

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2023**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Metasurface Technologies Holdings Limited

### Opinion

#### *What we have audited*

The consolidated financial statements of Metasurface Technologies Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 4 to 92, comprises:

- the consolidated statements of comprehensive income for the years ended 31 December 2022 and 2023;
- the consolidated statements of financial position as at 31 December 2022 and 2023;
- the statement of financial position of the Company as at 31 December 2022 and 2023;
- the consolidated statement of changes in equity for the years ended 31 December 2022 and 2023;
- the consolidated statements of cash flows for the years then ended 31 December 2022 and 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### *Our opinion*

In our opinion, the consolidated financial statements give 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 years ended 31 December 2022 and 2023 in accordance with IFRS Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Other Matter

The comparative consolidated financial statements as at 1 January 2022 have not been audited.



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Metasurface Technologies Holdings Limited (Continued)

### **Responsibilities of Directors for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Metasurface Technologies Holdings Limited (Continued)

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

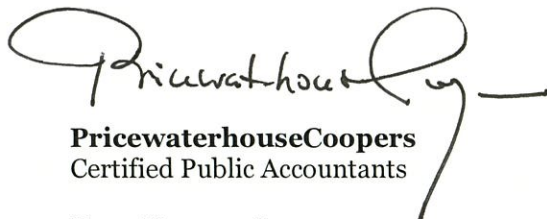
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Restriction on Distribution and Use**

The consolidated financial statements are prepared for the purpose of the preparation of financial information for inclusion in the prospectus of the Company in connection with the initial public offering of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the board of directors of the Company and should not be distributed to or used by any other parties for any purpose.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 21 June 2024

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2023

|   | Note | Year ended<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|---|------|--|--|
| <b>Continuing operations</b>  |      |  |  |
| Revenue   | 4    | 39,116                                       | 38,769                                       |
| Cost of sales   | 7    | (23,060)                                     | (24,354)                                     |
|   |      | <u>16,056</u>                                | <u>14,415</u>                                |
| <b>Gross profit</b>   |      |  |  |
| Other income  | 5    | 1,130  | 2,731  |
| Other gains/(losses), net   | 6    | 177  | (426)  |
| Administrative expenses   | 7    | (10,489)                                     | (11,666)                                     |
|   |      | <u>6,874</u>                                 | <u>5,054</u>                                 |
| <b>Operating profit</b>   |      |  |  |
| Finance costs   | 8    | (1,579)                                      | (1,343)                                      |
| Share of loss from an associate   |      | -  | (366)  |
|   |      | <u>5,295</u>                                 | <u>3,345</u>                                 |
| Income tax expense  | 10   | (1,495)                                      | (1,061)                                      |
|   |      | <u>3,800</u>                                 | <u>2,284</u>                                 |
| <b>Profit from continuing operations</b>  |      |  |  |
| <b>Discontinued operation</b>   |      |  |  |
| (Loss)/profit from discontinued operation   | 38   | (1,095)                                      | 2,143  |
|   |      | <u>2,705</u>                                 | <u>4,427</u>                                 |
| <b>Profit for the year</b>  |      |  |  |
| <b>Profit/(loss) attributable to:</b>   |      |  |  |
| Owners of the Company   |      | 3,192  | 4,607  |
| Non-controlling interests   |      | (487)  | (180)  |
|   |      | <u>3,192</u>                                 | <u>4,607</u>                                 |
| <b>Other comprehensive loss</b>   |      |  |  |
| Items that may be reclassified to profit or loss  |      |  |  |
| Currency translation differences on foreign operations  |      | (9)  | (9)  |
|   |      | <u>(9)</u>                                   | <u>(9)</u>                                   |
| <b>Total comprehensive income for the year</b>  |      | <u>2,696</u>                                 | <u>4,418</u>                                 |
| <b>Total comprehensive income/(loss) for the year attributable to:</b>                                    |      |  |  |
| Owners of the Company   |      | 3,183  | 4,598  |
| Non-controlling interests   |      | (487)  | (180)  |
|   |      | <u>3,183</u>                                 | <u>4,598</u>                                 |
| <b>Total comprehensive income/(loss) for the year attributable to owners of the Company arising from:</b> |      |  |  |
| - Continuing operations   |      | 4,278  | 2,455  |
| - Discontinued operation  |      | (1,095)                                      | 2,143  |
|   |      | <u>3,183</u>                                 | <u>4,598</u>                                 |
| <b>Earnings per share for profit attributable to owners of the Company for the year</b>                   |      |  |  |
| Basic/ diluted earnings per ordinary share (expressed in S\$ per share)                                   | 11   |  |  |
| Continuing operations   |      | 0.68   | 0.41   |
| Discontinued operation  |      | (0.11)                                       | 0.41   |
|   |      | <u>0.57</u>                                  | <u>0.82</u>                                  |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 1 JANUARY 2022, 31 DECEMBER 2022 AND 2023**

|   | Note | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31<br>December<br>2022<br>S\$'000 | As at 31<br>December<br>2023<br>S\$'000 |
|---|------|--|---|---|
| <b>ASSETS</b>   |      |  |   |   |
| <b>Non-current assets</b>                                     |      |  |   |   |
| Property, plant, and equipment                                | 12   | 7,830  | 7,235                                   | 5,710                                   |
| Prepayments   | 22   | -  | -                                       | 203                                     |
| Right-of-use assets   | 13   | 27,020   | 27,044                                  | 26,249                                  |
| Investment property   | 14   | 657  | 616                                     | 575                                     |
| Goodwill  | 15   | 4,429  | 4,429                                   | 4,429                                   |
| Intangible assets   | 16   | 8,192  | 6,697                                   | 2,281                                   |
| Other assets  | 17   | 345  | 359                                     | 359                                     |
| Other receivables   |      |  |   |   |
| - Amount due from an associate                                | 21   | -  | -                                       | 2,880                                   |
| Investment in an associate                                    | 18   | -  | -                                       | 1,015                                   |
| Deferred tax assets   | 19   | 910  | 325                                     | 644                                     |
| <b>Total non-current assets</b>                               |      | <b>49,383</b>  | <b>46,705</b>                           | <b>44,345</b>                           |
| <b>Current assets</b>   |      |  |   |   |
| Inventories   | 20   | 3,657  | 7,873                                   | 6,641                                   |
| Trade and other receivables                                   | 21   | 7,124  | 9,345                                   | 7,742                                   |
| Prepayments   | 22   | 433  | 1,091                                   | 1,907                                   |
| Cash and bank balances  | 23   | 2,336  | 4,392                                   | 9,225                                   |
| <b>Total current assets</b>                                   |      | <b>13,550</b>  | <b>22,701</b>                           | <b>25,515</b>                           |
| <b>Total assets</b>   |      | <b>62,933</b>  | <b>69,406</b>                           | <b>69,860</b>                           |
| <b>EQUITY AND LIABILITIES</b>                                 |      |  |   |   |
| <b>Equity</b>   |      |  |   |   |
| Share capital   | 24   | -*   | -*                                      | 1                                       |
| Accumulated losses  |      | (13,916)   | (10,724)                                | (6,117)                                 |
| Currency translation reserve                                  |      | (136)  | (145)                                   | (154)                                   |
| Capital reserve   | 24   | 26,836   | 32,165                                  | 33,267                                  |
| <b>Total equity attributable to owners<br/>of the Company</b> |      | <b>12,784</b>  | <b>21,296</b>                           | <b>26,997</b>                           |
| Non-controlling interests                                     | 37   | 515  | 1,013                                   | -                                       |
|   |      | <b>13,299</b>  | <b>22,309</b>                           | <b>26,997</b>                           |

