

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group				Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
		Unaudited 2H2021 S\$'000	Unaudited 2H2020 S\$'000	Unaudited FY2021 S\$'000	Audited FY2020 S\$'000		
Revenue	4	45,755	32,754	83,085	54,570	28,515	52.3
Cost of sales		(35,551)	(28,240)	(66,229)	(44,659)	(21,570)	48.3
Gross profit		10,204	4,514	16,856	9,911	6,945	70.1
Other operating income		2,054	2,219	3,545	3,642	(97)	(2.7)
Distribution and selling expenses		(2,929)	(2,440)	(5,584)	(6,037)	453	(7.5)
Administrative expenses		(6,138)	(5,120)	(12,337)	(11,102)	(1,235)	11.1
Provision for impairment loss on trade and other receivables and contract assets		(624)	(1,064)	(506)	(1,661)	1,155	(69.5)
Other operating expenses		(169)	(453)	(251)	(704)	453	(64.4)
Share of results of associates		191	199	191	199	(8)	(4.0)
		(9,669)	(8,878)	(18,487)	(19,305)	818	(4.2)
Profit/(Loss) from operations		2,589	(2,145)	1,914	(5,752)	7,666	n.m.
Finance expenses		(710)	(684)	(1,303)	(1,476)	173	(11.7)
Interest income		89	113	216	234	(18)	(7.7)
Profit/(Loss) before tax	6	1,968	(2,716)	827	(6,994)	7,821	n.m.
Tax expense	7	(708)	(66)	(724)	(144)	(580)	n.m.
Profit/(Loss) for the period		1,260	(2,782)	103	(7,138)	7,241	n.m.
Other comprehensive income							
<u>Items that will not be reclassified subsequently to profit or loss</u>							
Net fair value gain/(loss) on equity instrument at fair value through other comprehensive income ("FVOCI")		1,668	(1,116)	1,668	(1,116)	2,784	n.m.
<u>Item that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation		129	(41)	415	438	(23)	(5.3)
Total comprehensive income for the period		3,057	(3,939)	2,186	(7,816)	10,002	n.m.
Profit/(Loss) for the period attributable to :-							
Owners of the Company		1,058	(3,039)	(192)	(7,179)	6,987	(97.3)
Non-controlling interests		202	257	295	41	254	n.m.
		1,260	(2,782)	103	(7,138)	7,241	n.m.
Total comprehensive income for the period attributable to :-							
Owners of the Company		2,817	(4,239)	1,800	(7,938)	9,738	n.m.
Non-controlling interests		240	300	386	122	264	n.m.
		3,057	(3,939)	2,186	(7,816)	10,002	n.m.
Earnings/(Loss) per share for profit/(loss) for the period attributable to the owners of the Company for the period:							
Basic and diluted (cents)		0.95	(2.73)	(0.17)	(6.44)		

There were no potential dilutive ordinary shares existing during the respective financial periods.

1H: 6 months ended 30 June
 2H: 6 months ended 31 December
 FY: 12 months ended 31 December
 n.m. : not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Fixed assets	10	28,546	31,146	22,574	23,580
Investment property	11	53	-	-	-
Intangible assets		189	237	-	-
Right-of-use assets		13,384	13,850	12,260	12,753
Right-of-use assets-land use rights		1,802	1,814	-	-
Investment in subsidiaries		-	-	16,370	16,210
Investment in associates		8,404	920	7,281	-
Investment securities	9	9,853	7,651	-	-
Deferred tax assets		661	641	-	-
Total non-current assets		62,892	56,259	58,485	52,543
Current assets					
Inventories		19,363	14,578	9,391	7,665
Investment securities	9	4,364	8,270	4,364	8,270
Trade receivables		16,130	11,316	3,574	2,035
Contract assets		4,867	5,800	303	-
Other receivables		1,733	1,548	735	700
Deposits		337	191	55	48
Prepayments		310	253	77	41
Advance payment to suppliers		4,102	1,389	2,369	1,256
Amounts due from subsidiaries (trade)		-	-	756	526
Amounts due from subsidiaries (non-trade)		-	-	4,310	4,119
Amounts due from associates (trade)		815	832	-	-
Amounts due from associates (non-trade)		152	145	-	-
Tax recoverable		173	18	-	-
Fixed asset held for sale	12	890	-	-	-
Fixed deposits		234	219	209	209
Cash and bank balances		6,781	7,568	814	1,705
Total current assets		60,251	52,127	26,957	26,574
Total assets		123,143	108,386	85,442	79,117
Current liabilities					
Trade payables		9,213	6,457	2,503	1,300
Contract liabilities		3,647	1,091	764	72
Trust receipts and bills payable (secured)	13	11,769	9,269	7,581	5,864
Other payables		1,061	1,024	342	265
Accruals and other liabilities		9,305	5,207	3,533	2,794
Dividend payable		26	137	25	137
Amounts due to subsidiaries (trade)		-	-	2,715	844
Amounts due to subsidiaries (non-trade)		-	-	1,133	901
Amounts due to associates (non-trade)		158	155	-	-
Provision for income tax		630	154	-	-
Lease liabilities (current)		767	772	295	310
Term loans (current)	13	5,171	2,915	3,214	1,597
Total current liabilities		41,747	27,181	22,105	14,084
Net current assets		18,504	24,946	4,852	12,490
Non-current liabilities					
Deferred tax liabilities		2,617	2,187	-	-
Amounts due to subsidiaries (non-trade)		-	-	904	1,891
Lease liabilities (non-current)		12,990	13,457	12,562	12,857
Term loans (non-current)	13	18,579	20,176	16,459	15,892
Total non-current liabilities		34,186	35,820	29,925	30,640
Total liabilities		75,933	63,001	52,030	44,724
Net assets		47,210	45,385	33,412	34,393
Equity attributable to owners of the Company					
Share capital	14	19,680	19,680	19,680	19,680
Retained earnings		19,684	20,077	13,410	14,391
Fair value adjustment reserve		7,644	5,883	-	-
Capital reserve		322	322	322	322
Translation reserve		(2,528)	(2,759)	-	-
		44,802	43,203	33,412	34,393
Non-controlling interests		2,408	2,182	-	-
Total equity		47,210	45,385	33,412	34,393

