 December 2023, the Group held 18.78% in Metaoptics Technologies.

	Group	
	2022 S\$'000	2023 S\$'000
<i>Equity investment at cost</i>		
At 1 January	—	—
Fair value of the retained interest arising from the partial disposal of a subsidiary (<i>Note 38</i>)	—	1,358
Share of loss		
— Share of results of an associate	—	(366)
— Gain on dilution of shareholding in an associate (<i>Note 6</i>)	—	23
At 31 December	—	1,015

The summarised financial information of the associate, not adjusted for the proportion ownership interest held by the Group, was as follows:

Summarised statement of financial position

	As at 31 December 2023 S\$'000
Current assets	358
Non-current assets	9,081
Current liabilities	(3,168)
Non-current liabilities	<u>(865)</u>
Net assets	5,406
Group's share in %	<u>18.78%</u>
Group's share in net assets (in S\$'000)	<u><u>1,015</u></u>
Carrying amounts as at 31 December 2023 (in S\$'000)	<u><u>1,015</u></u>
Summarised statement of profit or loss (in S\$'000)	
Administrative expenses (in S\$'000)	1,947
Group's share in %	<u>18.78%</u>
Share of loss for the year (in S\$'000)	<u><u>(366)</u></u>

19 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The balances shown in the consolidated statement of financial position, after appropriate offsetting, are as follows:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Deferred tax assets	325	644
Deferred tax liabilities	<u>(57)</u>	<u>(57)</u>

The movement in the net deferred income tax account is as follows:

	2022 S\$'000	2023 S\$'000
At 1 January	853	268
(Charged)/credited to profit or loss (<i>Note 10</i>)	<u>(585)</u>	<u>319</u>
At 31 December	<u><u>268</u></u>	<u><u>587</u></u>

The movement in deferred income tax assets and liabilities prior to offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets

	Tax losses S\$'000	Lease liabilities S\$'000	Unabsorbed capital allowance S\$'000	Total S\$'000
At 1 January 2022	226	4,514	1,234	5,974
Charged to profit or loss	<u>(6)</u>	<u>(140)</u>	<u>(757)</u>	<u>(903)</u>
At 31 December 2022 and 1 January 2023	<u>220</u>	<u>4,374</u>	<u>477</u>	<u>5,071</u>
(Charged)/credited to profit or loss	<u>(45)</u>	<u>(166)</u>	<u>113</u>	<u>(98)</u>
At 31 December 2023	<u><u>175</u></u>	<u><u>4,208</u></u>	<u><u>590</u></u>	<u><u>4,973</u></u>

Deferred income tax liabilities

	Property, plant and equipment S\$'000	Right-of-use assets S\$'000	Intangible assets S\$'000	Total S\$'000
At 1 January 2022	866	3,561	694	5,121
Charged/(credited) to profit or loss	<u>46</u>	<u>(224)</u>	<u>(140)</u>	<u>(318)</u>
At 31 December 2022 and 1 January 2023	912	3,337	554	4,803
Charged/(credited) to profit or loss	<u>(362)</u>	<u>110</u>	<u>(165)</u>	<u>(417)</u>
At 31 December 2023	<u><u>550</u></u>	<u><u>3,447</u></u>	<u><u>389</u></u>	<u><u>4,386</u></u>

The deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Group did not recognise capital allowances of S\$0.93 million and Nil as of 31 December 2022 and 2023 respectively. In addition, there are unutilised tax losses with no expiry date of S\$0.60 million which has not been recognised as deferred tax assets as of 31 December 2022 from Metaoptics Technologies for which no foreseeable future taxable income to be utilised for the subsidiary.

20 Inventories

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Raw materials	2,582	1,984
Work in progress	3,876	3,629
Finished goods	1,351	1,220
Product consumables	<u>64</u>	<u>222</u>
	7,873	7,055
Less: Provision for inventory obsolescence	<u>—</u>	<u>(414)</u>
	<u>7,873</u>	<u>6,641</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounted to S\$18,932,000 and S\$14,901,000 for the years ended 31 December 2022 and 2023 respectively.

The Group has provided inventory provision of S\$414,000 for the year ended 31 December 2023. These were recognised as an expense and included in “cost of sales” in the consolidated statement of comprehensive income.

There is no inventory write-down or reversal recognised for the year ended 31 December 2023. The Group has written-off finished goods with cost of S\$130,000 for the year ended 31 December 2022.

21 Trade and other receivables

	Group		Company	
	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Non-current				
Non-trade				
Amount due from an associate	<u>—</u>	<u>2,880</u>	<u>—</u>	<u>—</u>
Current				
Trade				
Trade receivables from third parties	<u>7,952</u>	<u>6,614</u>	<u>—</u>	<u>—</u>
Non-trade				
Amounts due from shareholders	<u>—*</u>	<u>—*</u>	<u>—*</u>	<u>—*</u>
GST receivables	<u>193</u>	<u>36</u>	<u>—</u>	<u>—</u>
	<u>193</u>	<u>36</u>	<u>—*</u>	<u>—*</u>
Deposits	<u>1,200</u>	<u>1,092</u>	<u>—</u>	<u>—</u>
	<u>9,345</u>	<u>7,742</u>	<u>—*</u>	<u>—*</u>

* Less than S\$1,000.

a) Trade receivables from contracts with customers

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 60 days after the invoice date and therefore are all classified as current.

As at 31 December 2022 and 31 December 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
0 to 30 days	3,370	4,642
31 to 60 days	2,728	1,597
61 to 90 days	1,606	196
Over 90 days	<u>248</u>	<u>179</u>
	<u>7,952</u>	<u>6,614</u>

The Group's trade receivables are denominated in S\$.

b) Amounts due from shareholders and an associate is non-trade in nature, interest-free and repayable on demand.

c) The Group's exposure to credit risk is disclosed in Note 34(a) "Credit risk".

22 Prepayments

	Group		Company	
	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Non-current	—	203	—	—
Current	<u>1,091</u>	<u>1,907</u>	<u>—</u>	<u>1,812</u>
	<u>1,091</u>	<u>2,110</u>	<u>—</u>	<u>1,812</u>

Included in prepayments were primarily prepaid listing expenses amounting to S\$1,024,000 and S\$1,812,000 as at 31 December 2022 and 2023 respectively.

23 Cash and bank balances

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Cash at bank	4,391	9,224
Cash on hand	<u>1</u>	<u>1</u>
	<u>4,392</u>	<u>9,225</u>

The currency exposure profile of cash and cash equivalents is disclosed in Note 34.

For the purpose of presenting the consolidated statements of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Cash and bank balances as per above	4,392	9,225
Less: Bank overdrafts (<i>Note 25</i>)	<u>(188)</u>	<u>—</u>
Balance per statement of cash flows	<u>4,204</u>	<u>9,225</u>

24 Share capital and reserves**(a) Share capital**

Share capital as at 31 December 2022 and 31 December 2023 represent the paid-up share capital of the Company, which was the holding company of the Listing Business after completion of the Reorganisation as defined in Note 1.2.

Following the reorganisation, the issued and paid-up share capital at par value of HK\$0.001 was S\$953 comprising 5,596,511 shares.

	No. of ordinary shares		Authorised share capital S\$'000	Issued share capital S\$'000
	Authorised share capital	Issued share capital		
2022				
At 1 January 2022 and 31 December 2022, ordinary shares at par value, HK\$0.001	<u>380,000,000</u>	<u>1</u>	<u>67</u>	<u>—*</u>
2023				
At 1 January 2023, ordinary shares at par value, HK\$0.001	380,000,000	1	67	—*
Share reorganisation (Note 1.2(xx))	—	5,596,510	—	1
At 31 December 2023, ordinary shares at par value, HK\$0.001	<u>380,000,000</u>	<u>5,596,511</u>	<u>67</u>	<u>1</u>

* Less than S\$1,000.

(b) Capital Reserves

Capital reserve represents:

- i) the combined share capital of the subsidiaries now comprising the Group after elimination of inter-company investments (Note 1.2).
- ii) the contributions from the owners and the non-controlling interests to the share-based payments for the employees and shareholders upon the issuance or transfer of shares of the subsidiaries of the Group.

25 Borrowings

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Current (Note (a))		
Bank overdrafts		
— secured and guaranteed	82	—
— unsecured and guaranteed	<u>106</u>	<u>—</u>
	<u>188</u>	<u>—</u>
Bank loans (Note (a) & (b))		
— secured and guaranteed	5,118	2,064
— unsecured and guaranteed	<u>236</u>	<u>1,954</u>
	<u>5,354</u>	<u>4,018</u>
	<u>5,542</u>	<u>4,018</u>
Non-current		
Bank loan, secured and guaranteed (Note (a))	<u>—</u>	<u>219</u>
	<u>—</u>	<u>219</u>
	<u>5,542</u>	<u>4,237</u>

(a) Securities granted

- (i) Bank borrowing of S\$336,000 and S\$285,000 as at 31 December 2022 and 2023 respectively was secured by a mortgage of the investment property of the Group as disclosed in Note 14 above and the personal guarantees of Dato' Sri Chua and Mrs. Chua. The loan was repayable over 18 years commencing from August 2010. The effective interest rate was 3.41% and 3.44% as at 31 December 2022 and 2023 respectively.
- (ii) Bank borrowing of approximately MYR 6,502,000 (equivalent to approximately S\$1,981,000) and approximately MYR 6,194,000 (equivalent to approximately S\$1,779,000) and as at 31 December 2022 and 2023 respectively was repayable monthly over a period of 12 years commencing from August 2016. It was secured by a) corporate guarantee of a subsidiary of the Group; b) legal charge over the properties of the Group as disclosed in Note 12 above and c) personal guarantee of Dato' Sri Chua. The effective interest rate was 4.44% as at 31 December 2022 and 2023 respectively.
- (iii) Bank borrowing of S\$22,000 and S\$ Nil as at 31 December 2022 and 2023 respectively was secured by the personal guarantees of Dato' Sri Chua and Mrs. Chua. The loan was repayable over 5 years commencing from May 2018. The effective interest rate was 4.88% per annum as at 31 December 2022.
- (iv) Bank borrowing of S\$189,000 and S\$111,000 as at 31 December 2022 and 2023 was secured by the personal guarantees of Dato' Sri Chua and Mrs. Chua. The loan was repayable over 5 years commencing from April 2020. The effective interest rate was 7% per annum as at 31 December 2022 and 2023.

- (v) Bank borrowing of S\$28,000 and S\$ Nil as at 31 December 2022 and 2023 respectively was secured by a property owned by Dato' Sri Chua and Mrs. Chua and their personal guarantees. The effective interest rate was 6.25% per annum as at 31 December 2022.
- (vi) Bank borrowing of S\$25,000 and S\$ Nil as at 31 December 2022 and 2023 respectively was secured by the personal guarantees of Dato' Sri Chua and Mrs. Chua. The effective interest rate is 2.88% per annum as at 31 December 2022.
- (vii) Bank borrowing of S\$2,489,000 and S\$1,489,000 as at 31 December 2022 and 2023 respectively was repayable monthly over a period of 5 years commencing from June 2020. It was secured by a property owned by Dato' Sri Chua and Mrs. Chua and their personal guarantees. The effective interest rate was 2.75% per annum as at 31 December 2022 and 2023.
- (viii) Bank borrowing of S\$284,000 and S\$284,000 as at 31 December 2022 and 2023 respectively was secured by a legal assignment of all company's rights, title, interest and benefits under and arising out of the Keyman Insurance Policy (Note 17) including all proceeds receivable under the policy and all proceeds of any repayment or refund of premiums by the insurer. The effective interest rate was 5.75% per annum as at 31 December 2022 and 2023.
- (ix) Bank overdraft of S\$106,000 and S\$ Nil as at 31 December 2022 and 2023 respectively was secured by the personal guarantees of Dato' Sri Chua and Mrs. Chua. The effective interest rate was 5.5% per annum as at 31 December 2022.
- (x) Bank overdraft of S\$82,000 and S\$ Nil as at 31 December 2022 and 2023 respectively was secured by a mortgage of the investment property of the Group as disclosed in Note 14 and the personal guarantees of Dato' Sri Chua and Mrs. Chua. The effective interest rate was 5.5% per annum as at 31 December 2022.
- (xi) Bank borrowing of S\$289,000 as at 31 December 2023 was secured by the personal guarantee of Dato' Sri Chua Chwee Lee and Mrs. Chua. The loan was repayable over 4 years commencing from November 2023. The effective interest rate was 5.5% per annum as at 31 December 2023.

(b) Financial covenants

In accordance with the loan agreements relating to a total loan balance of S\$4,059,000 and S\$2,351,000, as at 31 December 2022 and 2023 the lenders reserved their right to demand repayment at their discretion at any time (the "on-demand clauses") although the agreed repayment schedules are more than one year. As a result of these on-demand clauses, the Group does not have an unconditional right to defer settlement of these liabilities for more than twelve months. Accordingly, these borrowings have been classified as current liabilities as at 31 December 2022 and 2023.