\* Less than S\$1,000.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
AS AT 1 JANUARY 2022, 31 DECEMBER 2022 AND 2023**

|   | Note     | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31<br>December<br>2022<br>S\$'000 | As at 31<br>December<br>2023<br>S\$'000 |
|---|----------|--|---|---|
| <b>LIABILITIES</b>                      |          |  |   |   |
| <b>Current liabilities</b>              |          |  |   |   |
| Borrowings                              | 25       | 7,762  | 5,542                                   | 4,018                                   |
| Lease liabilities                       | 26       | 2,387  | 2,682                                   | 2,652                                   |
| Trade and other payables                | 27       | 5,050  | 9,089                                   | 7,564                                   |
| Contract liabilities                    | 4(a)(ii) | -  | 297                                     | -                                       |
| Income tax payable                      |          | 384  | 993                                     | 1,381                                   |
| <b>Total current liabilities</b>        |          | <b>15,583</b>  | <b>18,603</b>                           | <b>15,615</b>                           |
| <b>Non-current liabilities</b>          |          |  |   |   |
| Borrowings                              | 25       | 4,752  | -                                       | 219                                     |
| Lease liabilities                       | 26       | 28,992   | 27,719                                  | 26,214                                  |
| Trade and other payables                | 27       | -  | 458                                     | 489                                     |
| Provisions                              | 28       | 250  | 260                                     | 269                                     |
| Deferred tax liabilities                | 19       | 57   | 57                                      | 57                                      |
| <b>Total non-current liabilities</b>    |          | <b>34,051</b>  | <b>28,494</b>                           | <b>27,248</b>                           |
| <b>Total liabilities</b>                |          | <b>49,634</b>  | <b>47,097</b>                           | <b>42,863</b>                           |
| <b>Total equity and liabilities</b>     |          | <b>62,933</b>  | <b>69,406</b>                           | <b>69,860</b>                           |
| <b>Net current (liabilities)/assets</b> |          | <b>(2,033)</b>                                       | <b>4,098</b>                            | <b>9,900</b>                            |

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 June 2024 and are signed on its behalf by:



Director



Director


**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**STATEMENT OF FINANCIAL POSITION OF THE COMPANY  
AS AT 1 JANUARY 2022, 31 DECEMBER 2022 AND 2023**

|   | Note    | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31<br>December<br>2022<br>S\$'000 | As at 31<br>December<br>2023<br>S\$'000 |
|---|---------|--|---|---|
| <b>ASSET</b>  |         |  |   |   |
| <b>Non-current asset</b>                                  |         |  |   |   |
| Investment in a subsidiary                                | 1.2(xx) | -  | -                                       | 19,369                                  |
| <b>Total non-current asset</b>                            |         | -  | -                                       | <b>19,369</b>                           |
| <b>Current assets</b>                                     |         |  |   |   |
| Trade and other receivables                               | 21      | -*   | -*                                      | 1                                       |
| Prepayments   | 22      | -  | -                                       | 1,812                                   |
| <b>Total current assets</b>                               |         | <b>-*</b>  | <b>-*</b>                               | <b>1,812</b>                            |
| <b>Total assets</b>                                       |         | <b>-*</b>  | <b>-*</b>                               | <b>21,181</b>                           |
| <b>EQUITY AND LIABILITY</b>                               |         |  |   |   |
| <b>Equity</b>   |         |  |   |   |
| Share capital   | 24      | -*   | 1                                       | 1                                       |
| Capital reserve   | 24      | -  | -                                       | 19,368                                  |
| Accumulated losses  |         | -  | (15)                                    | (3,895)                                 |
| <b>Total equity attributable to owners of the Company</b> |         | <b>-*</b>  | <b>(15)</b>                             | <b>15,474</b>                           |
| <b>LIABILITY</b>  |         |  |   |   |
| <b>Current liability</b>                                  |         |  |   |   |
| Trade and other payables                                  | 27      | -  | 15                                      | 5,707                                   |
| <b>Total current liability</b>                            |         | <b>-</b>   | <b>15</b>                               | <b>5,707</b>                            |
| <b>Total liability</b>                                    |         | <b>-</b>   | <b>15</b>                               | <b>5,707</b>                            |
| <b>Total equity and liability</b>                         |         | <b>-*</b>  | <b>-*</b>                               | <b>21,181</b>                           |
| <b>Net current liability</b>                              |         | <b>-*</b>  | <b>(15)</b>                             | <b>(3,895)</b>                          |

\* Less than S\$1,000.

The financial statements were approved and authorised for issue by the board of directors on 21 June 2024 and are signed on its behalf by:



Director



Director



**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2023**

|   | Note          | Attributable to owners of the Company |                               |   |                            |                  |                                      |                         |
|---|---------------|---------------------------------------|-------------------------------|---|----------------------------|------------------|--------------------------------------|-------------------------|
|   |               | Share capital<br>S\$'000              | Accumulated losses<br>S\$'000 | Currency translation reserve<br>S\$'000 | Capital reserve<br>S\$'000 | Total<br>S\$'000 | Non-controlling interests<br>S\$'000 | Total equity<br>S\$'000 |
| At 1 January 2022 (unaudited)                                   |               | -*                                    | (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 license 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                     |
| <b>At 31 December 2022</b>                                      |               | <b>-*</b>                             | <b>(10,724)</b>               | <b>(145)</b>                            | <b>32,165</b>              | <b>21,296</b>    | <b>1,013</b>                         | <b>22,309</b>           |

\* Less than S\$1,000.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2023**

|   | Note  | Attributable to owners of the Company |                               |   |                            |                  |                                      | Total equity<br>S\$'000 |
|---|-------|---------------------------------------|-------------------------------|---|----------------------------|------------------|--------------------------------------|-------------------------|
|   |       | Share capital<br>S\$'000              | Accumulated losses<br>S\$'000 | Currency translation reserve<br>S\$'000 | Capital reserve<br>S\$'000 | Total<br>S\$'000 | Non-controlling interests<br>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                                   | -                       |
| <b>At 31 December 2023</b>  |       | <b>1</b>                              | <b>(6,117)</b>                | <b>(154)</b>                            | <b>33,267</b>              | <b>26,997</b>    | <b>-</b>                             | <b>26,997</b>           |

\* Less than S\$1,000.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2023**

|  | Note                     | For the<br>year ended<br>31 December<br>2022<br>S\$'000 | For the<br>year ended<br>31 December<br>2023<br>S\$'000 |
|--|--------------------------|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |                          |   |   |
| Net cash generated from operations   | 32(a)                    | 9,336   | 11,478  |
| Income tax paid  |                          | (301)   | (992)   |
| <b>Net cash generated from operating activities</b>                            |                          | <b>9,035</b>  | <b>10,486</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                    |                          |   |   |
| 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                       | -   | (133)   |
| <b>Net cash used in investing activities</b>                                   |                          | <b>(647)</b>  | <b>(407)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                    |                          |   |   |
| Proceeds from issue of new shares of a subsidiary to non-controlling interests | 1.2(x)(a)<br>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)                    | (465)   | (225)   |
| <b>Net cash used in financing activities</b>                                   |                          | <b>(6,275)</b>  | <b>(5,079)</b>  |
| Net increase in cash and cash equivalents                                      |                          | 2,113   | 5,000   |
| Effect of currency translation on cash and cash equivalents                    |                          | (72)  | 21  |
| <b>Cash and cash equivalents as at beginning of the year</b>                   |                          | <b>2,163</b>  | <b>4,204</b>  |
| <b>Cash and cash equivalents as at end of the year</b>                         | 23                       | <b>4,204</b>  | <b>9,225</b>  |

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 Mr. Chua Chwee Lee and Ms. Jee Wee Jene (“Mr. 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 Mr. Chua and Mrs. Chua throughout the Track Record Period. On 17 June 2023, Mr. Chua, Mrs. Chua and Mr. Aloysius Chua Hao Peng (“Mr. A Chua”, a nephew of Mr. 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 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 Mr. Chua, respectively, at a consideration of S\$1 payable by Mr. Chua based on the nominal value of the shares.