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY2021 Unaudited S\$'000	FY2020 Audited S\$'000
Cash flows from operating activities		
Profit/(Loss) before tax	827	(6,994)
Adjustments:		
Provision for impairment loss on trade receivables and contract assets	506	1,538
Impairment loss on goodwill	-	219
Impairment losses on fixed assets and right-of-use assets	-	67
Bad debt written off	-	123
Allowance for obsolete and slow-moving inventories, net	418	731
Fixed assets written off	6	3
Gains on disposal of fixed assets, net	(63)	(39)
Depreciation of fixed assets	2,066	1,982
Depreciation of investment property	2	-
Depreciation of right-of-use assets	861	926
Dividend income from investment securities	(318)	(287)
Amortisation of intangible assets	54	197
Amortisation of right-of-use assets - land use rights	46	45
Net fair value loss on held for trading investment securities	165	72
Finance expenses	1,303	1,476
Interest income	(216)	(234)
Share of results of associates	(191)	(199)
Translation difference	(202)	124
Operating cash flows before working capital changes	5,264	(250)
(Increase)/decrease in:		
Inventories	(5,203)	(2,024)
Trade receivables	(5,963)	(78)
Other receivables	(228)	(130)
Contract assets	1,576	4,885
Deposits, prepayments and advance payment to suppliers	(2,915)	(496)
Amounts due from associates (trade)	17	215
Increase/(decrease) in:		
Trade payables	12,202	7,836
Contract liabilities	2,556	(55)
Other creditors	(75)	168
Accruals and other liabilities	4,098	(94)
Cash flows generated from operations	11,329	9,977
Interest paid	(763)	(892)
Income taxes paid	(448)	(159)
Income taxes refunded	2	101
Interest income	216	234
Net cash flows generated from operating activities	10,336	9,261
Cash flows from investing activities		
Proceeds from disposal of fixed assets	892	53
Proceeds from disposal of investment securities	4,383	1,577
Purchase of fixed assets	(1,112)	(227)
Purchase of investment securities	(636)	(2,004)
Dividends received	202	428
Additions of investment in associates	(7,281)	(30)
Net cash flows used in investing activities	(3,552)	(203)
Cash flows from financing activities		
Acquisition of additional shares in subsidiaries	(160)	-
Dividends paid	(201)	(201)
Dividends paid to non-controlling interest of a subsidiary	-	(107)
Repayment of trust receipts and bills payable, net	(6,559)	(9,160)
Payment of principal portion of lease liabilities	(771)	(797)
Interest paid on lease liabilities	(539)	(584)
Proceeds of term loans, net	659	635
Net cash flows used in financing activities	(7,571)	(10,214)
Net decrease in cash and cash equivalents	(787)	(1,156)
Effect of exchange rate changes on cash and cash equivalents	15	11
Cash and cash equivalents at beginning of period	7,587	8,732
Cash and cash equivalents at end of period	6,815	7,587
Cash and cash equivalents consist of the following :		
Cash and bank balances	6,781	7,568
Less: Bank deposit pledged	(200)	(200)
Fixed deposits	234	219
	6,815	7,587