Furthermore, included in the amounts of bank borrowings with on-demand clauses mentioned above, there is a bank borrowing which includes covenant clauses that require a subsidiary of the Group to maintain a minimum tangible net worth of S\$6 million. During the financial year ended 31 December 2023, the subsidiary of the Group has obtained a written letter from the bank in respect of the removal of the tangible net worth covenant upon the Listing and repayment of S\$0.5 million as agreed with the bank.

(c) Note 34(b) set out disclosures of liquidity risk.

26 Lease liabilities

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Current		
Leasehold property	946	982
Leased machineries	1,612	1,531
Leased motor vehicles	<u>124</u>	<u>139</u>
	<u>2,682</u>	<u>2,652</u>
Non-current		
Leasehold property	24,719	23,737
Leased machineries	2,830	2,015
Leased motor vehicles	<u>170</u>	<u>462</u>
	<u>27,719</u>	<u>26,214</u>
	<u>30,401</u>	<u>28,866</u>

The Group as a lessee

The Group has lease contracts for leasehold property, machineries and motor vehicles. The lease terms of these leased assets are disclosed in Note 13.

The Group also has certain leases of office equipment with low value. The Group applies the 'lease of low-value assets' recognition exemptions for these leases.

(i) Amounts recognised in the profit or loss

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Depreciation expenses:		
— Right-of-use assets (Note 13)	1,901	2,086
— Investment property (Note 14)	41	41
Interest expense on lease liabilities (Note 8)	1,097	1,080
Expense relating to short-term and low-value leases	<u>9</u>	<u>8</u>

(ii) Total cash outflows

The Group had total cash outflows for leases including short-term and low-value leases amounting to S\$3,537,000 and S\$3,882,000 for the years ended 31 December 2022 and 2023 respectively.

The future minimum rentals payable under non-cancellable operating leases as at the end of each financial year are as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Not later than one year	3,739	1,893
Two to five years	10,972	8,020
More than five years	<u>24,313</u>	<u>22,248</u>

The Group as a lessor

The Group leases certain portion of the warehouse premise amounting to third party under operating lease arrangements. These non-cancellable leases have remaining lease terms of 2.2 years.

The future minimum rentals receivable under non-cancellable operating leases as at the end of each financial year are as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Not later than one year	1,299	1,404
Two to five years	<u>1,477</u>	<u>217</u>

27 Trade and other payables

	Group		Company	
	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Current				
Trade				
Trade payables to third parties	<u>5,919</u>	<u>2,357</u>	<u>—</u>	<u>—</u>
	<u>5,919</u>	<u>2,357</u>	<u>—</u>	<u>—</u>
Non-trade				
Other payables to a subsidiary	—	—	15	3,463
Other payables to third party	—	350	—	—
Amount due to a shareholder (Note 1.2 (xvi), Note (a))	—	1,029	—	—
Amount due to a director	225	228	—	—
Accrued expenses	2,925	3,592	—	2,244
GST payables	—	1	—	—
Deposits received	<u>20</u>	<u>7</u>	<u>—</u>	<u>—</u>
	<u>3,170</u>	<u>5,207</u>	<u>15</u>	<u>5,707</u>
	<u>9,089</u>	<u>7,564</u>	<u>15</u>	<u>5,707</u>
Non-current				
Non-trade				
Deposits received	<u>458</u>	<u>489</u>	<u>—</u>	<u>—</u>
	<u>9,547</u>	<u>8,053</u>	<u>15</u>	<u>5,707</u>

Note (a): The amount due to a shareholder relates to a non-Listing put option granted to the shareholder. Upon Listing, the non-Listing put option to require the Company to purchase all of its shares expires without delivery and shall remain unexercisable perpetually. It shall not be reinstated pursuant to the shareholders' agreement and the carrying amount of the non-Listing put option will be reclassified to equity.

Trade payables to third parties and related parties are non-interest bearing and are generally on 30 to 60 days' terms based on invoice date.

The amounts due to third parties are unsecured, non-interest bearing and repayable on demand.

The ageing analysis of trade payables of the Group based on invoice date were as follows:

	As at 31 December 2022	As at 31 December 2023
	<i>S\$'000</i>	<i>S\$'000</i>
0–30 days	1,429	1,703
31–60 days	1,607	244
61–90 days	1,108	143
Over 90 days	<u>1,775</u>	<u>267</u>
	<u>5,919</u>	<u>2,357</u>

28 Provisions

	As at 31 December 2022	As at 31 December 2023
	<i>S\$'000</i>	<i>S\$'000</i>
Provision for reinstatement cost	<u>260</u>	<u>269</u>

The provision for reinstatement cost is based on the present value of costs to be incurred to remove the renovations from the leasehold property. The estimate is based on quotations from external contractors.

29 Related parties

For the purposes of this report, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with the related corporations with common shareholders, its directors and key management personnel.

- (a) The relationships of related parties are identified below:

Names of related parties	Country of incorporation/residence	Relationship with the Group
Meson Technology Pte. Ltd.	Singapore	Common director and common shareholder until January 2022
Dato' Sri Chua Chwee Lee	Singapore	Executive director of the Company, chairman of the Board, chief executive officer, and controlling shareholder of the Company
Ms. Jee Wee Jene	Singapore	Executive director of the Company and controlling shareholder of the Company
Mr. Thng Chong Kim	Singapore	Executive director of the Company (<i>Note</i>)
Ms. Pang Chen May	Malaysia	A shareholder of the Company and director of a subsidiary of the Company
Metaoptics Technologies Pte. Ltd.	Singapore	An associate since 16 May 2023

Note: The related party transactions with Mr. Thng Chong Kim includes the share-based payments (Notes 9.1 and 31), director's emolument (Note 9.2) and share transfers to Mr. Thng during the years ended 31 December 2022 and 2023 (Note 1.2).

Key management personnels are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnels include all directors of the Company.

- (b) Details of the related party transactions (other than key management personnel remuneration disclosed in Note 9.2 above) with the Group and the Company are as follows:

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
i) Continuing operations		
Purchase of goods and services		
Meson Technology Pte. Ltd.	<u>21</u>	<u>—</u>
ii) Discontinued operation		
Shared administrative fee		
Metaoptics Technologies Pte. Ltd.	<u>—</u>	<u>3</u>

The related party transactions were charged in accordance with the terms of the respective agreements. Outstanding balances are disclosed accordingly in Notes 21 and 27.

(c) Key management compensation

Key management includes the directors of the Group. The compensation paid or payable to key management for employee services is disclosed in Note 9.

(d) Amount due from an associate

As at 31 December 2023, the amount due from an associate was S\$2,880,000. It is non-trade in nature, interest-free and repayable on demand. Management does not expect the receivable to be due for settlement prior to the Listing.

30 Capital commitments

There were no capital expenditures contracted for but not recognised as at 31 December 2022 and 2023.

31 Share-based payments

Set out below are the summaries of share-based payments arising from shares granted and anti-dilution rights during the Track Record Period:

Year ended 31 December 2022

Contribution from shareholders:

Entity	Transaction type	Grant date	Share issuance date	Number of shares	Vesting period	Transaction Price S\$	Fair value per share/ anti-dilution rights per share at grant date S\$	Share-based payments S\$'000	Note
Employees:									
Metaoptics Technologies	Grant and exercise of anti-dilution rights	11 March 2022	11 March 2022	6,373	Fully vested	1.00	12.43	79	1.2(x)(d)
	Exercise of anti-dilution rights		12 April 2022	3,219				40	1.2(xi)(c)
	Exercise of anti-dilution rights		25 August 2022	7,896				98	1.2(xii)(b)
Metasurface Technologies	Exercise of anti-dilution rights	13 December 2021	27 September 2022	27,980	Fully vested	1.00	14.74	413	1.2(xiii)(b)
			14 October 2022	27,246				402	1.2(xiv)(c)
								<u>1,032</u>	
Shareholders:									
Metaoptics Technologies	Grant of shares	11 March 2022	11 March 2022	31,865	Fully vested	6.28	12.43	196	1.2(x)(a)
								<u>1,228</u>	

Year ended 31 December 2023

Contribution from shareholders:

Entity	Transaction type	Grant date	Share issuance/ transfer date	Number of shares	Vesting period	Transaction Price S\$	Fair value per share/ anti-dilution rights per share at grant date S\$	Share-based payments S\$'000	Note
Employees:									
Metaoptics Technologies	Transfer of shares	2 January 2023	2 January 2023	7,549	Fully vested	1.00	14.04	106	1.2(xv)
Metasurface Technologies	Exercise of anti-dilution rights	13 December 2021	30 January 2023	14,728	Fully vested	1.00	14.74	217	1.2(xvi)(c)
Metaoptics Technologies	Transfer of shares	16 May 2023	16 May 2023	125,767	Fully vested	180,000	17.80	2,059	1.2(xxi)
								2,382	
Shareholders:									
Metasurface Technologies	Grant of shares	30 January 2023	30 January 2023	139,913	Fully vested	1,000,000	12.84	797	1.2(xvi)(a)
Metasurface Technologies	Exercise of anti-dilution rights	14 October 2022	30 January 2023	7,364	Fully vested	1.00	10.57	78	1.2(xvi)(c)
								875	
								3,257	

The valuation of the share-based payment transactions during the Track Record Period was undertaken by an independent qualified professional valuer. The valuer has appropriate professional qualifications and recent experience in the valuation of similar business enterprise. The fair values of the shares granted are derived using the market approach in relation to Metasurface Technologies' share-based payment transactions and the asset-based valuation approach in relation to Metaoptics Technologies' share-based payment transactions. These valuation approaches are subject to a number of assumptions and with regard to the limitation of the models.

In the market approach, the fair value of the share-based payment transactions is based on the multiplication of the normalised earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA") and appropriate market multiple, which is derived from an analysis of the trading multiples of certain comparable companies. These trading multiples were computed based on the enterprise values (i.e. market capitalisation implied from traded stock price plus debt) of the comparable companies as at the valuation date divided by their EBITDA. The market approach result is then adjusted for a discount for lack of marketability to arrive at the fair value.

In the asset-based valuation approach, the fair value of the share-based payment transactions is based on the net asset value of the Metaoptics Technologies at the grant date. Under this method, all operating assets and liabilities (including off-balance sheet, intangible and contingent) are adjusted to reflect the application standard or type of value. After all of the operating assets and liabilities of a business are defined and valued, the difference between the value of the total assets and total liabilities provides an estimate of the value for the equity of the business.

32 Notes to the consolidated statements of cash flows

(a) Reconciliation of profit before tax to net cash generated from operations

		Year ended 31 December 2022	Year ended 31 December 2023
	<i>Note</i>	<i>S\$'000</i>	<i>S\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
Continuing operations		5,295	3,345
Discontinued operation		<u>(1,095)</u>	<u>2,143</u>
		<u>4,200</u>	<u>5,488</u>
Adjustments for:			
Depreciation of property, plant and equipment	12	1,144	1,291
Depreciation of right-of-use assets	13	1,901	2,086
Depreciation of investment property	14	41	41
Amortisation of intangible assets	16	1,495	497
Share-based payments for the employees and shareholders	31	1,228	3,257
Gain on disposal of property, plant and equipment		(55)	(40)
Gain on disposal of controlling interest	6	—	(1,574)
Gain on retained investment	6	—	(955)
Inventories written-off	7	130	—
Inventories provision	7	—	414
Finance costs	8	1,579	1,343
Unrealised currency translation (gain)/loss		130	(22)
Gain on dilution of shareholding in an associate	6	—	(23)
Share of loss of an associate		<u>—</u>	<u>366</u>
Operating cash flows before working capital changes		11,793	12,169
<i>(note)</i>			
Changes in working capital:			
(Increase)/decrease in inventories		(4,346)	818
Increase in trade and other receivables		(2,285)	(1,601)
Increase in prepayments		(33)	(261)
Increase in other assets		(14)	—
Increase in trade and other payables		<u>4,221</u>	<u>353</u>
Net cash generated from operations		<u><u>9,336</u></u>	<u><u>11,478</u></u>

Note:

Operating cash flows before working capital changes includes:

	Year ended 31 December 2022	Year ended 31 December 2023
	<i>S\$'000</i>	<i>S\$'000</i>
Continuing operations	11,908	12,240
Discontinued operation	<u>(115)</u>	<u>(71)</u>
	<u>11,793</u>	<u>12,169</u>

(b) Reconciliation of liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements for each of the years presented.