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information, reorganisation and basis of presentation (Continued)

#### 1.2 Reorganisation (Continued)

(iii) 8 October 2021 - Share transfers in Metasurface Technologies (Continued)

(b) In return for providing the know-how to Metasurface Technologies and its subsidiaries, Mr. 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's 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, each of Mr. Chua and Ms. Pang Chen May ("Ms. Pang") transferred 35,000 shares, 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 Mr. 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 Mr. Chua at a consideration of US\$100. SGP BVI is intended to be the intermediate holding company of Mr. 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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1 General information, reorganisation and basis of presentation (Continued)

##### 1.2 Reorganisation (Continued)

(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 Mr. 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, Mr. 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 (\$'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, Mr. 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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1 General information, reorganisation and basis of presentation (Continued)

##### 1.2 Reorganisation (Continued)

- (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 Mr. Chua, transferred 3,219 shares in Metaoptics Technologies to Mr. Thng at a total consideration mutually agreed of S\$1.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1 General information, reorganisation and basis of presentation (Continued)**

##### **1.2 Reorganisation (Continued)**

- (xi) 12 April 2022 - Metaoptics Technologies' allotment and issue of shares to Autec Solutions Pte. Ltd. ("Autec") and share transfers in Metasurface Technologies, Origgin and Mr. Thng (Continued)
- (d) Pursuant to the Origgin Anti-dilution Right, Metasurface Technologies transferred 1,593 shares in Metaoptics Technologies to Origgin at a nominal consideration of S\$1 in satisfaction of Origgin'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 Origgin, 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 Origgin Anti-dilution Right, Origgin subscribed for, and Metaoptics Technologies allotted and issued to Origgin, 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, Origgin, Autec and MMI. Under this amended and restated shareholders' agreement, Origgin 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 Mr. 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.



## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1 General information, reorganisation and basis of presentation (Continued)

##### 1.2 Reorganisation (Continued)

- (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 Oct 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 license 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 licensed 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 Mr. 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1 General information, reorganisation and basis of presentation (Continued)**

##### **1.2 Reorganisation (Continued)**

- (xvi) 30 January 2023 - Metasurface Technologies' allotment and issue of shares to MMI and Accelerate, and share transfers to Mr. Thng
- (c) In conjunction with the 3rd Pre-IPO Investment, each of Mr. 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1 General information, reorganisation and basis of presentation (Continued)**

##### **1.2 Reorganisation (Continued)**

###### **(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 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.

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.

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information, reorganisation and basis of presentation (Continued)

#### 1.2 Reorganisation (Continued)

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) | As at 1 January 2022 | 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 |      |  |  |       |
| <b>Directly held by the Company</b>       |   |  |                      |                         |                        |      |  |  |       |
| Metasurface Technologies Pte. Ltd.        | Singapore, 6 January 2000                       | S\$25,936                                    | 100%                 | 100%                    | 100%                   | 100% | Manufacture of dies, moulds, tools, jigs and fixtures, Singapore   | (i)                                      |       |
| <b>Indirectly held by the Company</b>     |   |  |                      |                         |                        |      |  |  |       |
| Metaoptics Technologies Pte. Ltd.         | Singapore, 15 June 2021                         | S\$1,190                                     | 75%                  | 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%                   | 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 1 <sup>st</sup> Engineering Sdn. Bhd. | Malaysia, 6 August 2013                         | MYR1,361                                     | 100%                 | 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 31 December 2022 were audited by Prime Accountants LLP.
- (ii) The statutory financial statements of this subsidiary for 31 December 2022 was audited by Ing Wang & Co.

All companies now comprising the Group have adopted 31 December as the year-end date.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **1 General information, reorganisation and basis of presentation (Continued)**

##### **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 financial statements 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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements is for the Group consisting of the Company and its subsidiaries now comprising the Group.

##### **2.1 Basis of preparation**

IFRS 1, “First-time Adoption of International Financial Reporting Standards”, has been applied in preparing the consolidated financial statements. However, the Group has not issued any consolidated financial statements prior to this report. Accordingly, no reconciliation of the Group’s equity and profits reported under previous accounting standards to its equity and profits under IFRSs was prepared.

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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 Summary of material accounting policy information (Continued)

##### 2.1 Basis of preparation (Continued)

###### New or amended Standards and Interpretations effective after 1 January 2024

A number of new standards and amendments to standards that are relevant to the Group but not yet effective for the Track Record Period and 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 standards and 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”.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **2.2 Foreign currency translation (Continued)**

###### **(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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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 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.



## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **2.3 Principles of Consolidation and equity accounting (Continued)**

###### **(v) Associates**

Under the equity method of accounting, the investments 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 associates 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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 Summary of material accounting policy information (Continued)

##### 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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

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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 Summary of material accounting policy information (Continued)

##### 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.

###### License, patents, customer contracts and customer relationship

License, 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:

|   | <b>Category</b>       | <b>Useful life</b> |
|---|-----------------------|--------------------|
| • | Know-how              | 7 years            |
| • | Customer contracts    | 0.5 years          |
| • | Customer relationship | 10 years           |
| • | License               | 10 years           |

The useful lives of know-how and license 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **2.10 Financial assets (Continued)**

###### **(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 a, 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **2.11 Financial liabilities (Continued)**

###### **(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 balance sheet. For cash subjected 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, net".

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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 accounting for 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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.



## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 2 Summary of material accounting policy information (Continued)

##### 2.22 Leases (Continued)

###### (a) As lessee (Continued)

###### 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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 supplies parts and components of precision engineering equipment through provision of precision machining and precision 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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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.

## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2 Summary of material accounting policy information (Continued)**

##### **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 customer contracts and customer relationship 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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 3 Critical accounting estimates and judgements (Continued)

##### (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<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|--|--|--|
| <b>Continuing operations</b>                       |  |  |
| <b>Sale of goods and its related services:</b>     |  |  |
| Precision machining                                | 22,913                                       | 15,545                                       |
| Precision welding                                  | 16,203                                       | 23,224                                       |
|  | <u>39,116</u>                                | <u>38,769</u>                                |
| <b>Discontinued operation</b>                      |  |  |
| Sale of laser diodes                               | 66   | -  |
|  | <u>66</u>                                    | <u>-</u>                                     |
| <b>Total revenue from contracts with customers</b> | <u>39,182</u>                                | <u>38,769</u>                                |
| <b>Timing of revenue recognition for revenue</b>   |  |  |
| Point in time                                      | 39,182                                       | 38,769                                       |
|  | <u>39,182</u>                                | <u>38,769</u>                                |

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4 Revenue and operating segments (Continued)

#### (a) Revenue from contracts with customers (Continued)

##### (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.

|                                | <b>1 January</b> | <b>31 December</b> |             |
|--------------------------------|------------------|--------------------|-------------|
|                                | <b>2022</b>      | <b>2022</b>        | <b>2023</b> |
|                                | S\$'000          | S\$'000            | S\$'000     |
|                                | (Unaudited)      |                    |             |
| Contract liabilities           |                  |                    |             |
| - Advance service fee received | -                | 297                | -           |
| Total contract liabilities     | -                | 297                | -           |

##### Revenue recognised in relation to contract liabilities

|   | <b>Year ended 31 December</b> |             |
|---|-------------------------------|-------------|
|   | <b>2022</b>                   | <b>2023</b> |
|   | S\$'000                       | S\$'000     |
| Revenue recognised in current period that was included in the contract liability balance at the beginning of the period | -                             | 297         |