D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Equity, total	Equity attributable to owners of the Company, total	Share capital	Retained earnings	Fair value adjustment reserve	Capital reserve	Translation reserve	Non- controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 January 2021	45,385	43,203	19,680	20,077	5,883	322	(2,759)	2,182
Profit/(Loss) for the year	103	(192)	-	(192)	-	-	-	295
<u>Other comprehensive income</u>								
Foreign currency translation	415	324	-	-	93	-	231	91
Net fair value gain on equity instrument at FVOCI	1,668	1,668	-	-	1,668	-	-	-
Total comprehensive income	2,186	1,800	-	(192)	1,761	-	231	386
<u>Contributions by and distribution to owners</u>								
Dividends on ordinary shares	(201)	(201)	-	(201)	-	-	-	-
<u>Changes in ownership interest in subsidiaries</u>								
Acquisition of non-controlling interests without a change in control	(160)	-	-	-	-	-	-	(160)
Balance at 31 December 2021	47,210	44,802	19,680	19,684	7,644	322	(2,528)	2,408
Balance at 1 January 2020	53,509	51,342	19,680	27,457	6,999	322	(3,116)	2,167
(Loss)/ Profit for the year	(7,138)	(7,179)	-	(7,179)	-	-	-	41
<u>Other comprehensive income</u>								
Foreign currency translation	438	357	-	-	-	-	357	81
Net fair value loss on equity instrument at FVOCI	(1,116)	(1,116)	-	-	(1,116)	-	-	-
Total comprehensive income	(7,816)	(7,938)	-	(7,179)	(1,116)	-	357	122
<u>Contributions by and distribution to owners</u>								
Dividends on ordinary shares	(201)	(201)	-	(201)	-	-	-	-
Dividends paid to non-controlling shareholders of a subsidiary	(107)	-	-	-	-	-	-	(107)
Total contributions by and distributions to owners	(308)	(201)	-	(201)	-	-	-	(107)
Balance at 31 December 2020	45,385	43,203	19,680	20,077	5,883	322	(2,759)	2,182
Company								
Balance at 1 January 2021	34,393	34,393	19,680	14,391	-	322	-	-
Loss for the year, representing total comprehensive income for the period	(780)	(780)	-	(780)	-	-	-	-
<u>Contributions by and distribution to owners</u>								
Dividends on ordinary shares	(201)	(201)	-	(201)	-	-	-	-
Balance at 31 December 2021	33,412	33,412	19,680	13,410	-	322	-	-
Balance at 1 January 2020	43,706	43,706	19,680	23,704	-	322	-	-
Loss for the year, representing total comprehensive income for the period	(9,112)	(9,112)	-	(9,112)	-	-	-	-
<u>Contributions by and distribution to owners</u>								
Dividends on ordinary shares	(201)	(201)	-	(201)	-	-	-	-
Balance at 31 December 2020	34,393	34,393	19,680	14,391	-	322	-	-

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Far East Group Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the 6 months and the financial year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company consist of manufacturing and trading of refrigeration parts, servicing of cold rooms, construction and installation of commercial and industrial cold rooms and all other incidental business of refrigeration.

The principal activities of the Group are disclosed in Note 4 on segment and revenue information below.

2. Basis of Preparation

The condensed interim financial statements for the six months and the financial year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the 1H2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2.1. New and amended standards adopted by the Group

The Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

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

2.2.1 Judgements made in applying accounting policies

2.2.1a Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the Group's regional business relationships and the nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

As at 31 December 2021, the carrying amounts of the Group's tax recoverable, provision for income tax, deferred tax assets and deferred tax liabilities amounted to \$173,000 (31 December 2020: \$18,000), \$630,000 (31 December 2020: \$154,000), \$661,000 (31 December 2020: \$641,000) and \$2,617,000 (31 December 2020: \$2,187,000) respectively.

2.2.1b Assessment of classification of unquoted investment security

The Group holds 30% equity interest in its unquoted investment security. The Group does not participate in the operating and financing decision process, fails to obtain representation on the board of directors and is unable to obtain timely or adequate financial information required to apply equity method. Based on these facts and circumstances, management concludes that the Group cannot exert a significant influence in its unquoted investment security and classifies this investment as financial instrument carried at fair value through other comprehensive income.

2.2.1c Determination of lease term of contracts with extension options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the extension option in the lease term for lease of leasehold land in alignment with the expected useful life of its leasehold building.

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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.

2.2.2a Useful lives of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated economic useful lives. Changes in the expected level of usage and future technological developments could impact the economic useful lives of these assets. Therefore, future depreciation charges could be revised.

As at 31 December 2021, the carrying amounts of the Group's and Company's fixed assets amounted to \$28,546,000 (31 December 2020: \$31,146,000) and \$22,574,000 (31 December 2020: \$23,580,000) respectively.

2.2.2b Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As at 31 December 2021, the carrying amounts of the Company's investments in subsidiaries and fixed assets were \$16,370,000 (31 December 2020: \$16,210,000) and \$22,574,000 (31 December 2020: \$23,580,000) respectively. The carrying amounts of the Group's fixed assets and goodwill were \$28,546,000 (31 December 2020: \$31,146,000) and \$189,000 (31 December 2020: \$189,000) respectively.

2.2.2c Allowance for obsolete and slow-moving inventories

When necessary, allowance is provided for obsolete and slow-moving inventories to adjust the carrying value of inventories to the lower of cost and net realisable value. Management has estimated the allowance for obsolete and slow-moving inventories based on review of an aging analysis of inventories at the end of the reporting period.

As at 31 December 2021, the carrying amounts of the Group's and Company's inventories amounted to \$19,363,000 (31 December 2020: \$14,578,000) and \$9,391,000 (31 December 2020: \$7,665,000) respectively.