	Amount due to a director	Lease liabilities	Borrowings	Total
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
As at 1 January 2022	106	31,379	12,514	43,999
Financing cash flows:				
— Repayment of advances from a director	(465)	—	—	(465)
— Interest paid	—	—	(511)	(511)
— Repayment of borrowings	—	—	(2,287)	(2,287)
— Capital element of lease liabilities paid	—	(2,440)	—	(2,440)
— Interest element of lease liabilities paid	—	(1,097)	—	(1,097)
— Proceeds of borrowings	—	—	300	300
Other changes:				
— Increase in liabilities from entering into new leases	—	1,462	—	1,462
— Interests expense	—	1,097	511	1,608
— Translation difference and reclassification	—	—	(116)	(116)
— Loan paid on behalf by a director	4,869	—	(4,869)	—
— Capitalisation of loan via allotment and issue of shares (<i>Note 1.2 (xiii)</i>)	<u>(4,285)</u>	<u>—</u>	<u>—</u>	<u>(4,285)</u>
As at 31 December 2022	<u>225</u>	<u>30,401</u>	<u>5,542</u>	<u>36,168</u>

This section sets out an analysis of liabilities arising from financing activities and the movements for each of the years presented.

	Amount due to a director S\$'000	Lease liabilities S\$'000	Borrowings S\$'000	Total S\$'000
As at 1 January 2023	225	30,401	5,542	36,168
Financing cash flows:				
— Advances from a director	228	—	—	228
— Repayment of advances to a director	(225)	—	—	(225)
— Interest paid	—	—	(207)	(207)
— Repayment of borrowings	—	—	(1,505)	(1,505)
— Capital element of lease liabilities paid	—	(2,803)	—	(2,803)
— Interest element of lease liabilities paid	—	(1,080)	—	(1,080)
— Proceeds of borrowings	—	—	300	300
Other changes:				
— Increase in liabilities from entering into new leases	—	1,310	—	1,310
— Interests expense	—	1,080	207	1,287
— Translation difference	—	(42)	(100)	(142)
As at 31 December 2023	<u>228</u>	<u>28,866</u>	<u>4,237</u>	<u>33,331</u>

33 Fair value of assets and liabilities

(a) *Assets and liabilities not carried at fair value but which fair values are disclosed:*

	Carrying amount S\$'000	Fair value measurement Level 2 S\$'000
Group		
As at 31 December 2022		
Investment property	616	920
As at 31 December 2023		
Investment property	<u>575</u>	<u>900</u>

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair value due to their short-term nature and where the effect if discounting is immaterial or that they are floating rate instruments that are-priced to market interest rates on or near the end of the reporting period.

Fair value measurement of the investment property is disclosed in Note 14.

(b) Assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables, other payables including amounts due to directors and related parties.

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Borrowings and lease liabilities

The carrying amounts of borrowings and lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

34 Financial risk management***Financial instruments by categories***

The table below provides an analysis of financial instruments categorised as follows:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Financial assets at amortised cost		
Trade receivables	7,952	6,614
Other receivables (<i>Note</i>)	1,200	3,972
Cash and bank balances	<u>4,392</u>	<u>9,225</u>
	<u>13,544</u>	<u>19,811</u>

(*Note*) Excluding prepayments and GST receivables

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Financial liabilities at amortised cost		
Lease liabilities	30,401	28,866
Trade and other payables	9,547	8,053
Loans and borrowings	<u>5,542</u>	<u>4,237</u>
	<u>45,490</u>	<u>41,156</u>

The Group's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is and has been the Group's policy throughout the Track Record Period that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures the risks.

(a) Credit risk

Credit risk is managed on a group basis. The Group's financial assets are trade and other receivables and cash and bank balances.

The amount of those assets stated in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is concentrated on a number of long established customers. As at 31 December 2022 and 2023, trade receivables from the top three customers accounted for approximately 29.4%, 11.6%, 10.0% and 15.4%, 28.3%, 27.7% of the Group's total trade receivables, respectively.

The Company has policies in place to ensure that sales are made to customers with an appropriate credit history and to limit the amount of credit limit to customers to minimise credit risk resulting from counterparty default.

In estimating the expected credit loss, the Group applies the IFRS simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Credit evaluation on individual customer is performed by management. The evaluation focused on assessing credit risk characteristics of each customer, as well as pertaining to the current and future general economic environment in which the customer operates. Management estimates the expected credit loss rate of each customer by performing quantitative assessment on the customers' credit rating, and apply default probability, the likelihood of recovery of the individual customer and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Based on the management's analysis, the loss allowance was determined as immaterial and hence no provision was provided.

The credit risk on cash and bank balances are minimal as they are placed with reputable financial institutions with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group and Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group and Company's exposure to liquidity risk arises primarily from the maturities of financial liabilities. The Group and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and Company's operations are financed mainly through equity and borrowings. The directors are satisfied that funds are available to finance the operations of the Group and Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	31 December 2022				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities					
Borrowings	5,542	6,406	1,988	2,702	1,716
Lease liabilities	30,401	39,024	3,739	10,972	24,313
Trade and other payables	<u>9,547</u>	<u>9,599</u>	<u>9,089</u>	<u>510</u>	<u>—</u>
Total undiscounted financial liabilities	<u><u>45,490</u></u>	<u><u>55,029</u></u>	<u><u>14,816</u></u>	<u><u>14,184</u></u>	<u><u>26,029</u></u>
Group	31 December 2023				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities					
Borrowings	4,237	4,878	1,777	1,663	1,438
Lease liabilities	28,866	36,531	3,651	10,563	22,317
Trade and other payables	<u>8,053</u>	<u>8,075</u>	<u>7,565</u>	<u>510</u>	<u>—</u>
Total undiscounted financial liabilities	<u><u>41,156</u></u>	<u><u>49,484</u></u>	<u><u>12,993</u></u>	<u><u>12,736</u></u>	<u><u>23,755</u></u>
Company	31 December 2022				
	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial liabilities					
Trade and other payables	<u>15</u>	<u>15</u>	<u>15</u>	<u>—</u>	<u>—</u>
Total undiscounted financial liabilities	<u><u>15</u></u>	<u><u>15</u></u>	<u><u>15</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

Company	31 December 2023				
	Carrying amount S\$'000	Contractual cash flows S\$'000	One year or less S\$'000	Two to five years S\$'000	More than five years S\$'000
Financial liabilities					
Trade and other payables	5,707	5,707	5,707	—	—
Total undiscounted financial liabilities	5,707	5,707	5,707	—	—

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest earning assets and interest-bearing financial liabilities.

Interests earning financial assets are mainly bank balances which are short-term in nature. Therefore, any future variations in interest rates will not have a material impact on the results of the Group.

Interests bearing financial liabilities are mainly borrowings. The interest rates and terms of repayment of term loans of the Group are disclosed in the notes to the financial statements.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Variable rate instruments		
Financial liabilities		
Borrowings	2,789	2,348

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing financial instruments at the end of the reporting date. A 1% increase or decrease is used for the possible change in interest rates.

If the interest rates have been 1% higher and all other variables were held constant, the Group's profit or loss would decrease as follows:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Effect on profit or loss	<u>(23)</u>	<u>(19)</u>

If the interest rates have been 1% lower and all other variables were held constant, the above will have a vice-versa effect.

(ii) Foreign currency risk

Foreign currency risk arise when transactions are denominated in foreign currencies other than functional currency such as the United States dollars (US\$). The Group has exposure to foreign currency risk arising from sales or purchases that are denominated in US\$.

The Group does not have any significant exposure to foreign currency risk other than the following bank balances and trade and other receivables held by the Group which are denominated in US\$ at the reporting date as follows:

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Financial assets		
Cash and bank balances	3,386	8,577
Trade and other receivables	<u>6,778</u>	<u>5,516</u>
	<u>10,164</u>	<u>14,093</u>

A 5% strengthening of Singapore dollar against the US\$ denominated balances as at the reporting date would change the result of the Group by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) in profit before tax	
	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
US\$	<u>(422)</u>	<u>(319)</u>

A 5% weakening of Singapore dollar against US\$ would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

35 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group comprises issued share capital and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2022 and 2023. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (excluding provision, deferred tax liabilities and income tax payable) less cash and bank balances. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debts.

	Group		Company	
	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Net debt:				
Borrowings	5,542	4,237	—	—
Lease liabilities	30,401	28,866	—	—
Trade and other payables	9,547	8,053	15	5,707
Contract liabilities	297	—	—	—
Total liabilities	45,787	41,156	15	5,707
Less cash and bank balances	(4,392)	(9,225)	—	—
Net debt	<u>41,395</u>	<u>31,931</u>	<u>15</u>	<u>5,707</u>
Total equity	<u>22,309</u>	<u>26,997</u>	<u>(15)</u>	<u>15,474</u>
Total capital	<u>63,704</u>	<u>58,928</u>	<u>—</u>	<u>21,181</u>
Net debt-to-total capital	<u>0.65</u>	<u>0.54</u>	<u>N/A</u>	<u>0.27</u>

36 Segment information

Management has determined the operating segments based on the report reviewed by senior management that are used to make strategic decisions. Senior management comprises Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each segment and is the Group's Chief Operating Decision Maker ("CODM").

The Group's CODM considers the business from three segments:

- Precision machining is a machining process of removing materials from a workpiece with standard for high accuracy to create parts and components with tight of tolerance. The Group sells parts that undergo the precision machining process which includes turning, milling, grinding and drilling, etc.
- Precision welding is a process which involves the use of weldment equipment and specialised welding technique on a workpiece in a very precise and controlled fashion. The Group sells parts that undergo the precision welding process which typically used for small parts, parts with tight dimensional tolerance, or parts requiring a barely visible line weld.

(c) Sale of laser diodes (Discontinued operation).

The Group measures and tracks the profitability in terms of operating margin and adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”).

The segment information for the reportable segments are as follows:

	<u>Continuing operations</u>		<u>Discontinued</u>	<u>Unallocated</u>	<u>Total</u>
	<u>Precision</u>	<u>Precision</u>	<u>operation</u>		
	<u>machining</u>	<u>welding</u>	<u>Sale of laser</u>	<u>items</u>	
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
2022					
Sales					
Total segment sales	28,060	16,825	66	—	44,951
Inter-segment sales	<u>(5,147)</u>	<u>(622)</u>	<u>—</u>	<u>—</u>	<u>(5,769)</u>
Sales to external parties	<u>22,913</u>	<u>16,203</u>	<u>66</u>	<u>—</u>	<u>39,182</u>
Adjusted EBITDA/LBITDA	<u>4,868</u>	<u>6,036</u>	<u>(529)</u>	<u>(15)</u>	<u>10,360</u>
Depreciation of property, plant and equipment	(917)	(220)	(7)	—	(1,144)
Depreciation of right-of-use assets	(1,874)	(27)	—	—	(1,901)
Depreciation of investment property	(41)	—	—	—	(41)
Amortisation of intangible assets	<u>—</u>	<u>(935)</u>	<u>(560)</u>	<u>—</u>	<u>(1,495)</u>
Segment assets	44,973	18,584	5,165	—	68,722
Segment assets includes:					
Additions to:					
— right-of-use assets	1,925	—	—	—	1,925
— property, plant and equipment	320	114	235	—	669
Segment liabilities	<u>40,887</u>	<u>2,546</u>	<u>2,599</u>	<u>15</u>	<u>46,047</u>

The segment information for the reportable segments are as follows:

	<u>Continuing operations</u>		<u>Discontinued operation</u>	<u>Unallocated items</u>	<u>Total</u>
	<u>Precision machining</u>	<u>Precision welding</u>	<u>Sale of laser diodes</u>		
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
2023					
Sales					
Total segment sales	19,077	23,446	—	—	42,523
Inter-segment sales	<u>(3,532)</u>	<u>(222)</u>	<u>—</u>	<u>—</u>	<u>(3,754)</u>
Sales to external parties	<u>15,545</u>	<u>23,224</u>	<u>—</u>	<u>—</u>	<u>38,769</u>
Adjusted EBITDA/LBITDA	<u>4,134</u>	<u>8,506</u>	<u>2,352</u>	<u>(4,246)</u>	<u>10,746</u>
Depreciation of property, plant and equipment	(1,164)	(127)	—	—	(1,291)
Depreciation of right-of-use assets	(2,040)	(46)	—	—	(2,086)
Depreciation of investment property	(41)	—	—	—	(41)
Amortisation of intangible assets	<u>—</u>	<u>(288)</u>	<u>(209)</u>	<u>—</u>	<u>(497)</u>
Segment assets	43,044	22,986	—	1,812	67,842
Segment assets includes:					
Additions to:					
— right-of-use assets	1,032	378	—	—	1,410
— property, plant and equipment	62	42	70	—	174
Segment liabilities	<u>37,232</u>	<u>1,935</u>	<u>—</u>	<u>2,258</u>	<u>41,425</u>

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted LBITDA/EBITDA to profit/(loss) before tax is as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Adjusted EBITDA for reportable segments	10,904	12,640
Adjusted LBITDA for discontinued operation	(529)	2,352
Adjusted LBITDA for unallocated items	<u>(15)</u>	<u>(4,246)</u>
Total adjusted EBITDA	10,360	10,746
Depreciation of properties, plant and equipment	(1,144)	(1,291)
Depreciation of right-of-use assets	(1,901)	(2,086)
Depreciation of investment property	(41)	(41)
Amortisation of intangible assets	(1,495)	(497)
Finance costs — net	<u>(1,579)</u>	<u>(1,343)</u>
Profit before tax	<u>4,200</u>	<u>5,488</u>

(ii) Segment assets

The amounts reported to the Group's CODM with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax assets and other assets.