##### Unsatisfied performance obligations

|  | <b>Year ended 31 December</b> |             |
|--|-------------------------------|-------------|
|  | <b>2022</b>                   | <b>2023</b> |
|  | S\$'000                       | S\$'000     |
| 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:

|            | <b>Year ended</b>  | <b>Year ended</b>  |
|------------|--------------------|--------------------|
|            | <b>31 December</b> | <b>31 December</b> |
|            | <b>2022</b>        | <b>2023</b>        |
|            | S\$'000            | S\$'000            |
| Customer A | 12,449             | 8,400              |
| Customer B | 6,317              | 7,804              |
| Customer F | 4,418              | 8,960              |
| Customer G | 4,236              | N/A                |



# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Other income

|                               | Year ended<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|-------------------------------|--|--|
| <b>Continuing operations</b>  |  |  |
| Rental income                 | 285  | 1,299  |
| Service income                | 318  | 1,190  |
| Scrap material sales income   | 374  | 134  |
| Government grants (Note)      | 86   | 87   |
| Others                        | 67   | 21   |
|                               | 1,130  | 2,731  |
| <b>Discontinued operation</b> |  |  |
| Others                        | 26   | 1  |

Note:

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<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|--|--|--|
| <b>Continuing operations</b>                               |  |  |
| Unrealised gains (Note 17)                                 | 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 (Note 18) | -  | 23   |
|  | 177  | (426)  |
| <b>Discontinued operation</b>                              |  |  |
| Gain on disposal of a subsidiary                           |  |  |
| - Gain on disposal of controlling interest (Note 38)       | -  | 1,574  |
| - Gain on retained investment (Note 38)                    | -  | 955  |
|  | -  | 2,529  |

\* Less than S\$1,000.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**7 Expenses by nature**

|   | Year ended<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|---|--|--|
| <b>Continuing operations</b>                            |  |  |
| 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 (Note 20)                         | -  | 414  |
| Inventories written-off (Note 20)                       | 130  | -  |
| Depreciation of property, plant and equipment (Note 12) | 1,144  | 1,291  |
| Depreciation of right-of-use assets (Note 13)           | 1,901  | 2,086  |
| Depreciation of investment property (Note 14)           | 41   | 41   |
| Amortisation of intangible assets (Note 16)             | 935  | 288  |
| Business development expenses                           | 444  | 289  |
| Employee benefit expenses (Note 9.1)                    | 8,424  | 11,087                                       |
| Share-based payments for the shareholders (Note 31)     | -  | 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  |
| Total cost of sales and administrative expenses         | <u>33,549</u>                                | <u>36,020</u>                                |
| <b>Discontinued operation</b>                           |  |  |
| Amortisation of intangible assets (Note 16)             | 560  | 209  |
| Share-based payments shareholders (Note 31)             | 196  | -  |
| Employee benefit expenses (Note 9.1)                    | 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.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8 Finance costs**

|   | Year ended<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|---|--|--|
| Interest expense on borrowings<br>(Note 32(b))                | 511  | 207  |
| Interest expense on lease liabilities<br>(Note 26)            | 1,097  | 1,080  |
| Interest expense on provision for<br>reinstatement cost       | 9  | 9  |
| Interest expense on deposits received                         | -  | 18   |
| Unwinding of discount on deposits<br>received                 | (38)   | -  |
| Interest expense on non-Listing put<br>option (Note 1.2(xvi)) | -  | 29   |
|   | 1,579  | 1,343  |

**9 Employee benefit expenses**

**9.1 Employee benefit expenses (including directors' emoluments)**

|  | Year ended<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|--|--|--|
| <b>Continuing operations</b>   |  |  |
| Salaries and bonuses   | 6,876  | 7,535  |
| Contributions to defined contribution<br>retirement benefits schemes | 619  | 987  |
| Share-based payments for the employees<br>(Note 31)                  | 815  | 2,276  |
| Staff welfare  | 114  | 289  |
|  | 8,424  | 11,087                                       |
| <b>Discontinued operation</b>  |  |  |
| Salaries and bonuses   | 22   | 33   |
| Share-based payments for the employees<br>(Note 31)                  | 217  | 106  |
|  | 239  | 139  |

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 9 Employee benefit expenses

##### 9.1 Employee benefit expenses (including directors' emoluments)

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<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>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 year 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<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|---|--|--|
| Salaries and bonuses  | 1,074  | 1,422  |
| Contributions to defined contribution retirement benefits schemes | 53   | 73   |
| Share-based payments for the employees (Note 31)                  | 1,032  | 2,276  |
|   | <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<br>31 December<br>2022 | Year ended<br>31 December<br>2023 |
|--|-----------------------------------|-----------------------------------|
| Emolument bands  |                                   |                                   |
| Nil to S\$180,000<br>(equivalent to Nil to HK\$1,000,000)                  | 2                                 | 1                                 |
| S\$180,001 to S\$270,000<br>(equivalent to HK\$1,000,001 to HK\$1,500,000) | -                                 | 1                                 |
|  | <u>-</u>                          | <u>1</u>                          |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**9 Employee benefit expenses (Continued)**

**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<br>\$'000 | Salary<br>(note (i))<br>S\$'000 | Discretionary<br>bonuses<br>(note (ii))<br>S\$'000 | Allowances<br>and benefits<br>in kind<br>S\$'000 | Employer's<br>contribution to a<br>retirement<br>benefit scheme<br>S\$'000 | Other emoluments paid<br>or payable in respect of<br>director's other services<br>in connection with the<br>management of the affairs<br>of the Company or its<br>subsidiaries undertaking<br>S\$'000 | Total<br>S\$'000 |
|--------------------|----------------|---------------------------------|--|--|--|---|------------------|
| Ms. 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            |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**9 Employee benefit expenses (Continued)**  
**9.2 Benefits and interests of directors (Continued)**  
**(a) Directors' emoluments (Continued)**

Year ended 31 December 2023

| Name               | Fees<br>S\$'000 | Salary<br>(note (i))<br>S\$'000 | Discretionary<br>bonuses<br>(note (ii))<br>S\$'000 | Allowances<br>and benefits<br>in kind<br>S\$'000 | Employer's<br>contribution to a<br>retirement<br>benefit scheme<br>S\$'000 | Other emoluments paid<br>or payable in respect of<br>director's other services<br>in connection with the<br>management of the affairs<br>of the Company or its<br>subsidiaries undertaking<br>(note (iii))<br>S\$'000 | Total<br>S\$'000 |
|--------------------|-----------------|---------------------------------|--|--|--|---|------------------|
| Mr. 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. Mr. 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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 9 Employee benefit expenses (Continued)

##### 9.2 Benefits and interests of directors (Continued)

##### (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<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|--------------------------------|--|--|
| 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)  |
| Income tax expense             |  |  |
| Continuing operations          | 1,495  | 1,061  |
| Discontinued operation         | -  | -  |
|                                | 1,495  | 1,061  |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****10 Income tax expense (Continued)**

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:

|  | <b>Year ended<br/>31 December<br/>2022<br/>S\$</b> | <b>Year ended<br/>31 December<br/>2023<br/>S\$</b> |
|--|--|--|
| Reconciliation of taxation   |  |  |
| Profit from continuing operations<br>before income tax   | 5,295  | 3,345  |
| (Loss)/profit from discontinued<br>operation before income tax                                     | (1,095)  | 2,143  |
| Profit before tax  | 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<br>purposes  | 703  | 791  |
| Income not subject to tax  | (15)   | (437)  |
| Unabsorbed capital allowance and<br>unutilised tax losses not recognised<br>as deferred tax assets | 116  | -  |
| Tax exemption (Note)   | (17)   | (17)   |
| Over-provision in prior year   | -  | (217)  |
| Income tax expense from continuing<br>operations   | 1,495  | 1,061  |

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.



## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 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 number of ordinary shares outstanding during the financial year.

|   | Year ended<br>31 December<br>2022 | Year ended<br>31 December<br>2023 |
|---|-----------------------------------|-----------------------------------|
| Profit/(loss) attributable to owners of the Company (S\$'000)                           |                                   |                                   |
| Continuing operations   | 3,800                             | 2,284                             |
| Discontinued operations   | (608)                             | 2,323                             |
|   | <u>3,192</u>                      | <u>4,607</u>                      |
| Weighted average number of ordinary shares in issue for basic earnings per share (Note) | <u>5,596,511</u>                  | <u>5,596,511</u>                  |
| Earnings/(loss) per share (S\$)   |                                   |                                   |
| Continuing operations   | 0.68                              | 0.41                              |
| Discontinued operations   | (0.11)                            | 0.41                              |
|   | <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).

##### (a) Diluted earnings/(loss) per share

As the Company has no dilutive instruments for the years ended 31 December 2022 and 2023, the Group's diluted earnings/(loss) per share equals to its basic earnings per share.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**12 Property, plant and equipment**

| <u>Group</u>                           | <u>Freehold land</u><br>S\$'000 | <u>Freehold building</u><br>S\$'000 | <u>Office equipment</u><br>S\$'000 | <u>Renovation</u><br>S\$'000 | <u>Plant and machineries</u><br>S\$'000 | <u>Motor vehicles</u><br>S\$'000 | <u>Furniture and fittings</u><br>S\$'000 | <u>Computers</u><br>S\$'000 | <u>Total</u><br>S\$'000 |
|--|---------------------------------|-------------------------------------|------------------------------------|------------------------------|---|----------------------------------|--|-----------------------------|-------------------------|
| <b>Cost</b>                            |                                 |                                     |                                    |                              |   |                                  |  |                             |                         |
| At 1 January 2022 (unaudited)          | 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                    | 573                             | 1,338                               | 40                                 | 1,647                        | 20,992                                  | 151                              | 707                                      | 322                         | 25,770                  |
| <b>Accumulated depreciation</b>        |                                 |                                     |                                    |                              |   |                                  |  |                             |                         |
| At 1 January 2022 (unaudited)          | -                               | 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                               | -                               | -                                   | -                                  | -                            | -                                       | -                                | -  | -                           | -                       |
| Disposal of a subsidiary (Note 38)     | -                               | -                                   | -                                  | -                            | -                                       | -                                | -  | (8)                         | (8)                     |
| Write off                              | -                               | (10)                                | (1)                                | (7)                          | (24)                                    | -                                | (2)                                      | -                           | (44)                    |
| Currency translation differences       | -                               | 187                                 | 37                                 | 1,207                        | 17,863                                  | 129                              | 359                                      | 278                         | 20,060                  |
| At 31 December 2023                    | -                               | 1357                                | 9                                  | 662                          | 4,926                                   | 34                               | 148                                      | 48                          | 7,830                   |
| <b>Carrying amount</b>                 |                                 |                                     |                                    |                              |   |                                  |  |                             |                         |
| At 1 January 2022 (unaudited)          | 646                             | 1,357                               | 9                                  | 662                          | 4,926                                   | 34                               | 148                                      | 48                          | 7,830                   |
| At 31 December 2022                    | 608                             | 1,249                               | 6                                  | 550                          | 4,118                                   | 35                               | 378                                      | 291                         | 7,235                   |
| At 31 December 2023                    | 573                             | 1,151                               | 3                                  | 440                          | 3,129                                   | 22                               | 348                                      | 44                          | 5,710                   |

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 12 Property, plant and equipment (Continued)

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<br>S\$'000        | 2023<br>S\$'000 |
| Cost of sales           | 909                    | 1,032           |
| Administrative expenses | 235                    | 259             |
| Total                   | <u>1,144</u>           | <u>1,291</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<br>property<br>S\$'000 | Machineries<br>S\$'000 | Motor<br>vehicles<br>S\$'000 | Total<br>S\$'000 |
|---|----------------------------------|------------------------|------------------------------|------------------|
| <b>Cost</b>                               |                                  |                        |                              |                  |
| At 1 January 2022<br>(unaudited)          | 29,821                           | 7,481                  | 791                          | 38,093           |
| Addition                                  | -                                | 1,925                  | -                            | 1,925            |
| At 31 December 2022 and<br>1 January 2023 | 29,821                           | 9,406                  | 791                          | 40,018           |
| Addition                                  | -                                | 620                    | 790                          | 1,410            |
| Disposal                                  | -                                | -                      | (269)                        | (269)            |
| 31 December 2023                          | <u>29,821</u>                    | <u>10,026</u>          | <u>1,312</u>                 | <u>41,159</u>    |
| <b>Accumulated<br/>depreciation</b>       |                                  |                        |                              |                  |
| At 1 January 2022<br>(unaudited)          | 9,140                            | 1,663                  | 270                          | 11,073           |
| Depreciation for the year                 | 1,279                            | 525                    | 97                           | 1,901            |
| At 31 December 2022 and<br>1 January 2023 | 10,419                           | 2,188                  | 367                          | 12,974           |
| Depreciation for the year                 | 1,279                            | 660                    | 147                          | 2,086            |
| Disposal                                  | -                                | -                      | (150)                        | (150)            |
| At 31 December 2023                       | <u>11,698</u>                    | <u>2,848</u>           | <u>364</u>                   | <u>14,910</u>    |
| <b>Carrying amount</b>                    |                                  |                        |                              |                  |
| At 1 January 2022<br>(unaudited)          | 20,681                           | 5,818                  | 521                          | 27,020           |
| At 31 December 2022                       | <u>19,402</u>                    | <u>7,218</u>           | <u>424</u>                   | <u>27,044</u>    |
| At 31 December 2023                       | <u>18,123</u>                    | <u>7,178</u>           | <u>948</u>                   | <u>26,249</u>    |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**13 Right-of-use assets (Continued)**

The Group entered into lease arrangements for leasehold property, machineries and motor vehicles. The lease terms of these leased assets are disclosed as follows:

|                    | <b>Lease term<br/>(Years)</b> |
|--------------------|-------------------------------|
| 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:

|                         | <b>Year ended 31 December</b> |              |
|-------------------------|-------------------------------|--------------|
|                         | <b>2022</b>                   | <b>2023</b>  |
|                         | S\$'000                       | S\$'000      |
| Cost of sales           | 1,260                         | 1,368        |
| Administrative expenses | 641                           | 718          |
|                         | <hr/>                         | <hr/>        |
| <b>Total</b>            | <b>1,901</b>                  | <b>2,086</b> |
|                         | <hr/> <hr/>                   | <hr/> <hr/>  |

**14 Investment property**

|   | S\$'000     |
|---|-------------|
| <b>Historical cost</b>  |             |
| As at 1 January 2022 (unaudited), 31 December 2022 and 31 December 2023 | 1,150       |
|   | <hr/> <hr/> |
| <b>Accumulated depreciation</b>   |             |
| As at 1 January 2022 (unaudited)  | (493)       |
| Depreciation for the year   | (41)        |
|   | <hr/>       |
| As at 31 December 2022 and 1 January 2023                               | (534)       |
| Depreciation for the year   | (41)        |
|   | <hr/>       |
| As at 31 December 2023  | (575)       |
|   | <hr/> <hr/> |
| <b>Carrying Amount</b>  |             |
| As at 1 January 2022 (unaudited)  | 657         |
|   | <hr/> <hr/> |
| As at 31 December 2022  | 616         |
|   | <hr/> <hr/> |
| As at 31 December 2023  | 575         |
|   | <hr/> <hr/> |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14 Investment property (Continued)**

Amounts recognised in profit and loss for an investment property

|  | <b>Year ended 31 December</b> |                        |
|--|-------------------------------|------------------------|
|  | <b>2022</b><br>S\$'000        | <b>2023</b><br>S\$'000 |
| Rental income from operating leases                        | 83                            | 99                     |
| Direct expenses from property that generated rental income | 57                            | 57                     |
|  | <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

|  | <b>As at 1 January</b>                | <b>As at 31 December</b> |                        |
|--|---------------------------------------|--------------------------|------------------------|
|  | <b>2022</b><br>S\$'000<br>(Unaudited) | <b>2022</b><br>S\$'000   | <b>2023</b><br>S\$'000 |
| Fair value for disclosure purposes only: |                                       |                          |                        |
| Fair value at end of the year            | 900                                   | 920                      | 900                    |
|  | <u>900</u>                            | <u>920</u>               | <u>900</u>             |

The fair value of the investment property was measured as at 1 January 2022 (unaudited), 2022 and 2023 based on a valuation made by a firm of independent professional 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 (unaudited), 31 December 2022 and 31 December 2023**

4,429

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 cash generating unit ("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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 15 Goodwill (Continued)

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%    |

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.