2.2.2d Expected credit losses for trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. For trade receivables and contract assets, the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

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

As at 31 December 2021, the carrying amounts of the Group's and Company's trade receivables and contract assets, including balances with subsidiaries and associates totaled \$21,812,000 (31 December 2020: \$17,948,000) and \$4,633,000 (31 December 2020: \$2,561,000) respectively.

2.2.2e Fair value measurement of unquoted equity security

The Group has investment in unquoted equity security which is measured at FVOCI. This requires the Group to engage external valuation expert to perform the valuation.

This financial instrument is categorised as Level 3 in the fair value hierarchy where certain pricing inputs to value these instruments are unobservable. The valuation involves the application of unobservable inputs such as discount for lack of marketability used by the external valuation expert.

As at 31 December 2021, the carrying amount of the unquoted equity security amounted to \$9,853,000 (31 December 2020: \$7,651,000).

2.2.2f Revenue from engineering contracts

Engineering contracts revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligation within the contract.

Significant assumptions are required to estimate the total contract costs that will affect the stage of completion and revenue recognised. The estimates are based on the past experiences and knowledge of the project director and the quantity surveyor team.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

As at 31 December 2021, the carrying amounts of the Group's contract assets arising from engineering contracts amounted to \$4,867,000 (31 December 2020: \$5,800,000).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

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

- Residential and commercial (air-conditioning) segment relates to sale and distribution of air-conditioning materials which mainly comprises copper pipes, copper tubes, Class 0 and Class 1 closed cell insulation pipes and sheets, PVC trunkings, electrical wires and refrigerants;
- Commercial and light industrial (refrigeration) segment relates to sale of refrigeration component parts including compressors, condensers, condensing units, multiple compressor racks units, electronic controls, energy management solutions, service equipment and tools and the Group's range of thermal heat exchangers comprising evaporators, condensers and custom coils; and
- Oil, marine and gas (refrigeration and air-conditioning) segment relates to sales and distribution of a range of airconditioning and refrigeration systems suitable for the oil, marine and gas industry. These products include the Group's brand of heat exchangers and packaged condensing units installed onboard ships, vessels and oil rigs, which are primarily used to preserve food, other perishables and also to provide air-conditioning for the living and working spaces of the vessel's crew.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segment. Management monitors the gross profit or loss of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit or loss only.

Assets and liabilities, as well as income and expenses (other than revenue and cost of sales) are managed on a group basis and are not allocated to operating segments.

4.1. Reportable segments

Group	Residential and commercial (air-conditioning)	Commercial and light industrial (refrigeration)	Oil, marine and gas (refrigeration and air-conditioning)	Total
	\$'000	\$'000	\$'000	\$'000
2H2021				
Revenue	15,688	29,518	549	45,755
Cost of sales	(11,230)	(23,917)	(404)	(35,551)
Gross profit	4,458	5,601	145	10,204
2H2020				
Revenue	7,038	25,209	507	32,754
Cost of sales	(7,925)	(19,950)	(365)	(28,240)
Gross profit	(887)	5,259	142	4,514
FY2021				
Revenue	28,210	53,752	1,123	83,085
Cost of sales	(22,292)	(43,156)	(781)	(66,229)
Gross profit	5,918	10,596	342	16,856
FY2020				
Revenue	13,242	40,247	1,081	54,570
Cost of sales	(11,850)	(32,070)	(739)	(44,659)
Gross profit	1,392	8,177	342	9,911

4.2. Disaggregation of Revenue

Segment	Residential and commercial (air-conditioning)		Commercial and light industrial (refrigeration)		Oil, marine and gas (refrigeration and air-conditioning)		Total	
	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020	2H2021	2H2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	14,203	5,495	6,460	2,347	432	366	21,095	8,208
Malaysia	794	1,100	4,890	5,437	117	73	5,801	6,610
Indonesia	-	-	4,816	4,543	-	-	4,816	4,543
Hong Kong/Macau/People's Republic of China	691	394	11,183	11,061	-	64	11,874	11,519
Indo-China*	-	26	1,486	1,302	-	-	1,486	1,328
Others	-	23	683	519	-	4	683	546
	15,688	7,038	29,518	25,209	549	507	45,755	32,754
Major revenue stream								
Sale of goods	1,741	2,059	26,939	23,981	549	507	29,229	26,547
Project installation and maintenance services	774	246	176	169	-	-	950	415
Engineering contracts revenue	13,173	4,733	2,403	1,059	-	-	15,576	5,792
	15,688	7,038	29,518	25,209	549	507	45,755	32,754
Timing of transfer of goods or services								
At a point in time	2,515	2,305	27,115	24,150	549	507	30,179	26,962
Over time	13,173	4,733	2,403	1,059	-	-	15,576	5,792
	15,688	7,038	29,518	25,209	549	507	45,755	32,754