Segment assets are reconciled to total assets as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Segment assets for reportable segments	<u>68,722</u>	<u>66,024</u>
Unallocated items	<u>—</u>	<u>1,818</u>
Total segment assets	<u><u>68,722</u></u>	<u><u>67,842</u></u>
Unallocated:		
Investment in an associate	—	1,015
Deferred income tax assets	325	644
Other assets	<u>359</u>	<u>359</u>
Total assets	<u><u>69,406</u></u>	<u><u>69,860</u></u>

(iii) Segment liabilities

The amounts provided to the Group's CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities and lease liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Segment liabilities for reportable segments	<u>46,032</u>	<u>39,167</u>
Unallocated items	<u>15</u>	<u>2,258</u>
Total segment liabilities	<u><u>46,047</u></u>	<u><u>41,425</u></u>
Unallocated:		
Current income tax liabilities	993	1,381
Deferred income tax liabilities	<u>57</u>	<u>57</u>
Total liabilities	<u><u>47,097</u></u>	<u><u>42,863</u></u>

(b) Geographical information

The Group is domiciled in Singapore. Majority of the Group's activities are carried out in Singapore and majority of the Group's assets and liabilities are located in Singapore. Revenue from external customers is analysed by geographical location of relevant customers.

The non-current assets, excluding deferred income tax assets and other assets are analysed by the geographical area in which the non-current assets are located.

Revenue by geography

	Year ended 31 December 2022 S\$'000	Year ended 31 December 2023 S\$'000
Singapore*	20,741	14,807
Malaysia	12,627	16,072
United States of America	3,507	5,267
Others	<u>2,307</u>	<u>2,623</u>
	<u><u>39,182</u></u>	<u><u>38,769</u></u>

* The revenue from the discontinued operation is located in Singapore.

Non-current assets by geography

	As at 31 December 2022 S\$'000	As at 31 December 2023 S\$'000
Singapore	44,121	41,582
Malaysia	<u>1,900</u>	<u>1,760</u>
	<u><u>46,021</u></u>	<u><u>43,342</u></u>

37 Subsidiary with material non-controlling interests

The Group includes one subsidiary, Metaoptics Technologies Pte. Ltd. with material non-controlling interests in 2022. Metaoptics Technologies has ceased to be a subsidiary and classified as an investment in associate in 2023.

Name	Proportion of ownership interests held by		Loss allocated to		Accumulated	
	non-controlling interests		non-controlling interests		non-controlling interests	
	2022	2023	2022	2023	2022	2023
Metaoptics Technologies Pte. Ltd.	44.5%*	— [#]	487	180	1,013	—

* Changes in ownership interests held by non-controlling interests in Metaoptics Technologies following the subscription of shares by investors and share transferred to employees of the subsidiary as disclosed in Note 1.2.

Metaoptics Technologies has ceased to be a subsidiary and classified as an investment in an associate during the year ended 31 December 2023.

The changes in non-controlling interests during the year are as follows:

	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 1 January	515	1,013
Non-controlling interests share of loss for the financial year	(487)	(180)
Non-controlling interests share of capital reserve arising from:		
— Share-based payments expense*	184	49
Effect of changes in non-controlling interests [#]	801	46
Derecognition of the carrying value of the non-controlling interest upon disposal	<u>—</u>	<u>(928)</u>
Balance as at 31 December	<u><u>1,013</u></u>	<u><u>—</u></u>

* This represents the sharing of the contribution from shareholders arising from the share-based payments expense upon issuance or transfer of shares of a subsidiary of the Group to shareholders and employees as disclosed in Note 1.2(ii)(a), (b), (x)(a), (d), (xi)(a), (c), (xii)(b).

This represents the effect of changes in ownership interests held by non-controlling interests in Metaoptics Technologies from 44.5% to 46.5% for the year ended 31 December 2023 (2022: 25.0% to 44.5%).

Summarised financial information of a subsidiary with material non-controlling interests

Set out below is the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	Metaoptics Technologies As at 31 December 2022 <i>S\$'000</i>
Current	
Assets	806
Liabilities	<u>(2,889)</u>
Total current net liabilities	<u><u>(2,083)</u></u>
Non-current	
Assets	4,359
Liabilities	<u>—</u>
Total non-current net assets	<u><u>4,359</u></u>
Net assets	<u><u>2,276</u></u>

Summarised income statement

	Metaoptics Technologies Year ended 31 December 2022 S\$'000
Revenue	66
Loss before income tax	(1,095)
Income tax expense	<u>—</u>
Loss for the financial year	<u>(1,095)</u>
Other comprehensive loss	<u>(1,095)</u>
Total comprehensive loss	<u>(1,095)</u>
Total comprehensive loss allocated to non-controlling interests	<u>(487)</u>

Summarised cash flows

	Metaoptics Technologies Year ended 31 December 2022 S\$'000
Net cash used in operating activities	<u>(177)</u>
Net cash used in investing activities	<u>(235)</u>
Net cash generated from financing activities	<u>850</u>

38 Disposal of subsidiary and discontinued operation

Pursuant to a share purchase agreement dated 16 May 2023 entered into between Mr. Thng and Metasurface Technologies, Metasurface Technologies transferred 125,767 ordinary shares in Metaoptics Technologies held by it, representing approximately 33.3% of the entire issued share capital of Metaoptics Technologies, to Mr. Thng at a cash consideration of S\$180,000. Upon completion of the share transfer, Metaoptics Technologies ceased as a subsidiary of the Group.

Following the disposal of subsidiary with loss of control, the Group's shareholding in Metaoptics Technologies decreased from 53.5% to 20.2%. The Group considers that it still has significant influence over Metaoptics Technologies and reclassified it as an investment in an associate.

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*, the operating results of the Metaoptics Technologies before the completion date of share transfer have been presented as discontinued operation in the Group's consolidated statements of comprehensive income for the financial year ended 31 December 2023. The comparative figures in the consolidated statement of comprehensive income for the year ended 31 December 2022 were re-presented to reflect the reclassification between continuing operations and discontinued operation of the Group accordingly.

Financial information relating to the discontinued operation for the period from the beginning of the Track Record Period to the date of disposal is set out below.

(i) Financial results and cash flow information

The financial results and cash flow information presented are for the financial year ended 31 December 2022 and the financial period from 1 January 2023 to 16 May 2023.

	Year ended 31 December 2022 S\$'000	Period from 1 January 2023 to 16 May 2023 S\$'000
Revenue (<i>Note 4</i>)	66	—
Cost of sales	<u>(62)</u>	<u>—</u>
Gross profit	4	—
Other income	26	1
Administrative expense	<u>(1,125)</u>	<u>(387)</u>
Loss after tax	(1,095)	(386)
Gain on disposal of a subsidiary	<u>—</u>	<u>2,529</u>
(Loss)/profit from discontinued operation	<u><u>(1,095)</u></u>	<u><u>2,143</u></u>
(Loss)/profit and total comprehensive (loss)/income attributable to:		
Owners of the Company	(608)	2,323
Non-controlling interests	<u>(487)</u>	<u>(180)</u>
	<u><u>(1,095)</u></u>	<u><u>2,143</u></u>
	Year ended 31 December 2022 S\$'000	Period from 1 January 2023 to 16 May 2023 S\$'000
Net operating cash outflows	(177)	(82)
Net investing cash outflows	(235)	(203)
Net financing cash inflows	<u>850</u>	<u>—</u>
Net cash inflows/(outflows) from discontinued operation	<u><u>438</u></u>	<u><u>(285)</u></u>

(ii) Details of the discontinued operation

Net assets of Metaoptics Technologies as at the date of deconsolidation:

	<i>S\$'000</i>
Plant and equipment	300
Intangible assets	3,919
Trade and other receivables	324
Prepayments	29
Cash and bank balances	<u>313</u>
Total assets	<u>4,885</u>
Amount due to a shareholder	(2,880)
Other payables and accruals	<u>(9)</u>
Total liabilities	<u>(2,889)</u>
Net assets disposed of	1,996
Less: non-controlling interests	<u>(928)</u>
Net assets attributable to Metasurface Technologies deconsolidated of	<u><u>1,068</u></u>

S\$'000

Consideration	
— Cash consideration	180
— Share-based payment (<i>Note 31</i>)	<u>2,059</u>
	2,239
Fair value of the retained investment in Metaoptics Technologies*	1,358
Less: carrying amount of net assets attributable to Metasurface Technologies disposed of	<u>(1,068)</u>
Gain on disposal of a subsidiary	2,529
Less: gain on retained investment	<u>(955)</u>
Gain on disposal of controlling interest	<u><u>1,574</u></u>

* The Group engaged a professional independent valuer to carry out a valuation of Metaoptics Technologies as at the date of disposal.

S\$'000

Consideration settled by cash	180
Less: cash and bank balances disposed of	<u>(313)</u>
Net cash outflow from disposal of a subsidiary	<u><u>(133)</u></u>

39 Subsequent events

There have been no material events subsequent to the Track Record Period which require adjustment or disclosure in accordance with IFRS.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023 and up to the date of this report. No dividend or distribution has been declared, made or paid by the Company or any of the other companies now comprising the Group in respect of any period subsequent to 31 December 2023.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I in this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Share Offer on the audited consolidated net tangible assets attributable to the owners of the Company as of 31 December 2023, as if the Share Offer had taken place on 31 December 2023.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the Company as of 31 December 2023 had the Share Offer been completed as at 31 December 2023 or at any future dates following the completion of the Share Offer. The unaudited pro forma adjusted net tangible assets attributable to owners of the Company are based on the audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2023, as shown in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2023 <i>(Note 1)</i> S\$'000	Estimated net proceeds from the Share Offer <i>(Note 2)</i> S\$'000	Estimated impact to the net tangible assets upon the termination of the non-Listing put option <i>(Note 3)</i> S\$'000	Unaudited pro forma adjusted net tangible assets of the Company attributable to owners of the Company as at 31 December 2023 S\$'000	Unaudited pro forma adjusted net tangible assets per Share <i>(Note 4)</i> S\$	<i>(Note 5)</i> HK\$
Based on an Offer Price of HK\$2.38 per Share	20,287	6,148	1,029	27,464	0.18	1.08
Based on an Offer Price of HK\$3.00 per Share	20,287	8,750	1,029	30,066	0.20	1.19

Notes:

- (1) The audited consolidated net tangible assets attributable to the owners of the Company as at 31 December 2023 is extracted from the Accountant's Report as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets attributable to the owners of the Company as at 31 December 2023 of approximately S\$26,997,000, with an adjustment for the intangible assets and goodwill attributable to owners of the Company as at 31 December 2023 of approximately S\$6,710,000.
- (2) The estimated net proceeds to be received by the Group from the Share Offer are based on the indicative Offer Prices of HK\$2.38 and HK\$3.00 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Group (excluding listing expenses of approximately S\$3,972,000 which have been charged to our consolidated statement of comprehensive income of the Group prior to 31 December 2023) paid/payable by the Group and does not take into account any shares which may be issued and allotted upon exercise of any options which may be granted under the Post-IPO Share Option Scheme.
- (3) Upon the Listing, the non-Listing put option granted to a shareholder of the Company to require the Company to purchase all of its shares shall remain unexercisable perpetually and shall not be reinstated pursuant to the shareholders' agreement. Accordingly, for the purpose of the unaudited pro forma adjusted net tangible assets, the unaudited pro forma adjusted net tangible assets attributable to owners of the Company will be increased by S\$1,029,000, being the carrying amount of the non-Listing put option as of 31 December 2023.
- (4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 150,000,000 Shares were in issue, assuming that the Share Offer has been completed on 31 December 2023 but does not take into account any shares which may be issued and allotted upon exercise of any options which may be granted under the Post-IPO Share Option Scheme.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the amounts stated in Singapore dollars are converted into Hong Kong dollars at a rate of S\$1.00 to HK\$5.9193, as set out in "Information about this prospectus and the Share Offer" to this prospectus. No representation is made that Singapore dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (6) No adjustment has been made to the unaudited pro forma adjusted net tangible assets per Share to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2023.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Metasurface Technologies Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Metasurface Technologies Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2023, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 21 June 2024, in connection with the proposed initial public offering of the shares of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 31 December 2023 as if the proposed initial public offering had taken place at 31 December 2023. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 31 December 2023, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 21 June 2024