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<br>S\$'000 | 2023<br>S\$'000 |
|---|-----------------|-----------------|
| Revenue growth rate decreased by 4%<br>(2022: 5%)   | 9,716           | 18,795          |
| Pre-tax discount rate increased by 3%<br>(2022: 3%) | 22,454          | 22,575          |

There was no provision for impairment of goodwill for the years ended 31 December 2022 and 2023.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16 Intangible assets**

| <b>Group</b>  | <b>Know-how<br/>S\$'000</b> | <b>Customer<br/>contracts<br/>S\$'000</b> | <b>Customer<br/>relationship<br/>S\$'000</b> | <b>License<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|-----------------------------|---|--|----------------------------|--------------------------|
| <b>Cost</b>   |                             |   |  |                            |                          |
| <b>At 1 January<br/>2022<br/>(unaudited)</b>                  | 1,900                       | 776                                       | 2,881  | 2,880                      | 8,437                    |
| <b>Additions</b>  | -                           | -   | -  | -                          | -                        |
| <b>At 31 December<br/>2022</b>                                | 1,900                       | 776                                       | 2,881  | 2,880                      | 8,437                    |
| <b>Disposal of a<br/>subsidiary (note<br/>a, b) (Note 38)</b> | (1,900)                     | -   | -  | (2,880)                    | (4,780)                  |
| <b>At 31 December<br/>2023</b>                                | -                           | 776                                       | 2,881  | -                          | 3,657                    |
| <b>Accumulated<br/>amortisation</b>                           |                             |   |  |                            |                          |
| <b>At 1 January<br/>2022<br/>(unaudited)</b>                  | (68)                        | (129)                                     | (24)   | (24)                       | (245)                    |
| <b>Amortisation for<br/>the year</b>                          | (272)                       | (647)                                     | (288)  | (288)                      | (1,495)                  |
| <b>At 31 December<br/>2022 and 1<br/>January 2023</b>         | (340)                       | (776)                                     | (312)  | (312)                      | (1,740)                  |
| <b>Amortisation for<br/>the year</b>                          | (101)                       | -   | (288)  | (108)                      | (497)                    |
| <b>Disposal of a<br/>subsidiary (Note<br/>38)</b>             | 441                         | -   | -  | 420                        | 861                      |
| <b>At 31 December<br/>2023</b>                                | -                           | (776)                                     | (600)  | -                          | (1,376)                  |
| <b>Carrying<br/>amounts</b>                                   |                             |   |  |                            |                          |
| <b>As at 1 January<br/>2022<br/>(unaudited)</b>               | 1,832                       | 647                                       | 2,857  | 2,856                      | 8,192                    |
| <b>As at 31<br/>December<br/>2022</b>                         | 1,560                       | -   | 2,569  | 2,568                      | 6,697                    |
| <b>As at 31<br/>December<br/>2023</b>                         | -                           | -   | 2,281  | -                          | 2,281                    |

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 16 Intangible assets (Continued)

##### 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 licensed products for a consideration of S\$2,880,000.

#### 17 Other assets

|   | <b>Group and Company</b><br>S\$'000 |
|---|-------------------------------------|
| Keyman insurance:                                     |                                     |
| <b>At 1 January 2022 (unaudited)</b>                  | 345                                 |
| Unrealised gain recognised in profit or loss (Note 6) | 14                                  |
| <b>At 31 December 2022 and 1 January 2023</b>         |                                     |
| Unrealised gain recognised in profit or loss (Note 6) | -*                                  |
| <b>At 31 December 2023</b>                            | <b><u>359</u></b>                   |

\*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, net".



## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 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.

|   | <b>Group</b><br>S\$'000 |
|---|-------------------------|
| <i>Equity investment at cost</i>  |                         |
| <b>At 1 January 2022 (unaudited), 31 December 2022 and 1 December 2023</b>                      | -                       |
| Fair value of the retained interest arising from the partial disposal of a subsidiary (Note 38) | 1,358                   |
| Share of loss   |                         |
| - Share of results of an associate  | (366)                   |
| - Gain on dilution of shareholding in an associate (Note 6)                                     | 23                      |
| <b>At 31 December 2023</b>  | <b><u>1,015</u></b>     |

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

|   | <b>2023</b><br>S\$'000 |
|---|------------------------|
| Current assets  | 358                    |
| Non-current assets  | 9,081                  |
| Current liabilities   | (3,168)                |
| Non-current liabilities                                     | (865)                  |
| <b>Net assets</b>   | <b><u>5,406</u></b>    |
| Group's share in %  | 18.78%                 |
| Group's share in net assets (in S\$'000)                    | <u>1,015</u>           |
| <b>Carrying amounts as at 31 December 2023 (in S\$'000)</b> | <b><u>1,015</u></b>    |

#### Summarised statement of profit or loss (in S\$'000)

|   |                     |
|---|---------------------|
| Administrative expenses (in S\$'000)      | 1,947               |
| Group's share in %                        | 18.78%              |
| Share of losses for the year (in S\$'000) | <b><u>(366)</u></b> |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**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:

|                          | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December<br/>2022<br/>S\$'000</b> | <b>2023<br/>S\$'000</b> |
|--------------------------|---|---|-------------------------|
| Deferred tax assets      | 910   | 325   | 644                     |
| Deferred tax liabilities | (57)  | (57)  | (57)                    |

The movement in the net deferred income tax account is as follows:

|  | S\$'000    |
|--|------------|
| <b>At 1 January 2022 (unaudited)</b>           | 853        |
| (Charged)/credited to profit or loss (Note 10) | (585)      |
| Acquisition of a subsidiary (Note 39)          | -          |
| <b>At 31 Decemebr 2022 and 1 January 2023</b>  | <u>268</u> |
| (Charged)/credited to profit or loss (Note 10) | 319        |
| Acquisition of a subsidiary (Note 39)          | -          |
| <b>At 31 December 2023</b>                     | <u>587</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

|   | <b>Tax losses<br/>S\$'000</b> | <b>Lease<br/>liabilities<br/>S\$'000</b> | <b>Unabsorbed<br/>capital<br/>allowance<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|-------------------------------|--|---|--------------------------|
| <b>At 1 January 2022<br/>(unaudited)</b>          | 226                           | 4,514                                    | 1,234   | 5,974                    |
| Charged to profit or loss                         | (6)                           | (140)                                    | (757)   | (903)                    |
| <b>At 31 December 2022 and<br/>1 January 2023</b> | <u>220</u>                    | <u>4,374</u>                             | <u>477</u>  | <u>5,071</u>             |
| (Charged)/credited to profit<br>or loss           | (45)                          | (166)                                    | 113   | (98)                     |
| <b>At 31 December 2023</b>                        | <u>175</u>                    | <u>4,208</u>                             | <u>590</u>  | <u>4,973</u>             |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**19 Deferred income taxes (Continued)**