4.2. Disaggregation of Revenue (cont'd)

Segment	Residential and commercial (air-conditioning)		Commercial and light industrial (refrigeration)		Oil, marine and gas (refrigeration and air-conditioning)		Total	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
Singapore	25,734	10,847	9,348	4,495	850	739	35,932	16,081
Malaysia	1,481	1,739	9,266	8,713	215	178	10,962	10,630
Indonesia	6	6	9,154	8,141	8	8	9,168	8,155
Hong Kong/Macau/People's Republic of China	988	593	22,069	14,363	49	141	23,106	15,097
Indo-China*	-	26	2,680	3,282	-	-	2,680	3,308
Others	1	31	1,235	1,253	1	15	1,237	1,299
	28,210	13,242	53,752	40,247	1,123	1,081	83,085	54,570
Major revenue stream								
Sale of goods	3,561	3,144	50,547	38,203	1,123	1,081	55,231	42,428
Project installation and maintenance services	1,364	485	633	284	-	-	1,997	769
Engineering contracts revenue	23,285	9,613	2,572	1,760	-	-	25,857	11,373
	28,210	13,242	53,752	40,247	1,123	1,081	83,085	54,570
Timing of transfer of goods or services								
At a point in time	4,925	3,629	51,180	38,487	1,123	1,081	57,228	43,197
Over time	23,285	9,613	2,572	1,760	-	-	25,857	11,373
	28,210	13,242	53,752	40,247	1,123	1,081	83,085	54,570

* relates to Vietnam, Myanmar and Cambodia

4.3. A breakdown of sales is as follows:-

	GROUP		Change +ve/(-ve)
	FY2021 S\$'000	FY2020 S\$'000	
(a) Sales reported for the first half year	37,330	21,816	71%
(b) Operating loss after tax before deducting non-controlling interest reported for the first half year	(1,157)	(4,356)	-73%
(c) Sales reported for the second half year	45,755	32,754	40%
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for the second half year	1,260	(2,782)	n.m.

5. Financial assets and financial liabilities

	Group		Company	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Financial Assets				
<u>Financial assets at FVOCI</u>				
Unquoted equity security	9,853	7,651	-	-
<u>Financial assets at FVPL</u>				
Held for trading investment securities	4,364	8,270	4,364	8,270
<u>Financial assets carried at amortised cost</u>				
Cash and bank balances and trade and other receivables (Amortised cost)	26,182	21,819	10,453	9,342
	40,399	37,740	14,817	17,612
Financial Liabilities				
Trade and other payables and borrowings (Amortised cost)	69,039	59,569	51,266	44,652

6. Profit before taxation

6.1. Significant items

The Group's total comprehensive income for the financial period is derived after charging/(crediting):

	Group			
	Unaudited	Unaudited	Unaudited	Audited
	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	(89)	(113)	(216)	(234)
Finance expenses	710	684	1,303	1,476
Provision for impairment loss on trade and other receivables and contract assets	624	1,064	506	1,661
Allowance for obsolete and slow-moving inventories, net	287	418	418	731
Impairment loss on goodwill	-	219	-	219
Impairment losses on fixed assets and right-of-use assets	-	67	-	67
Government grants	(366)	(1,056)	(917)	(1,823)
Fixed assets written off	-	3	6	3
Gains on disposal of fixed assets, net	(35)	(3)	(63)	(39)
Depreciation of fixed assets	1,030	1,014	2,066	1,982
Depreciation of investment property	2	-	2	-
Depreciation of right-of-use assets	431	451	861	926
Dividend income from investment securities	(318)	(287)	(318)	(287)
Amortisation of intangible assets	9	45	54	197
Depreciation of right-of-use assets - land use rights	23	23	46	45
Net fair value loss/(gain) on held for trading investment securities	142	(130)	165	72
Foreign exchange losses, net	9	87	46	329

6.2. Related party transactions

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during FY2021:

	Group	Company
	\$'000	\$'000
Income		
Sales of goods to subsidiaries	-	11,255
Sales of goods to associates	3,727	-
Sales of goods to affiliated companies	673	-
Management fee income from subsidiaries	-	1,540
Dividend income from a subsidiary	-	434
Interest income from a subsidiary	-	7
Royalty fee income from a subsidiary	-	193
Expenses		
Purchases from subsidiaries	-	4,150
Rental paid to an affiliated company	26	-
Loan interest paid to subsidiaries	-	46

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are as follows:

	Group			
	2H2021	2H2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	629	250	708	302
Deferred income tax expense/(benefit) relating to origination and reversal of temporary differences	79	(184)	16	(158)
	708	66	724	144

8. Dividends

Declared and paid during the financial year:

	Company	
	FY2021	FY2020
	\$'000	\$'000
Dividends on ordinary shares:		
Final exempt 2020 dividend of 0.18 cents per share (2020: Final exempt 2019 dividend of 0.18 cents per share)	201	201

9. Investment securities

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Unquoted equity security - Guangzhou Fayi Trading Co., Ltd.	9,853	7,651

The Group has elected to measure the unquoted equity security at FVOCI due to the Group's intention to hold the equity instruments for long-term appreciation.