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2024 of the property interest held by the Group.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

21 June 2024

The Board of Directors
Metasurface Technologies Holdings Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman, KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the property interest held by Metasurface Technologies Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 March 2024 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest by the income approach. An income approach determination of value is achieved by the conversion of expected future cash flow or cost savings generated by the property into a present value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income or cost savings) from the same or a substantially similar asset or liability with a similar risk profile.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interest, we have complied with all requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on GEM issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including the Lease of Land and Building, Sublet Approval Letters, Sublet Agreements and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's Singapore Legal Adviser — Drew & Napier, concerning the validity of the property interest in Singapore.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection of the property was carried out on 12 December 2022 by Mr. Albert Mak, who is a probationer of the RICS and has 3 years' experience in the valuation of property in Hong Kong and the Asia-Pacific region and holds a master's degree of Real Estate from the University of Reading.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollars (S\$).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C. H. Chan
MRICS MHKIS RPS (GP)
Senior Director

Note: Gilbert C.H. Chan is a Chartered Surveyor who has 30 years' experience in the valuation of properties in Hong Kong and 28 years of property valuation experience in the Asia-Pacific region. Mr. Chan has been with Jones Lang LaSalle Corporate Appraisal and Advisory Limited for over 15 years.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024 S\$
43 Tuas View Circuit Singapore 637360	<p>The property is located at the western side of Tuas South Avenue 9 and the southern side of Tuas South Avenue 8. The locality is considered as an established industrial estate and close to the Malaysia-Singapore Second Link which connects Tuas to Johor in Malaysia. The immediate neighbourhood comprises a mixture of factories, warehouses and dormitories.</p> <p>The property comprises a block of 2-storey workshop, a block of 3-storey ancillary office building and a storage yard erected thereon, which was completed in 2012.</p> <p>The property has a total gross floor area of 122,835.69 sq.ft. on the whole Lot 4128K of Mukim 7 with site area of 141,416.12 sq.ft.</p> <p>The right-of-use of the property has been leased to Metasurface Technologies Pte. Ltd. (“MST”), a wholly-owned subsidiary of the Company, for a term from 5 December 2014 until 30 January 2038 at an initial rent of S\$122,835.69 per month exclusive of GST (being S\$1.00 per square foot per month on the gross floor area of the property), subject to step-up rental adjustments in accordance with the terms of the lease agreement. As at the valuation date, the monthly rent paid by MST for the property was S\$155,049.61 exclusive of goods and services tax (“GST”).</p>	<p>As at the valuation date, a portion of the property was occupied by MST for production, workshop, office and ancillary purposes. A portion of workshop was sublet to a third-party company, whilst a portion of workshop and office was sublet to a wholly-owned subsidiary of the Company (see notes 5 and 6 below).</p>	<p>No commercial value (see note 8 below)</p>

Notes:

1. Pursuant to a Lease of Land and Building (the “**Tuas Lease Agreement**”) at Private Lot A2105140 at 43 Tuas View Circuit in Tuas Industrial Estate Singapore 637360 dated 5 December 2014 between RBC Trust Company (Singapore) Limited (formerly known as RBC Investor Services Trust Singapore Limited) (in its capacity as trustee of Cambridge Industrial Trust) (the “**Former Lessor**”) and MST (formerly known as Q’son Precision Engineering Pte. Ltd.), the land with site area of approximately 141,416.12 sq.ft. and the buildings erected on with a proposed gross floor area of approximately 122,835.69 sq.ft. were leased to MST for a term from 5 December 2014 until 30 January 2038, being 1 day before the expiry of the leasehold term of 30 years from 1 February 2008 as stipulated in the head lease dated 18 July 2011 between Jurong Town Corporation (the “**Head Lessor**”) and the Former Lessor. Unless otherwise permitted by the Head Lessor, the Former Lessor and the government authorities, MST shall at all times use the property strictly and only for the purpose of manufacturing, precision machining, clean room assemblies, storage of components, equipments with ancillary office only.
2. Pursuant to a Notice of Change of Trustee dated 30 March 2023 from the ESR-LOGOS REIT to MST, the change of trustee of ESR-LOGOS REIT from RBC Trust Company (Singapore) Limited to Perpetual (Asia) Limited (the “**Lessor**”) has been completed on 25 November 2022. The change of trustee does not affect the terms and conditions of all existing tenancy and other agreements, which remain unchanged and in full force and effect according to the legal opinion from the Company’s Singapore legal advisers (the “**Singapore Opinion**”).
3. Pursuant to a Sublet Approval Letter dated 17 March 2022 from the Head Lessor to the Former Lessor, a portion of the property with a permitted sublet area of approximately 2,282.36 sq.m. was agreed to be subleased by the Former Lessor to an independent third party for electroplating use for a term commencing from 1 March 2022 until 28 February 2025. As advised by the Company, MST is required to pay the Former Lessor a monthly subletting fee of S\$718.01 exclusive of GST.
4. Pursuant to a Sublet Approval Letter dated 22 June 2023 from the Head Lessor to the Lessor, a portion of the property with a permitted sublet area of approximately 1,068 sq.m. was agreed to be subleased by the Lessor to SPW for manufacturing of precision welding parts for a term commencing from 10 June 2023 until 31 January 2038 or the expiry of the lease term.
5. Pursuant to an Agreement for Lease and Service (the “**Third Party Agreement**”) dated 15 July 2022 between MST and an independent third party, a portion of workshop with a gross floor area of approximately 2,282.36 sq.m. or 24,567.12 sq.ft. was subleased to an independent third party for a term commencing from 1 November 2022 until 28 February 2025, strictly and only for the purpose of manufacturing, precision machining, clean room assemblies, storage of components, equipments with ancillary office according to the Singapore Opinion. Pursuant to the Third Party Agreement, MST is entitled to receive a total monthly rent of S\$100,000 exclusive of GST.
6. Pursuant to an intragroup Facility and Operation Agreement (the “**SPW Agreement**”) between MST and Singapore Precision Welding Pte. Ltd. (“**SPW**”), a wholly-owned subsidiary of the Company, a portion of workshop with a total gross floor area of approximately 11,500 sq.ft. was subleased to SPW commencing from 1 January 2022 and shall be automatically renewed on a yearly basis, strictly and only for the purpose of manufacturing, precision machining, clean room assemblies, storage of components, equipments with ancillary office according to the Singapore Opinion. Pursuant to the SPW Agreement, MST is entitled to receive a total monthly rent of S\$17,250 for the use of operation space and a flat rate of S\$300 for the use of office and other common facilities exclusive of the GST and electricity.

7. We have been provided with the Singapore Opinion regarding the property interest, salient points are extracted below:
 - a. MST currently leases the property located at 43 Tuas View Circuit, Singapore 637360. The property, where required, has been duly registered in accordance with the Land Titles Act 1993 and is valid and enforceable;
 - b. the Company's Singapore legal advisers have not sighted any Document (as defined in the Singapore Opinion) to suggest that the use of the leased property located at 43 Tuas View Circuit, Singapore 637360 by MST is not in accordance with its permitted use under applicable laws of Singapore or the lease agreement(s);
 - c. the area sublet to an independent third party and the terms of the Third Party Agreement comply with the Tuas Lease Agreement in all material respects;
 - d. MST's accessibility to and from the property is not affected as a result of the line of road reserve in any material respect;
 - e. MST has full corporate power and authority required for the lease of the property; and
 - f. MST has full corporate power and authority required to lease out a portion of the property mentioned in notes 5 and 6.

8. We have attributed no commercial value to the property due to the borrow-to-use land nature of such interest.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 December 2021 under the Companies Act (As Revised) of the Cayman Islands (the “**Companies Act**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 7 June 2024 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general

meetings will *mutatis mutandis* apply, but so that the necessary quorum (including at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch

register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors***(i) Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

A Director (including a managing or other executive Director) may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or

- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be issued and allotted by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) the giving of any security or indemnity either:
 - (aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
 - (bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members***(i) Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members.

The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

All members have the right to speak and vote at a general meeting except where a member is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any member is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company for each financial year and such general meeting must be held within six (6) months after the end of the Company's financial year, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings must be called by notice of at least fourteen (14) clear days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy, or, for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy, and entitled to vote. In respect of a separate class meeting (including an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In

addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the

remainder of his term. The remuneration of the auditors shall be fixed and approved by the Company by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members maintained in Hong Kong shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

Unless otherwise provided by the Companies Act, a resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or

(d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 31 December 2021.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act

required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's

affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent. (75%) in value of creditors, or (ii) seventy-five per cent. (75%) in value of shareholders or class of shareholders, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act of the Cayman Islands ("ES Act") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available on display as referred to in the paragraph headed "Documents Available on Display" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 7 December 2021. Our principal place of business in Singapore is at No. 43 Tuas View Circuit, Singapore 637360. Our registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 Cayman Islands. We have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 May 2024 and have established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. Mr. Ng Cheuk Kin has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As a company incorporated in the Cayman Islands, our operations are subject to the Memorandum of Association and the Articles of Association and the Cayman Islands company law. A summary of certain provisions of the Memorandum of Association and the Articles of Association and certain aspects of the Cayman Islands company law is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company, our Company had an authorised share capital of HK\$380,000, divided into 380,000,000 shares of HK\$0.001 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- (a) At the time of incorporation, one Share was issued and allotted to an independent third party as the first subscriber, and the said one Share was subsequently transferred to SGP BVI on the same day;
- (b) On 26 April 2023, our Company issued and allotted 2,668,458 ordinary shares, 1,126,058 ordinary shares, 559,651 ordinary shares, 371,343 ordinary shares, 279,826 ordinary shares, 139,913 ordinary shares, 80,789 ordinary shares, 76,172 ordinary shares, 69,247 ordinary shares, 57,706 ordinary shares, 57,706 ordinary shares, 28,853 ordinary shares and 23,082 ordinary shares to each of SGP BVI, Baccini, Angelling, Ms. Pang, Accelerate, MMI, Zou Shuling, Hong Haicheng, Soo Siew Har and Ho Gim Hai, Chua Lee Chai, Tan Beng Kiat, Deborah Chua Wee Wei, Tan Kok Thye George and Poh Seng Kah, respectively; and

- (c) On 7 June 2024, our authorised share capital was increased from HK\$380,000 divided into 380,000,000 Shares of HK\$0.001 each, to HK\$1,000,000 divided into 1,000,000,000 Shares of HK\$0.001 each, by the creation of 620,000,000 Shares of HK\$0.001 each.

Immediately following the completion of the Capitalisation Issue and the Share Offer but without taking into account any Shares which may be issued and allotted upon exercise of the options which may be granted under the Post-IPO Share Option Scheme, the issued share capital of our Company will be HK\$150,000, divided into 150,000,000 Shares, all fully paid or credited as fully paid.

Save as disclosed above and in “5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Our subsidiaries

Certain details of our subsidiaries are set out in Appendix I to this prospectus. Save as set out in Appendix I to this prospectus, we do not have any other subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

- (a) On 27 September 2022, Mrs. Chua subscribed for, and Metasurface Technologies issued and allotted to Mrs. Chua, 279,800 ordinary shares in Metasurface Technologies as a result of which an outstanding amount of approximately S\$4,285,000 due from Metasurface Technologies to Mrs. Chua was deemed to be full repaid;
- (b) On 14 October 2022, Accelerate subscribed for, and Metasurface Technologies issued and allotted to Accelerate, 272,462 ordinary shares in Metasurface Technologies at an aggregate consideration of S\$2,880,000; and
- (c) On 30 January 2023, MMI subscribed for, and Metasurface Technologies issued and allotted to MMI, 139,913 ordinary shares in Metasurface Technologies at an aggregate consideration of S\$1,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Corporate reorganisation

In order to rationalise our structure and prepare for the Listing, our Group has undertaken several restructuring steps, particulars of which are set out in “History and Development — Reorganisation”.