Deferred income tax liabilities

|   | <b>Property,<br/>plant and<br/>equipment</b><br>S\$'000 | <b>Right-of-<br/>use assets</b><br>S\$'000 | <b>Intangible<br/>assets</b><br>S\$'000 | <b>Total</b><br>S\$'000 |
|---|---|--|---|-------------------------|
| <b>At 1 January 2022<br/>(unaudited)</b>          | 866   | 3,561                                      | 694                                     | 5,121                   |
| Charged/(credited) to<br>profit or loss           | 46  | (224)                                      | (140)                                   | (318)                   |
| <b>At 31 December 2022<br/>and 1 January 2023</b> | 912   | 3,337                                      | 554                                     | 4,803                   |
| Charged/(credited) to<br>profit or loss           | (362)   | 110  | (165)                                   | (417)                   |
| <b>At 31 December 2023</b>                        | 550   | 3,447                                      | 389                                     | 4,386                   |

The deferred income tax assets recognised can be carried forward and used to offset against future taxable income. The Group did not recognise capital allowances of S\$0.40 million, S\$0.93 million and Nil as of 1 January 2022 (unaudited), 31 December 2022 and 2023 respectively. In addition, there are unutilised tax losses with no expiry date of S\$0.45 million, S\$0.60 million and Nil which has not been recognised as deferred tax assets as of 1 January 2022 (unaudited), 31 December 2022 and 2023 from Metaoptics Technologies for which no foreseeable future taxable income to be utilised for the subsidiary.

**20 Inventories**

|  | <b>As at 1 Januar<br/>2022</b><br>S\$'000<br>(Unaudited) | <b>As at 31 December<br/>2022</b><br>S\$'000 | <b>2023</b><br>S\$'000 |
|--|--|--|------------------------|
| Raw materials                              | 879  | 2,582  | 1,984                  |
| Work in progress                           | 1,077  | 3,876  | 3,629                  |
| Finished goods                             | 1,645  | 1,351  | 1,220                  |
| Product consumables                        | 56   | 64   | 222                    |
|  | <b>3,657</b>   | <b>7,873</b>                                 | <b>7,055</b>           |
| Less: Provision for inventory obsolescence | -  | -  | (414)                  |
|  | <b>3,657</b>   | <b>7,873</b>                                 | <b>6,641</b>           |

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 year 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 in 2023. The Group has written-off finished goods with cost of S\$130,000 for the year ended 31 December 2022.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**21 Trade and other receivables**

|                                      | <u>Group</u>   |                                      |                 | <u>Company</u>                                       |                                      |                 |
|--------------------------------------|--|--------------------------------------|-----------------|--|--------------------------------------|-----------------|
|                                      | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>S\$'000 | 2023<br>S\$'000 | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>S\$'000 | 2023<br>S\$'000 |
| <b>Non-current</b>                   |  |                                      |                 |  |                                      |                 |
| <b>Non-trade</b>                     |  |                                      |                 |  |                                      |                 |
| Amount due from an associate         | -  | -                                    | 2,880           | -  | -                                    | -               |
| <b>Current</b>                       |  |                                      |                 |  |                                      |                 |
| <b>Trade</b>                         |  |                                      |                 |  |                                      |                 |
| Trade receivables from third parties | 6,041  | 7,952                                | 6,614           | -  | -                                    | -               |
|                                      | 6,041  | 7,952                                | 6,614           | -  | -                                    | -               |
| <b>Non-trade</b>                     |  |                                      |                 |  |                                      |                 |
| Amounts due from shareholders        | -*   | -*                                   | -*              | -*   | -*                                   | -*              |
| GST receivables                      | 110  | 193                                  | 36              | -  | -                                    | -               |
|                                      | 110  | 193                                  | 36              | -*   | -*                                   | -*              |
| Deposits                             | 973  | 1,200                                | 1,092           | -  | -                                    | -               |
|                                      | <b>7,124</b>   | <b>9,345</b>                         | <b>7,742</b>    | <b>-*</b>  | <b>-*</b>                            | <b>-*</b>       |

\* 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 1 January 2022 (unaudited), 31 December 2022 and 31 December 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

|               | <b>As at 1</b>     | <b>As at 31 December</b> |                |
|---------------|--------------------|--------------------------|----------------|
|               | <b>January</b>     | <b>2022</b>              | <b>2023</b>    |
|               | <b>2022</b>        | <b>2022</b>              | <b>2023</b>    |
|               | <b>S\$'000</b>     | <b>S\$'000</b>           | <b>S\$'000</b> |
|               | <b>(Unaudited)</b> |                          |                |
| 0 to 30 days  | 3,437              | 3,370                    | 4,642          |
| 31 to 60 days | 2,066              | 2,728                    | 1,597          |
| 61 to 90 days | 476                | 1,606                    | 196            |
| Over 90 days  | 62                 | 248                      | 179            |
|               | <b>6,041</b>       | <b>7,952</b>             | <b>6,614</b>   |

The Group's trade receivables are denominated in S\$.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 21 Trade and other receivables (Continued)

- 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 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31<br>December<br>2022<br>2023<br>S\$'000 |              | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31<br>December<br>2022<br>2023<br>S\$'000 |              |
| Non-current | -  | -   | 203          | -  | -   | -            |
| Current     | 433  | 1,091   | 1,907        | -  | -   | 1,812        |
|             | <b>433</b>   | <b>1,091</b>                                    | <b>2,110</b> | -  | -   | <b>1,812</b> |

Included in prepayments were primarily prepaid listing expenses amounting to S\$400,000, S\$1,024,000 and S\$1,812,000 as at 1 January 2022 (unaudited), 31 December 2022 and 2023 respectively.

#### 23 Cash and bank balances

|              | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>2023<br>S\$'000 |              |
|--------------|--|--|--------------|
|              | Cash at bank   | 2,335  | 4,391        |
| Cash on hand | 1  | 1  | 1            |
|              | <b>2,336</b>   | <b>4,392</b>                                 | <b>9,225</b> |

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 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>2023<br>S\$'000 |              |
|-------------------------------------|--|--|--------------|
|                                     | Cash and bank balances as per above                  | 2,336  | 4,392        |
| Less: Bank overdrafts (Note 25)     | (173)  | (188)  | -            |
| Balance per statement of cash flows | <b>2,163</b>   | <b>4,204</b>                                 | <b>9,225</b> |

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 24 Share capital and reserves

#### (a) Share capital

Share capital as at 31 December 2021, 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 x 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.

|  | <u>No. of ordinary shares</u>  |                            | Authorised<br>share<br>capital<br>S\$'000 | Issued<br>share<br>capital<br>S\$'000 |
|--|--------------------------------|----------------------------|---|---------------------------------------|
|  | Authorised<br>share<br>capital | Issued<br>share<br>capital |   |                                       |
| <b>2021</b>  |                                |                            |   |                                       |
| Beginning and end of financial year,<br>ordinary shares at par value,<br>HK\$0.001 | 380,000,000                    | 1                          | 67  | -*                                    |
| <b>2022</b>  |                                |                            |   |                                       |
| Beginning and end of financial year,<br>ordinary shares at par value,<br>HK\$0.001 | 380,000,000                    | 1                          | 67  | -*                                    |
| <b>2023</b>  |                                |                            |   |                                       |
| Beginning of financial year,<br>ordinary shares at par value,<br>HK\$0.001         | 380,000,000                    | 1                          | 67  | -                                     |
| Share reorganization (Note<br>1.2(xx))   | -                              | 5,596,510                  | -   | 1                                     |
| End of financial year,<br>ordinary shares at par value,<br>HK\$0.001               | 380,000,000                    | 5,596,511                  | 67  | 1                                     |