Financial assets at fair value through profit or loss comprise the following:

	Group	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Held for trading investment securities (quoted) on:		
-Bonds	4,364	7,293
-Fixed income funds	-	977
	4,364	8,270

9.1 Fair value measurement

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

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

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

The following table presented the assets measured at fair value:

	Group			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
31 December 2021				
Financial assets				
FVOCI investments	-	-	9,853	9,853
At fair value through profit or loss- held for trading investment securities (quoted)	4,364	-	-	4,364
31 December 2020				
Financial assets				
FVOCI investments	-	-	7,651	7,651
At fair value through profit or loss- held for trading investment securities (quoted)	8,270	-	-	8,270

10. Fixed assets

In FY2021, the Group acquired assets amounting to \$1,112,000 (FY2020: \$227,000) and disposed of assets amounting to \$829,000 (FY2020: \$14,000).

11. Investment property

The Group's investment property is a commercial property held for long term for rental yield and capital appreciation and is not substantially occupied by the Group. It is leased to a third party.

	Group	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cost		
At 1 January	-	-
Transfer from fixed assets	116	-
At 31 December	116	-
Accumulated depreciation		
At 1 January	-	-
Transfer from fixed assets	61	-
Depreciation charge for the year	2	-
At 31 December	63	-
Net book value	53	-
At valuation:		
Freehold property	712	-

11.1 Valuation

The Group engages external, independent and qualified valuer, Knight Frank Malaysia Sdn Bhd, to determine the fair value of the Group's investment property regularly based on the property's highest and best use. The fair value of the Group's investment property is derived using the market approach, under which the valuer considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued is compared to sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

12. Fixed asset held for sale

Group	
31 Dec 2021	31 Dec 2020
\$'000	\$'000
890	-

Property

On 22 December 2021, the Group entered into an option to purchase agreement with an unrelated third party, to grant an option to the third party for the sale of its leasehold building (the "Property") which was owned by M-Tech Air-Con & Security Engineering Pte Ltd, a wholly-owned subsidiary of the Company. The Property has been reclassified from Fixed assets to Fixed assets held for sale amounting to \$890,000.

On 23 February 2022, the disposal of the Property was completed with a net gain of \$3,000.

13. Borrowings

	Group				Company			
	As at 31 Dec 2021		As at 31 Dec 2020		As at 31 Dec 2021		As at 31 Dec 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Repayable in one year or less, or	16,017	1,076	11,901	483	9,741	1,076	6,998	483
Repayable after one year	15,275	3,641	18,690	1,942	12,853	3,641	14,006	1,942
Total borrowings	31,292	4,717	30,591	2,425	22,594	4,717	21,004	2,425

Details of any collateral

The above borrowings are secured by (i) legal mortgages over the leasehold land and buildings; (ii) corporate guarantee by the Company; and (iii) leased assets. Total borrowings include trust receipts and bills payable, leases liabilities under hire purchase, term loans and bank overdraft.

14. Share Capital

	Group and Company			
	As at 31 Dec 2021		As at 31 Dec 2020	
	No. of shares	\$'000	No. of shares	\$'000
Issued and fully paid ordinary shares				
Beginning and end of interim period	111,462	19,680	111,462	19,680

The total number of issued shares (excluding treasury shares) was 111,462,000 as at 31 December 2021 and 31 December 2020.

There was no change in the Company's issued and paid up share capital from 1 January 2021 to 31 December 2021.

The Company does not hold any treasury shares or convertible instruments as at 31 December 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

15. Net assets value

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Net asset value per share (cents)	40.2	38.8	30.0	30.9

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, cost, and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance

Revenue

Revenue increased by S\$28.5 million or 52.3%, from S\$54.6 million in FY2020 to S\$83.1 million in FY2021. The Group's performance has improved significantly mainly due to the recovery from the impact of COVID-19. The Group's business operations and activities have resumed in FY2021 as most of the countries have taken steps to ease COVID-19 restrictions.

Revenue by Business Segment	Group		Group		Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
	2H2021 S\$'000	Contribution %	2H2020 S\$'000	Contribution %		
Residential and commercial (air-conditioning)	15,688	34.3%	7,038	21.5%	8,650	122.9
Oil, marine and gas (refrigeration and air-conditioning)	549	1.2%	507	1.5%	42	8.2
Commercial and light industrial (refrigeration)	29,518	64.5%	25,209	77.0%	4,309	17.1
	<u>45,755</u>	<u>100%</u>	<u>32,754</u>	<u>100%</u>	<u>13,001</u>	<u>39.7</u>

Revenue by Business Segment	Group		Group		Change +ve/(-ve) S\$'000	Change +ve/(-ve) %
	FY2021 S\$'000	Contribution %	FY2020 S\$'000	Contribution %		
Residential and commercial (air-conditioning)	28,210	34.0%	13,242	24.3%	14,968	113.0
Oil, marine and gas (refrigeration and air-conditioning)	1,123	1.3%	1,081	2.0%	42	3.9
Commercial and light industrial (refrigeration)	53,752	64.7%	40,247	73.7%	13,505	33.6
	<u>83,085</u>	<u>100%</u>	<u>54,570</u>	<u>100%</u>	<u>28,515</u>	<u>52.3</u>

Revenue from the residential and commercial (air-conditioning) segment increased by S\$15.0 million in FY2021 as compared to FY2020 mainly due to the pickup in jobsite activities following gradual re-opening in FY2021.