5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024

Pursuant to the resolutions passed in extraordinary general meeting by our Shareholders on 7 June 2024:

- (a) conditional upon (i) the Listing Committee granting the approval of the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer and the Shares which may be issued upon exercise of the Post-IPO Share Options, and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange, (ii) the Offer Price having been duly agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, (iii) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date, and (iv) the obligations of the Underwriters under each of the Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in such agreements:
- (1) the Share Offer was approved and our Directors were authorised to approve the allotment and issue of the Shares pursuant to the Share Offer on and subject to the terms and conditions thereof as set out in this prospectus;
 - (2) the proposed Listing was approved and our Directors were authorised to implement the proposed Listing;
 - (3) the Capitalisation Issue was approved and conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise approximately HK\$117,403.49 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 117,403,489 Shares, such Shares to be allotted and issued on the Listing Date, credited as fully-paid at par to our Shareholder(s) whose name(s) appear on the register of members of our Company at the close of business on 28 June 2024 in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then shareholding in our Company and the Shares to be allotted and issued pursuant to the Capitalisation Issue shall carry the same rights in all respects with the then existing issued Shares and our Directors were authorised to allot and issue the Shares under the Capitalisation Issue and to give effect to such capitalisation;

- (4) a general unconditional mandate relating to the issue of Shares was given to our Directors to exercise all powers of our Company to allot, issue and deal with, or sell and/or transfer treasury shares, otherwise than pursuant to a rights issue, or any scrip dividend scheme or similar arrangement providing for allotment and issue of Shares in lieu of the whole or in part of a dividend on Shares in accordance with our Articles, or any specific authority granted by our Shareholders in general meeting(s), or pursuant to the exercise of any Post-IPO Share Options or any other arrangement which may be regulated under Chapter 23 of the GEM Listing Rules, such number of Shares representing up to 20% of the total number of Shares in issue immediately upon completion of the Capitalisation Issue and the Share Offer (excluding treasury shares), and such mandate to remain in effect until the conclusion of our next annual general meeting unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by our Articles or any applicable laws of the Cayman Islands to be held, or when the passing of an ordinary resolution of our Shareholders in a general meeting revoking, varying or renewing such mandate, which occurs first (the “**Relevant Period**”);
- (5) a general unconditional mandate relating to the repurchase of Shares was given to our Directors to exercise all powers for and on behalf of our Company to repurchase on the Stock Exchange, or on any other approved stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the GEM Listing Rules or of any other stock exchange on which our securities may be listed, as amended from time to time such number of Shares representing up to 10% of the total number of Shares in issue immediately upon completion of the Capitalisation Issue and Share Offer (excluding treasury shares), such mandate to remain in effect during the Relevant Period;
- (6) the extension of the Issuing Mandate by the addition to the total number of Shares in issue which may be allotted and issued or agreed conditionally or unconditionally to be allotted or issued by our Directors pursuant to such Issuing Mandate of the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately upon completion of the Capitalisation Issue and the Share Offer (excluding treasury shares); and

- (7) the Post-IPO Share Option Scheme was approved and adopted with such additions, amendments or modifications thereto as may be approved by our Directors in their absolute discretion and our Directors were authorised, at their absolute discretion, to implement the Post-IPO Share Option Scheme, to grant Post-IPO Share Options thereunder, to allot, issue and deal with the Shares thereunder, to modify or amend the Post-IPO Option Scheme, to apply to the Stock Exchange for the listing of, and permission to deal in, the Shares issued upon exercise of the Post-IPO Share Options, and to take all such steps as may be necessary, desirable or expedient to implement or give effect to the Post-IPO Share Option Scheme;
- (b) our Articles was adopted in substitution of and to the exclusion of the existing articles of association of our Company with effect from the Listing Date;
- (c) the authorised share capital of our Company was increased from HK\$380,000 divided into 380,000,000 Shares of HK\$0.001 each to HK\$1,000,000 divided into 1,000,000,000 Shares of HK\$0.001 each by the creation of an additional 620,000,000 Shares of HK\$0.001 each with effect from the Listing Date; and
- (d) our Memorandum was adopted in substitution for and to the exclusion of the existing memorandum of association of our Company with effect from the date of the resolution.

6. Repurchase of our own securities

As mentioned in “5. Resolutions passed in extraordinary general meeting of our Shareholders on 7 June 2024” above, a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution by shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for such purpose. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchase by our Company may be made out of the profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Companies Act, a repurchase may also be made out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue (excluding treasury shares). A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased securities

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances. Shareholders and potential investors of the Company are advised to pay attention to any announcement to be published by the Company in the future, including but without limitation, any relevant next day disclosure return (which shall identify, amongst others, the number of repurchased

shares that are to be held in treasury or cancelled upon settlement of such repurchase, and where applicable, the reasons for any deviation from the intention statement previously disclosed) and any relevant monthly return.

For any treasury shares of the Company deposited with CCASS pending resale on the Stock Exchange, the Company shall, upon approval by the Board implement the below interim measures which include (without limitation):

- (i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS;
- (ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or
- (iii) taking any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(v) Suspension of repurchases

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding

repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid, and the reasons for making the repurchases.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds lawfully available for such purpose in accordance with our Memorandum of Association and our Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. There could be a material and adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the mandate to such extent as would, in the circumstances, have a material and adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 150,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued and allotted upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), could accordingly result in up to 15,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the GEM Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange (or such other percentage as may be so prescribed from time to time), could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 11.23 of the GEM Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the GEM Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the set-off deed dated 27 September 2022 entered into between Metasurface Technologies Pte. Ltd. and JEE Wee Jene, pursuant to which an outstanding amount of S\$4,285,301.09 due from Metasurface Technologies Pte. Ltd. to JEE Wee Jene was deemed to be fully set-off by the issue and allotment of 279,800 ordinary shares in Metasurface Technologies Pte. Ltd. to JEE Wee Jene;

- (b) the subscription agreement dated 14 October 2022 entered into between Metasurface Technologies Pte. Ltd. and Accelerate Technologies Pte. Ltd., pursuant to which, Metasurface Technologies Pte. Ltd. agreed to allot and issue, and Accelerate Technologies Pte. Ltd. agreed to subscribe for, 272,462 ordinary shares in Metasurface Technologies Pte. Ltd., for a consideration of S\$2,880,000;
- (c) the subscription agreement dated 30 January 2023 entered into between Metasurface Technologies Pte. Ltd. and MMI Holdings Limited, pursuant to which, Metasurface Technologies Pte. Ltd. agreed to allot and issue, and MMI Holdings Limited agreed to subscribe for, 139,913 ordinary shares in Metasurface Technologies Pte. Ltd., for a consideration of S\$1,000,000;
- (d) the restructuring deed dated 26 April 2023 entered into among Metasurface Technologies Holdings Limited, Metasurface Technologies Pte. Ltd., CHUA Chwee Lee, SGP Capital Holdings Limited, JEE Wee Jene, Baccini Capital Holdings Limited, THNG Chong Kim, Angelling Capital Holdings Limited, PANG Chen May, Accelerate Technologies Pte. Ltd., MMI Holdings Limited, ZOU Shuling, HONG Haicheng, SOO Siew Har and HO Gim Hai, CHUA Lee Chai, TAN Beng Kiat, Deborah CHUA Wee Wei, TAN Kok Thye George and POH Seng Kah, pursuant to which (i) CHUA Chwee Lee transferred to Metasurface Technologies Holdings Limited 2,668,459 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 2,668,458 ordinary shares to SGP Capital Holdings Limited, (ii) JEE Wee Jene transferred to Metasurface Technologies Holdings Limited 1,126,058 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 1,126,058 ordinary shares to Baccini Capital Holdings Limited, (iii) THNG Chong Kim transferred to Metasurface Technologies Holdings Limited 559,651 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 559,651 ordinary shares to Angelling Capital Holdings Limited, (iv) PANG Chen May transferred to Metasurface Technologies Holdings Limited 371,343 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 371,343 ordinary shares to PANG Chen May, (v) Accelerate Technologies Pte. Ltd. transferred to Metasurface Technologies Holdings Limited 279,826 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 279,826 ordinary shares to Accelerate Technologies Pte. Ltd., (vi) MMI Holdings Limited transferred to Metasurface Technologies Holdings Limited 139,913 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 139,913 ordinary shares to MMI Holdings Limited, (vii) ZOU Shuling transferred to Metasurface Technologies Holdings Limited 80,789 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface

Technologies Holdings Limited issued and allotted 80,789 ordinary shares to ZOU Shuling, (viii) HONG Haicheng transferred to Metasurface Technologies Holdings Limited 76,172 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 76,172 ordinary shares to HONG Haicheng, (ix) SOO Siew Har and HO Gim Hai transferred to Metasurface Technologies Holdings Limited 69,247 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 69,247 ordinary shares to SOO Siew Har and HO Gim Hai, (x) CHUA Lee Chai transferred to Metasurface Technologies Holdings Limited 57,706 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 57,706 ordinary shares to CHUA Lee Chai, (xi) TAN Beng Kiat transferred to Metasurface Technologies Holdings Limited 57,706 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 57,706 ordinary shares to TAN Beng Kiat, (xii) Deborah CHUA Wee Wei transferred to Metasurface Technologies Holdings Limited 57,706 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 57,706 ordinary shares to Deborah CHUA Wee Wei, (xiii) Tan Kok Thye George transferred to Metasurface Technologies Holdings Limited 28,853 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 28,853 ordinary shares to Tan Kok Thye George and (xiv) Poh Seng Kah transferred to Metasurface Technologies Holdings Limited 23,082 ordinary shares in Metasurface Technologies Pte. Ltd., in return for which Metasurface Technologies Holdings Limited issued and allotted 23,082 ordinary shares to Poh Seng Kah;

- (e) the share purchase agreement dated 16 May 2023 entered into between THNG Chong Kim and Metasurface Technologies Pte. Ltd., pursuant to which, Metasurface Technologies Pte. Ltd. agreed to sell and THNG Chong Kim agreed to purchase 125,767 ordinary shares in Metaoptics Technologies Pte. Ltd. for a consideration of S\$180,000;
- (f) the Deed of Non-competition;
- (g) the Deed of Indemnity; and
- (h) the Public Offer Underwriting Agreement.

2. Material intellectual property rights

As at the Latest Practicable Date, we have registered and have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
1.		40	Metasurface Technologies	Hong Kong	305823243	5 December 2031
2.	METASURFACE	40	Metasurface Technologies	Singapore	40202128812P	26 November 2031
3.		40	Metasurface Technologies	Singapore	40202128813V	26 November 2031

(b) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which are material to our business:

No.	Domain Name	Registered owner	Expiry date
1.	Metatechnologies.com.sg	Metasurface Technologies	1 October 2024 ^{Note}

Note: Our Singapore Legal Advisers are not aware of any legal impediments which may result in Metasurface Technologies being unable to renew the domain name upon its expiry date.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests of Directors and chief executives*

The interests of our Directors and chief executives immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued and allotted upon exercise of the options which may be granted under the Post-IPO Share Option Scheme) in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, once the Shares are listed, are as follows:

(i) *Our Company*

Name of Director/ chief executive	Shares in our Company ⁽¹⁾			Total interests	Approximate percentage of total number of issued shares
	Personal interests (held as beneficial owner)	Interests of spouse	Corporate interests (interests of controlled corporations)		
Dato' Sri Chua ⁽²⁾	—	24,748,479	58,647,335	83,395,814	55.60%
Mrs. Chua ⁽³⁾	—	58,647,335	24,748,479	83,395,814	55.60%
Mr. Thng ⁽⁴⁾	—	—	12,299,998	12,299,998	8.20%

Notes:

- (1) All interests in shares in our Company are held in long position.
- (2) SGP BVI is wholly-owned by Dato' Sri Chua, and therefore Dato' Sri Chua is deemed to be interested in the 58,647,335 Shares held by SGP BVI pursuant to the SFO. Dato' Sri Chua is the sole director of SGP BVI. Mrs. Chua is the spouse of Dato' Sri Chua, and therefore, Dato' Sri Chua is deemed to be interested in the 24,748,479 Shares held by Mrs. Chua through her controlled corporation, Baccini, pursuant to the SFO.
- (3) Baccini is wholly-owned by Mrs. Chua, and therefore Mrs. Chua is deemed to be interested in the 24,748,479 Shares held by Baccini pursuant to the SFO. Mrs. Chua is the sole director of Baccini. Dato' Sri Chua is the spouse of Mrs. Chua, and therefore, Mrs. Chua is deemed to be interested in the 58,647,335 Shares held by Dato' Sri Chua through his controlled corporation, SGP BVI, pursuant to the SFO.
- (4) Angelling is wholly-owned by Mr. Thng, and therefore Mr. Thng is deemed to be interested in the 12,299,998 Shares held by Angelling pursuant to the SFO. Mr. Thng is the sole director of Angelling.

(ii) Our associated corporations

Name of Director/ chief executive	Shares in our associated corporations			Approximate percentage of total number of issued shares
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporations)	Total interests	
SGP BVI				
Dato' Sri Chua	100	—	100	100%
Baccini				
Mrs. Chua	100	—	100	100%
Angelling				
Mr. Thng	100	—	100	100%

(b) Interests of our substantial Shareholders

Immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued and allotted upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), so far as our Directors are aware, the following persons (not being a Director or a chief executive of us) will have an interests or short position in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(i) Our Company

Name of Substantial Shareholder	Capacity/Nature of interests	Shares in our Company ⁽¹⁾	
		Number of Shares	Approximate percentage of total number of issued Shares
SGP BVI	Beneficial interests	58,647,335	39.10%
Baccini	Beneficial interests	24,748,479	16.50%
Angelling	Beneficial interests	12,299,998	8.20%
Ms. Pang	Beneficial interests	8,161,369	5.44%

Note:

(1) All interests in shares in our Company are held in long position.