Revenue from the commercial and light industrial (refrigeration) segment increased by S\$13.5 million in FY2021 as compared to FY2020 as a result of strong demand since relaxation of COVID-19 curbs by the government in various countries.

Gross profit and gross profit margin

The Group's gross profit increased by S\$7.0 million or 70.1%, from S\$9.9 million in FY2020 to S\$16.9 million in FY2021 mainly due to the increase in revenue. The gross profit margin increased by 2.1 percentage points, from 18.2% in FY2020 to 20.3% in FY2021 mainly due to the significant improved margin from the residential and commercial (air-conditioning) segment.

Other operating income

Other operating income decreased by S\$0.1 million, from S\$3.6 million in FY2020 to S\$3.5 million in FY2021 was mainly due to the reduction of rental income from third party of S\$0.1 million.

Distribution and selling expenses

Distribution and selling expenses decreased by S\$0.4 million or 7.5%, from S\$6.0 million in FY2020 to S\$5.6 million in FY2021 due to decrease in staff costs of S\$0.6 million. This was partially offset by increase in freight cost of S\$0.1 million; and (ii) promotion and exhibition cost of S\$0.1 million.

Administrative expenses

Administrative expenses increased by S\$1.2 million, from S\$11.1 million in FY2020 to S\$12.3 million in FY2021. This was mainly due to increase in (i) staff costs of S\$1.0 million; (ii) consultancy fee of S\$0.1 million; and (iii) equipment leasing of S\$0.1 million.

Provision for impairment loss on trade and other receivables and contract assets

The provision for impairment loss on trade and other receivables and contract assets of S\$0.5 million was mainly due to the S\$1.0 million impairment loss made for an unbillable contract assets. This was partially offset by a reversal of impairment loss of S\$0.5 million.

Other operating expenses

Other operating expenses decreased by S\$0.4 million, from S\$0.7 million in FY2020 to S\$0.3 million in FY2021 mainly due to foreign currency exchange differences.

Finance expenses

Finance expenses decreased by S\$0.2 million, from S\$1.5 million in FY2020 to S\$1.3 million in FY2021. This was mainly due to decrease in interest expenses on term loans and leases.

Tax expense

Tax expense increased by S\$0.6 million, from S\$0.1 million in FY2020 to S\$0.7 million in FY2021 mainly due to profitable operations in China and Malaysia.

Profitability

The Group's profit before tax improved by S\$7.8 million by turning a loss before tax of S\$7.0 million in FY2020 to a profit before tax of S\$0.8 million in FY2021. This is mainly due to increase in revenue in FY2021.

Review of Financial Position

Non-current assets

Non-current assets increased by S\$6.6 million, from S\$56.3 million as at 31 December 2020 to S\$62.9 million as at 31 December 2021 .

The increase was mainly due to increase in (i) investment in associates of S\$7.5 million arising from an acquisition of shares in Comfresh Group Holdings Pty Ltd ("Comfresh") of S\$7.3 million; and (ii) investment securities of S\$2.2 million. This was partially offset by decrease in (i) fixed assets of S\$2.6 million attributable to disposal of leasehold buildings and depreciation; and (ii) right-of-use assets of S\$0.5 million.

Current assets

Current assets increased by S\$8.2 million, from S\$52.1 million as at 31 December 2020 to S\$60.3 million as at 31 December 2021 .

The increase was mainly due to increase in (i) trade receivables of S\$4.8 million; (ii) inventories of S\$4.8 million; (iii) advance payment to suppliers of S\$2.7 million; (iv) fixed assets held for sale of S\$0.9 million; (v) deposits and prepayments of S\$0.2 million; (vi) tax recoverable of S\$0.2 million; and (vii) other receivable of S\$0.2 million. This was partially offset by decrease in (i) investment securities of S\$3.9 million; (ii) contract assets of S\$0.9 million; and (iii) cash and cash balances of S\$0.8 million.

Current liabilities

Current liabilities increased by S\$14.5 million, from S\$27.2 million as at 31 December 2020 to S\$41.7 million as at 31 December 2021 .

The increase was mainly due to increase in (i) accruals and other liabilities of S\$4.1 million; (ii) trade payables of S\$2.8 million; (iii) trust receipts and bills payable of S\$2.5 million; (iv) contract liabilities of S\$2.5 million; (v) term loans of S\$2.3 million ; and (vi) provision of income tax of S\$0.4 million. This was partially offset by decrease in dividend payable of S\$0.1 million.

Non-current liabilities

Non-current liabilities decreased by S\$1.6 million, from S\$35.8 million as at 31 December 2020 to S\$34.2 million as at 31 December 2021 .

The decrease was mainly due to decrease in (i) term loans of S\$1.6 million; and (ii) lease liabilities of S\$0.5 million. This was partially offset by increase in deferred tax liabilities of S\$0.5 million.