(c) Negative statement regarding interests in securities

None of our Directors or our chief executive will immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued and allotted upon exercise of the options which may be granted under the Post-IPO Share Option Scheme) have any disclosure interests (as referred to in (a) above), other than as disclosed at (a) above.

Taking no account of Shares which may be taken up under the Share Offer, none of our Directors know of any persons who will immediately upon completion of the Capitalisation Issue and Share Offer (without taking into account the Shares which may be issued and allotted upon exercise of the options which may be granted under the Post-IPO Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (a) and (b) above.

2. Directors' service contracts and letters of appointment

Our executive Directors have each signed a service agreement with us for an initial term of three years, commencing from Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement).

The annual remuneration payable to our executive Directors by our Group (excluding discretionary bonus) is as follows:

Director	Remuneration (per year) (S\$)
Dato' Sri Chua	600,000
Mrs. Chua	240,000
Mr. Thng	60,000

Each of our independent non-executive Directors has signed a letter of appointment with us for an initial term of three years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointment).

The annual remuneration payable to our independent non-executive Directors by our Group (excluding discretionary bonus) is as follows:

Director	Remuneration (per year) (S\$)
Mr. TAN Chek Kian (陳志強)	24,600
Mr. ANG Yong Sheng, Jonathan (洪勇勝)	24,600
Mr. CHAN Yang Kang (田揚康)	24,600

3. Directors' competing interests

None of our Directors are interested in any business apart from our Group's business which competes or may compete, directly or indirectly, with the business of our Group.

4. Disclaimers

- (a) None of our Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (b) None of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.
- (c) Save as disclosed in "Business — Procurement — Our suppliers" in this prospectus, none of our Directors and their close associates, and so far as is known to our Directors, none of the Shareholders who are interested in more than 5% of the number of issued shares of our Company, has any interest in our Company's five largest customers or five largest suppliers.

D. POST-IPO SHARE OPTION SCHEME

1. Summary of the terms of the Post-IPO Share Option Scheme

(i) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to motivate Eligible Participants (as set out in paragraph (ii) below) to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Employee Participants (as set out in paragraph (ii) below) and

Related Entity Participants (as set out in paragraph (ii) below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

(ii) Who may join

Subject to the provisions in the Post-IPO Share Option Scheme, the Board shall be entitled at any time within the period of ten (10) years after the date of adoption of the Post-IPO Share Option Scheme to make an offer to any of the following classes of persons (“**Eligible Participant(s)**”):

- (1) any director(s) (including executive, non-executive and independent non-executive directors) and employee(s) (whether full-time or part-time) of our Group (including persons who are granted Shares or the options under the Post-IPO Share Option Scheme as inducement to enter into employment contracts with our Company or its subsidiaries) (“**Employee Participant(s)**”);
- (2) any director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of our Company (“**Related Entity Participant(s)**”); and
- (3) any person (whether a natural person, a corporate entity or otherwise) who provides services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of our Group, including independent contractor(s), consultant(s) and/or advisor(s) for research and development, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of our Company but excluding any placing agent(s) or financial adviser(s) providing advisory services for fundraising, mergers or acquisitions, and auditor(s) or valuer(s) (“**Service Provider(s)**”).

The Board may consider various factors to determine the basis of eligibility of the potential Eligible Participant, including but not limited to the performance, length of engagement and contribution to our Group.

(iii) Maximum number of Shares

- (1) The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of our Company shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (“**Scheme Mandate Limit**”) (inclusive of Shares representing 1.5 per cent. of the total number of Shares in issue, being the maximum number of options which may be granted to Service Providers under the Post-IPO Share Option Scheme (the “**Service Provider Sublimit**”)); provided that our Company may at

any time as the Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit (inclusive of the Service Provider Sublimit). Options previously granted under the Post-IPO Share Option Scheme or any other schemes of our Company lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit and/or the Service Provider Sublimit (as the case may be).

- (2) Our Company may seek approval of our Shareholders in general meeting to refresh the Scheme Mandate Limit (inclusive of the Service Provider Sublimit) such that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme (inclusive of the Service Provider Sublimit) and any other schemes of our Company (as adopted from time to time), shall not exceed 10% of the Shares in issue as at the date of the approval by our Shareholders in general meeting where the Scheme Mandate Limit (inclusive of the Service Provider Sublimit) is refreshed (the “**Renewal Limit**”), provided that options previously granted under the Post-IPO Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other schemes of our Company or exercised options) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of our Shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the GEM Listing Rules must be sent to our Shareholders.

In the event that our Company seeks approval of our Shareholders in general meeting to renew the Scheme Mandate Limit (inclusive of the Service Provider Sublimit) within 3-year period after the adoption date of the Post-IPO Share Option Scheme (or the date of Shareholders’ approval for the last refreshment), any Controlling Shareholders (or Directors (excluding independent non-executive Directors) and the chief executive of our Company if there is no Controlling Shareholder) and their associates must abstain from voting in favour of the relevant resolution at the general meeting and the relevant resolution shall be approved in accordance with the GEM Listing Rules.

- (3) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be Eligible Participant(s) specifically identified by our Company before such approval is sought and for whom specific approval is obtained. For the purpose of seeking the approval of our Shareholders, our Company

must send a circular to our Shareholders containing the name of the specified Eligible Participant(s) who may be granted such options, the number and terms of the options to be granted to each specified Eligible Participant, the purpose of granting such options to the specified Eligible Participants with an explanation as to how the terms of options serve such purpose, the information and the disclaimer as required under the GEM Listing Rules and such further information as may be required from the Stock Exchange from time to time. In respect of any options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price of such options.

(iv) Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options but excluding any options lapsed in accordance with the Post-IPO Share Option Scheme) in the 12-month period up to and including the date of grant of the options exceeding 1% of the Shares in issue, unless:

- (1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by separate approval of our Shareholders in general meeting at which the Eligible Participant and his/her/its close associates (or associates of the Eligible Participant is a connected person) shall abstain from voting in favour of the resolution;
- (2) a circular regarding the further grant has been despatched to our Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including the identity of the Eligible Participant, the number and terms of the options to be granted and options previously granted to such Eligible Participant in the 12-month period, the purpose of granting the options and an explanation as to how the terms of the options serve such purpose); and
- (3) the number and terms (including the exercise price) of such option are fixed before the general meeting of our Company at which the same are approved.

(v) Grant of options to connected persons

- (1) The grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of his/her/its respective associates (including discretionary trust in which any connected persons are beneficiary) requires the approval of all our independent non-executive

Directors (excluding any independent non-executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.

- (2) Where an option is to be granted to a Substantial Shareholder or an independent non-executive Director (or any of his/her/its respective associates), and such grant will result in the Shares issued and to be issued in respect of all options granted pursuant to the Post-IPO Share Option Scheme and any other share option schemes of our Company (including exercised, cancelled and outstanding options but excluding any options lapsed in accordance with the Post-IPO Share Option Scheme) to such Eligible Participant in the 12-month period up to and including the date of such grant exceeding 0.1% of the Shares in issue at the relevant time of grant, such grant shall not be valid unless:
 - I. a circular containing the details of the grant has been despatched to our Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules, including, in particular, (a) details of the number and terms of the options to be granted to such Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purposes of calculating the exercise price, (b) from the views of the independent non-executive Directors (excluding any independent non-executive Director who is the prospective grantee of the option) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of our Company and our Shareholders as a whole, and their recommendation to the independent Shareholders as to voting, (c) information relating to any Directors who are trustees of the Post-IPO Share Option Scheme or have a direct or indirect interest in the trustees; and (d) information required under the GEM Listing Rules or by the Stock Exchange; and
 - II. the grant has been approved by our Shareholders in accordance with the GEM Listing Rules in general meeting (taken on a poll) at which such Eligible Participant and his/her/its associates and all core connected persons of our Company shall abstain from voting in favour of the grant (unless such person's intention to vote against the proposed grant of option has been stated in the relevant circular).

(vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Participant within the date as specified in the offer letter issued by our Company, being a date not later than 21 Business Days from the date upon which it is made, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Post-IPO Share Option Scheme. The vesting period for an option shall normally not be less than 12 months, except when such option is granted to the Employee Participant(s) at the discretion of the Board (or the remuneration committee of our Company if the grantee is a Director and/or a senior manager of our Company) where (1) the Employee Participant's employment is terminated due to death, disability or any out of control event; (2) the options are granted in batches during a year for administrative and compliance reasons; (3) the options are granted under a mixed vesting schedule which vest evenly over a 12-month period; (4) the options are granted based on performance-based vesting conditions instead of time-based vesting criteria; and (5) any other circumstances under which the Board (or the remuneration committee of our Company) considers it to be fair, reasonable and appropriate to do so.

A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable nor be deemed to be part of the exercise price. An option may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Post-IPO Share Option Scheme.

(vii) Performance targets

Unless otherwise determined by the Board and specified in the offer letter, there is no general performance target that has to be achieved before the exercise of any option.

(viii) Exercise price for Shares

The exercise price of a Share in respect of any particular option granted under the Post-IPO Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an Eligible Participant, and shall not be less than whichever is the highest of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date (as defined below), (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date, and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted to an Eligible Participant, the date of the Board resolution on which the grant was approved and made to the Eligible Participant shall be taken to be the date of the offer of such option, which must be a Business Day (“**Offer Date**”). For the purpose of calculating the exercise price, where an option is to be granted fewer than five Business Days after the Listing of the Shares on GEM, the Offer Price shall be used as the closing price for any Business Day falling within the period before the Listing.

(ix) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to the Memorandum and the Articles of Association and the laws of the Cayman Islands in force from time to time and shall rank *pari passu* in all respects with the then existing fully-paid Shares in issue of our Company as at the date of allotment and issue (the “**Allotment Date**”), and will entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date.

(x) Restrictions on the time of grant of options

No option shall be granted after a development of or a matter constituting inside information has come to our Company’s knowledge until (and including) the trading day on which such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, during the period commencing one (1) month immediately preceding the earlier of:

- (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
- (2) the deadline for our Company to publish an announcement of the results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, no option shall be granted. For the avoidance of doubt, no option may be granted during any period of delay in publishing a results announcement.

(xi) Period of the Post-IPO Share Option Scheme

Subject to any prior termination by our Company in a general meeting or by the Board, the Post-IPO Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Post-IPO

Share Option Scheme (the “**Option Period**”), after which period no further option shall be granted but in all other respects of all options which remain exercisable at the end of such period, the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect.

(xii) Rights on death or permanent disability

Where the grantee of an outstanding option (being an individual) dies or becomes permanently disabled before exercising an option (or exercising it in full), he/she (or his/her legal representative(s)) may exercise the option up to the grantee’s entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death or permanent disability or such longer period as the Board may determine.

(xiii) Rights on retirement

Where the grantee of an outstanding option ceases to be an Employee Participant or Related Entity Participant by reason of his/her retirement pursuant to such applicable retirement scheme at the relevant time, his/her option (to the extent which has become exercisable and not already exercised) shall be exercisable until the expiry of the relevant Option Period.

(xiv) Rights on transfer of employment

Where the grantee of an outstanding option ceases to be an Employee Participant or Related Entity Participant by reason of his/her transfer of employment to an affiliate company of our Company, his/her option (to the extent which has become exercisable and not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board has determined.

(xv) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an Employee Participant or Related Entity Participant for any reason other than the grounds in (xii), (xiii), (xiv), (xxvii)(c)(1) and (2), the option granted to such grantee (to the extent not already exercised) shall lapse on the date of cessation and shall not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation.

Where the grantee of an outstanding option ceases to be an Employee Participant or Related Entity Participant by reason of the termination of his/her employment by resignation or Culpable Termination (as defined below), the option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the

grantee is notified of the termination of his/her employment (in the case of Culpable Termination) and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification.

(xvi) Rights on cessation of being an executive Director

Where the grantee of an outstanding option being an executive Director of our Company ceases to be an executive Director of our Company but remains a non-executive Director of our Company, his/her option (to the extent which has become exercisable and not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board has determined, the option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board has determined.

(xvii) Rights on cessation of being an Eligible Participant

Where (a) the Board in its absolute discretion at any time determines that a grantee of an outstanding option has ceased to be an Eligible Participant; or (b) a grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the option or which were the basis on which the option was granted, the option (to the extent not already exercised) shall lapse on the date on which the grantee is notified thereof (in the case of (a)) or on the date on which the grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (b)) and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance.