Equity

Total equity increased by S\$1.8 million, from S\$45.4 million as at 31 December 2020 to S\$47.2 million as at 31 December 2021 .

This was mainly due to (i) the net fair value gain on equity instrument at FVOCI of S\$1.7 million; (ii) foreign currency translation gain of S\$0.4 million; and (iii) profit for the year of \$0.1 million. The increase was partially offset by (i) dividend on ordinary shares of S\$0.2 million; and (ii) lower non-controlling interests from an acquisition without change of control of S\$0.2 million.

Review of Cash Flow Statement

Net cash flows generated from operating activities amounted to S\$10.3 million in FY2021, mainly due to (i) operating cash inflows before working capital changes of S\$5.3 million; (ii) positive working capital changes of S\$6.0 million; and (iii) interest income of S\$0.2 million. This was partially offset by (i) interest paid of S\$0.8 million; and (ii) income taxes paid of S\$0.4 million.

Net cash used in investing activities amounting to S\$3.5 million in FY2021 was mainly due to (i) investment in associates of S\$7.3 million; (ii) purchase of fixed assets of S\$1.1 million; and (iii) purchase of investment securities of S\$0.6 million. This was partially offset by (i) proceeds from disposal of investment securities of S\$4.4 million; (ii) proceeds from disposal of fixed assets of S\$0.9 million; and (iii) dividend received of S\$0.2 million.

Net cash used in financing activities amounted to S\$7.6 million in FY2021. This was mainly due to (i) repayment of trust receipts and bills payable of S\$6.6 million; (ii) repayment of lease liabilities and interest S\$1.3 million; (iii) dividend paid of S\$0.2 million; and (iv) acquisition of additional shares in a subsidiary of S\$0.2 million. These were partially offset by net proceeds from terms loans of S\$0.7 million.

2. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed.

3. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

At the beginning of 2021, the Group set out its goal to recover from the impact of the COVID-19 pandemic which set in since 2020 and has achieved better results across all segments. The better performance in 2H2021 as compared with 1H2021, has contributed to the quick turnaround in the Group's performance in FY2021. The Group and its staff overcame many challenges in our operations while dealing with increased freight and logistics costs and sharp price increases in costs of labour and raw materials across all segments and regions that the Group operates in. Despite the growth in the Group's performance, the Group is still cautious about the effect of various cost increases that may adversely affect our operations and margins as we strive to remain competitive. The distribution business continues to face stiff competition in the region amid increased prices from suppliers of our agency products and increased freight and logistic costs. It may not be possible to completely pass on all cost increases to our customers as some projects have been agreed in advance. While the manufacturing business in China has picked up significantly in FY2021, the Group does not expect the same robust growth in 2022. Margins may also be further squeezed if raw material prices continue to escalate. There may also be a need for the Group to manage inventory levels of raw materials and agency products with greater inventory buffers to cater to longer delivery lead times and unexpected shipment delays which has affected the various business segments of the Group. The engineering business continues to face challenges of job delays due to manpower shortages, which in turn may affect the pace of the business' revenue recognition. As most countries start to treat the COVID-19 virus as endemic, the Group's operations will move in the same direction and we hope to ride on the current turnaround and improve on our performance in FY2022. Cost control remains the Group's priority in navigating the challenges ahead.

4. Dividend

(a) Current Financial Period Reported on 31 December 2021

Any dividend declared for the current financial period that is reporting?

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	0.18 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	0.18 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(c) Date Payable

To be announced, subject to shareholders' approval at the Annual General Meeting of the Company to be convened.

(d) Record Date

To be announced, subject to shareholders' approval at the Annual General Meeting of the Company to be convened.

5. If no dividend has been declared/recommended, a statement to the effect and reason(s) for the decision.

Not applicable.

6. Interested Person Transaction ("IPT")

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There are no interested person transactions of S\$100,000 or more during the financial period under review.

7. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

The Board of Directors confirms that the Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

8. Disclosures on acquisition or sale of shares pursuant to Rule 706A of the Catalist Rules

2H2021

On 23 July 2021, the Company entered into a subscription and shareholders agreement ("SSHA") with Comfresh, TDL Investment Holdings Pty Ltd and D.S.A. Processing as trustee of the Michael Vorrasi Family Trust. The SSHA is for the issue and allotment of 200 new ordinary shares (representing 20% of the total enlarged number of ordinary shares in the capital of Comfresh) to the Company at an aggregate subscription price of AUD\$7.3 million ("Proposed Subscription"). The Proposed Subscription was completed on 27 September 2021. Comfresh has become an associated company of the Group upon the completion of the Proposed Subscription.

Please refer to the Company's announcements dated 23 July 2021, 29 July 2021, 20 August 2021, 23 September 2021 and 27 September 2021, as well as the circular dated 8 September 2021, for further details.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2021 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Far East Group Limited

Loh Mun Yew
CEO and Executive Director

Leng Chee Keong
COO and Executive Director

1 March 2022