(xviii) Rights of an Eligible Participant which is a corporation

Where a grantee of an outstanding option (being a corporation) (a) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee; or (b) has suspended ceased or threatened to suspend or cease business; or (c) is unable to pay its debts (within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any similar provisions under the Companies Act) or any applicable law; or (d) otherwise becomes insolvent; or (e) suffers a change in its constitution, directors, shareholding or management which in the opinion of the Board is material; or (f) commits a breach of any contract entered into between the grantee or his/her/its associate and any member of our Group, the option (to the extent

not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by our Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence.

(xix) Rights of an Eligible Participant which is an individual

Where a grantee of an outstanding option (being an individual) (a) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or (b) has made any arrangements or compositions with his creditors generally; or (c) has been convicted of any criminal offence involving his/her integrity or honesty; or (d) commits a breach of any contract entered into between the grantee or his/her associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date on which he/she is deemed unable or to have no reasonable prospects of being able to pay his/her debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he/she enters into the said arrangement or composition with his/her creditors or on the date of his/her conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence.

(xx) Rights on general offer or scheme of arrangement

In the event a general or partial offer (whether by way of takeovers offer, share repurchase offer is made to all the holders of the Shares or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeovers offer or share repurchase offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the option (to the extent which has become exercisable and not already exercised) at any time (in the case of a takeovers offer or share repurchase offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company, after which it shall lapse.

(xvi) Rights on winding-up

In the event of a notice being given by our Company to our Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it despatches such notice to convene the general meeting, give notice thereof to all grantees and thereupon, the grantees (or their respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company (such notice to be received by our Company not later than 2 Business Days prior to the proposed general meeting of our Company) exercise the option (to the extent that it has become exercisable and has not already been exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment or remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid and register the grantee as the holder of such Shares, which shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(xvii) Rights on compromise or arrangement between our Company and our creditors

In the event of a compromise or arrangement between our Company and our Shareholders and/or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have unexercised options at the same time as it dispatches notices to all Shareholders or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his/her legal representatives or receiver) may until the expiry of the earliest of: (a) the Option Period; (b) the period of two months from the date of such notice; and (c) the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction and becoming effective, exercise in whole or in part his/her option. Except insofar as exercised in accordance with this paragraph (xvii), all options outstanding at the expiry of the relevant period referred to in this paragraph (xvii) shall lapse. Our Company may thereafter require each grantee to transfer or otherwise deal with the Shares issued on exercise of the option to place the grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement, provided that in determining the entitlement of any grantee to exercise an option at any particular date, the Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular option pursuant to the provisions of the Post-IPO Share Option Scheme and/or deem the right to exercise the option in respect of the

Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular option such right shall not have then vested.

(xxiii) Reorganisation of capital structure

In the event of any change in the capital structure of our Company while any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the number of Shares subject to outstanding options;
- (b) the exercise price per Share of each outstanding option; and/or
- (c) the number of Shares subject to the Post-IPO Share Option Scheme.

Where the Board determines that adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors or an independent financial adviser (as the Board may select) shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable and in compliance with the GEM Listing, the notes thereto and applicable rules and guidelines, provided that:

- (i) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the GEM Listing Rules from time to time;
- (ii) any such adjustments shall be made on the basis that the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iv) any such adjustments shall be made on the basis that the proportion of the issued share capital of our Company for which any grantee is entitled to subscribe pursuant to the options held by him/her shall remain the same, rounded to the nearest whole share, as that to which he/she/it was previously entitled.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

(xxiv) Cancellation of options

The Board shall be entitled at any time at its absolute discretion for the following causes to cancel, recover or withhold any option in whole or in part by giving notice in writing to the grantee stating that such option is thereby cancelled, recovered or withheld with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of any terms or conditions attached to the grant of the option as provided in the Post-IPO Share Option Scheme;
- (b) the grantee makes a written request to the Board for, or agrees to, the option to be cancelled;
- (c) a material misstatement in our Company’s financial statements;
- (d) if the grantee has, in the opinion of the Board, conducted himself/herself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary; or
- (e) any other circumstances as the Board considers to be reasonable, fair, equitable and appropriate to cancel, recover or withhold such options.

Such option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the option which has not been exercised as at the Cancellation Date. Where our Company cancels an option held by a grantee and issues new options to the same grantee, the issue of such new options may only be made under the Post-IPO Share Option Scheme with available Scheme Mandate Limit and Service Provider Limit (to the extent not yet granted) within the limits set out in the Post-IPO Share Option Scheme. For the avoidance of doubt, the options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

(xxv) Termination of the Post-IPO Share Option Scheme

Our Shareholders by resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further option will be offered but in all other respects of the options which remain exercisable upon termination of the Post-IPO Share Option Scheme, the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. Options granted prior to such termination and not then exercised or in respect of which Shares are not yet issued to the grantees shall continue to be valid and exercisable subject to and in accordance with the Post-IPO Share Option Scheme and the GEM Listing Rules.

(xxvi) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber, assign or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purport to do so or enter into any agreement to do so, unless a waiver is granted by the Stock Exchange for any option to be transferred to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee that would continue to meet the purpose of the Post-IPO Share Option Scheme and comply with other requirements of the GEM Listing Rules. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee without any compensation or incurring any liability on the part of our Company.

(xxvii) Lapse of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by the Board:

- (a) the expiry of the Option Period (subject to paragraphs (xi) and (xxv));
- (b) the expiry of any of the periods referred to in paragraphs (xii) to (xxii) where applicable;
- (c) the date on which the grantee ceases to be an Eligible Participant by reason of (1) the termination of his/her employment by resignation or (2) termination of the employment of an Employee Participant or Related Entity Participant on the grounds that he/she has been guilty of serious misconduct, or there exist grounds allowing his/her summary dismissal under his/her employment contract or under common law, or he/she is unable or has no reasonable prospects of being able to pay his/her debts within the meaning of the Bankruptcy Ordinance or any other applicable law, or he/she has become otherwise insolvent or has made any arrangements or compositions with his/her creditors generally, or he/she has been convicted of any criminal offence involving his/her integrity or honesty (“**Culpable Termination**”) or (3) (if so determined by the Board) on any other ground on which an employer or a sourcing party would be entitled to terminate his/her/its employment or engagement at common law or pursuant to any applicable laws or under the grantee’s service contract or supply contract with our Company;
- (d) (subject to paragraph (xxi)) the date of the commencement of the winding-up of our Company;

- (e) there is an unsatisfied judgment, order or award outstanding against the grantee or the Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts within the meaning of the Bankruptcy Ordinance;
- (f) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type as provided in the Post-IPO Share Option Scheme; or
- (g) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

(xxviii) Alterations to the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting (with grantees and their associates abstaining from voting):

- (a) any material alteration to its terms and conditions or any change to the terms of options granted (except where the amendment or alteration take effect automatically under the existing terms of the Post-IPO Share Option Scheme);
- (b) any alteration to the provisions of the Post-IPO Share Option Scheme in relation to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of grantees or Eligible Participants;
- (c) any change to the authority of the Directors of our Company in relation to any alteration to the terms of the Post-IPO Share Option Scheme; and
- (d) any alteration to this paragraph (xxviii).

Any change to the terms of granted options must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or our Shareholders (as the case may be) if the initial grant of the options was approved by the Board, the remuneration committee of our Company, the independent non-executive Directors and/or our Shareholders (as the case may be), except (1) where the amendment or alteration take effect automatically under the existing terms of the Post-IPO Share Option Scheme; or (2) to the extent such amendment or alteration is required by the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

Our Company must provide to all grantees all details relating to changes in the terms of the Post-IPO Share Option Scheme during the life of the Post-IPO Share Option Scheme immediately upon such changes taking effect.

(xxix) *Conditions*

The Post-IPO Share Option Scheme is conditional on:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue, the Share Offer and the exercise of options that may be granted under the Post-IPO Share Option Scheme;
- (b) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (c) the commencement of dealings in the Shares on the GEM of the Stock Exchange.

2. Present status of the Post-IPO Share Option Scheme

(i) Approval and adoption of the rules of the Post-IPO Share Option Scheme

The rules of the Post-IPO Share Option Scheme were conditionally approved and adopted by our Shareholders on 7 June 2024.

(ii) Approval of the Stock Exchange required

The Post-IPO Share Option Scheme is conditional, among other matters, on the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme, which shall not exceed 10% of the Shares in issue as at the Listing Date.

(iii) Application for listing

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme. The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of our Company shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for refreshing the said 10% limit under the Post-IPO Share Option Scheme, provided that options lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit mentioned above.

(iv) Grant of options

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Post-IPO Share Option Scheme.

(v) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Tax indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity in favour of our Company (on our own behalf and as trustee for our subsidiaries) (being a contract referred to in the paragraph headed “B. Further Information About our Business — 1. Summary of Material contracts” in this appendix) pursuant to which they have, among others, agreed and undertaken, jointly and severally, with our Company to indemnify our Company (on our own behalf and as trustee for our subsidiaries) and at all times keep us fully indemnified on demand from and against all taxation falling on any member of our Group resulting from, or by reference to, any income, profit or gains earned, accrued or received and/or business and/or assets acquired before the date on which the Share Offer becomes unconditional.

3. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor has made an application on our behalf to the Stock Exchange for listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Capitalisation Issue, the Share Offer and the exercise of options that may be granted under the Post-IPO Share Option Scheme. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

The Sole Sponsor will receive a fee of HK\$7.1 million for acting as the sponsor for the Listing.

4. Qualification of experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in, or referred to in, this prospectus (the “Experts”) are set out below:

Name	Qualifications
UOB Kay Hian (Hong Kong) Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Drew & Napier LLC	Qualified lawyers in Singapore
Shearn Delamore & Co.	Qualified lawyers in Malaysia
Conyers Dill & Pearman	Qualified lawyers in the Cayman Islands
China Insights Industry Consultancy Limited	Independent industry and market data research agency
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Chartered surveyors
Hogan Lovells	Legal advisers as to International Sanctions
Sim Chong LLC	Advocates and solicitors in Singapore
PricewaterhouseCoopers Limited	Transfer pricing consultant

5. Consents of experts

Each of the Experts has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or memorandum and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

6. Interests of experts

None of the Experts has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

None of the Experts has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

7. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules. No amount or benefit has been paid or given within the two years immediately preceding the date of this prospectus or intended to be paid or given to any promoter.

8. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed UOB Kay Hian as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date, and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

9. Preliminary expenses

The preliminary expenses incurred by our Company amounted to approximately HK\$76,000 and were paid by our Company.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

11. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group; and
 - (iii) no commission (except commission to sub-underwriters) has been paid or payable to any person for subscribing, agreeing to subscribe, or procuring or agreeing to procure subscription, for any shares in or debentures of our Company.
- (b) No share or loan capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.
- (d) Our Group has no outstanding debt securities or debentures.
- (e) There is no arrangement under which future dividends are waived or agreed to be waived.
- (f) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents referred to in “E. Other Information — 5. Consents of experts” in Appendix V to this prospectus and copies of the material contracts referred to in “B. Further Information about Our Business — 1. Summary of Material contracts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.metatechnologies.com.sg up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles;
- (b) the accountant’s report of our Group issued by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Company for the years ended 31 December 2022 and 2023;
- (d) the letter issued by PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (e) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (f) the Cayman Companies Act;
- (g) the legal opinion issued by our Singapore legal advisers, Drew & Napier LLC, in respect of the applicable laws and regulations of our operations and certain matters of our Group in Singapore;
- (h) the legal opinion issued by our Malaysia legal advisers, Shearn Delamore & Co., in respect of our Group’s operations and other general corporate matters;
- (i) the legal memorandum issued by Hogan Lovells in respect of relevant International Sanctions applicable to our Group;
- (j) the legal opinion issued by our Singapore Special Counsel, Sim Chong LLC, in respect of certain matters relating to our Group’s history;
- (k) the CIC Report;

- (l) the letter, summary of valuation and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts or extracts of which are set out in Appendix III to this prospectus;
- (m) the transfer pricing review report issued by PricewaterhouseCoopers Limited, our Transfer Pricing Consultant;
- (n) the material contracts referred to “B. Further Information about Our Business — 1. Summary of Material contracts” in Appendix V to this prospectus;
- (o) the service contracts and letters of appointment referred to in “C. Further Information about Our Directors, Chief Executive and Substantial Shareholders — 2. Directors’ service contracts and letters of appointment” in Appendix V to this prospectus;
- (p) the written consents referred to in “E. Other Information — 5. Consents of experts” in Appendix V to this prospectus; and
- (q) the rules of the Post-IPO Share Option Scheme.



METASURFACE

METASURFACE TECHNOLOGIES HOLDINGS LIMITED

元续科技控股有限公司