\* 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.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**25 Borrowings**

|  | As at 1 January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>S\$'000 | 2023<br>S\$'000 |
|--|---|--------------------------------------|-----------------|
| <b>Current (Note (a))</b>                    |   |                                      |                 |
| Bank overdrafts                              |   |                                      |                 |
| - secured and guaranteed                     | 43  | 82                                   | -               |
| - unsecured and guaranteed                   | 130   | 106                                  | -               |
|  | 173   | 188                                  | -               |
| <br>Bank loans (Note (a) & (b))              |   |                                      |                 |
| - secured and guaranteed                     | 6,640   | 5,118                                | 2,064           |
| - unsecured and guaranteed                   | 949   | 236                                  | 1,954           |
|  | 7,589   | 5,354                                | 4,018           |
|  | 7,762   | 5,542                                | 4,018           |
| <b>Non-current</b>                           |   |                                      |                 |
| Bank loan, secured and guaranteed (Note (a)) | 4,752   | -                                    | 219             |
|  | 4,752   | -                                    | 219             |
|  | 12,514  | 5,542                                | 4,237           |

**(a) Securities granted**

- (i) Bank borrowing of S\$393,000, S\$336,000 and S\$285,000 as at 1 January 2022, 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 Mr. Chua and Mrs. Chua. The loan was repayable over 18 years commencing from August 2010. The effective interest rate was 2.58%-3.66%, 3.41% and 3.44% as at 1 January 2022, 31 December 2022 and 2023 respectively.
- (ii) Bank borrowing of MYR 6,823,000 (equivalent to approximately S\$2,209,000), MYR 6,502,000 (equivalent to approximately S\$1,981,000) and MYR 6,194,000 (equivalent to approximately S\$1,779,000) and as at 1 January 2022, 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 Mr. Chua. The effective interest rate was 3.75% as at 1 January 2022 and 4.44% as at 31 December 2022 and 2023 respectively.
- (iii) Bank borrowing of S\$88,000, S\$22,000 and S\$ Nil as at 1 January 2022, 31 December 2022 and 2023 respectively was secured by the personal guarantees of Mr. 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 1 January 2022 and 31 December 2022.
- (iv) Bank borrowing of S\$269,000, S\$189,000 and S\$111,000 as at 1 January 2022, 31 December 2022 and 2023 was secured by the personal guarantees of Mr. 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 1 January 2022, 31 December 2022 and 2023.
- (v) Bank borrowing of S\$95,000, S\$28,000 and S\$ Nil as at 1 January 2022, 31 December 2022 and 2023 respectively was secured by a property owned by Mr. Chua and Mrs. Chua and their personal guarantees. The effective interest rate was 6.25% per annum as at 1 January 2022 and 31 December 2022.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 25 Borrowings (Continued)

##### (a) Securities granted (Continued)

- (vi) Bank borrowing of S\$67,000, S\$25,000 and S\$ Nil as at 1 January 2022, 31 December 2022 and 2023 respectively was secured by the personal guarantees of Mr. Chua and Mrs. Chua. The effective interest rate is 2.88% per annum as at 1 January 2022 and 31 December 2022.
- (vii) Bank borrowing of S\$3,497,000, S\$2,489,000 and S\$1,489,000 as at 1 January 2022, 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 Mr. Chua and Mrs. Chua and their personal guarantees. The effective interest rate was 2.75% per annum as at 1 January 2022, 31 December 2022 and 2023.
- (viii) Bank borrowing of S\$276,000, S\$284,000 and S\$284,000 as at 1 January 2022, 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 1 January 2022, 31 December 2022 and 2023.
- (ix) Bank overdraft of S\$130,000, S\$106,000 and S\$ Nil as at 1 January 2022, 31 December 2022 and 2023 respectively was secured by the personal guarantees of Mr. Chua and Mrs. Chua. The effective interest rate was 5.5% per annum as at 1 January 2022 and 31 December 2022.
- (x) Bank overdraft of S\$43,000, S\$82,000 and S\$ Nil as at 1 January 2022, 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 Mr. Chua and Mrs. Chua. The effective interest rate was 5.5% per annum as at 1 January 2022 and 31 December 2022.
- (xi) Bank borrowing of S\$289,000 as at 31 December 2023 was secured by the personal guarantee of Mr. 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.
- (xii) Bank borrowing of S\$4,923,000 as at 1 January 2022 was secured by a mortgage of a property owned by Mr. Chua Chwee Lee and Ms. Jee Wee Jene and the personal guarantee of Mr. Chua Chwee Lee and Ms. Jee Wee Jene. The loan was repayable over 15 years commencing from July 2021. The effective interest rate was 3.75% per annum as at 1 January 2022.
- (xiii) Bank borrowing of S\$50,000 as at 1 January 2022 was secured by the personal guarantee of Mr. Chua Chwee Lee and Ms. Jee Wee Jene. The loan was repayable over 1 year commencing from July 2021. The effective interest rate was 1.75% per annum as at 1 January 2022.
- (xiv) Bank borrowing of S\$16,000 as at 1 January 2022 was secured by the personal guarantee of Mr. Chua Chwee Lee and Ms. Jee Wee Jene. The loan was repayable over 6 months commencing from August 2021. The effective interest rate was 2.40% per annum as at 1 January 2022.
- (xv) Bank borrowing of S\$33,000 as at 1 January 2022 was secured by the personal guarantee of Mr. Chua Chwee Lee and Ms. Jee Wee Jene. The loan was repayable over 6 months commencing from September 2021. The effective interest rate was 3.00% per annum as at 1 January 2022.
- (xvi) Bank borrowing of S\$425,000 as at 1 January 2022 was secured by the personal guarantee of Mr. Chua Chwee Lee and Ms. Jee Wee Jene. The loan was repayable over 6 months commencing from November 2021. The effective interest rate was 3.25% per annum as at 1 January 2022.



## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 25 Borrowings (Continued)

##### (b) Financial covenant

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

|                       | <b>As at 1<br/>January<br/>2022</b> | <b>As at 31 December</b> |               |
|-----------------------|-------------------------------------|--------------------------|---------------|
|                       | <b>S\$'000</b>                      | <b>2022</b>              | <b>2023</b>   |
|                       | (Unaudited)                         | S\$'000                  | S\$'000       |
| <b>Current</b>        |                                     |                          |               |
| Leasehold property    | 794                                 | 946                      | 982           |
| Leased machineries    | 1,475                               | 1,612                    | 1,531         |
| Leased motor vehicles | 118                                 | 124                      | 139           |
|                       | <b>2,387</b>                        | <b>2,682</b>             | <b>2,652</b>  |
| <b>Non-current</b>    |                                     |                          |               |
| Leasehold property    | 25,664                              | 24,719                   | 23,737        |
| Leased machineries    | 3,033                               | 2,830                    | 2,015         |
| Leased motor vehicles | 295                                 | 170                      | 462           |
|                       | <b>28,992</b>                       | <b>27,719</b>            | <b>26,214</b> |
|                       | <b>31,379</b>                       | <b>30,401</b>            | <b>28,866</b> |

##### 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.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**26 Lease liabilities (Continued)**

**(i) Amounts recognised in the profit or loss**

|   | <b>Year ended 31 December</b> |             |
|---|-------------------------------|-------------|
|   | <b>2022</b>                   | <b>2023</b> |
|   | S\$'000                       | 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 | 9                             | 8           |

**(ii) Total cash outflows**

The Group had total cash outflows for leases including short-term and low-value leases of S\$3,537,000, S\$3,537,000 and S\$3,882,000 for the years ended 1 January 2022 (unaudited), 31 December 2022 and 2023 respectively.

The future minimum rentals payable under non-cancellable operating leases are as follows:

|                         | <b>As at 1</b> | <b>As at 31 December</b> |             |
|-------------------------|----------------|--------------------------|-------------|
|                         | <b>January</b> | <b>2022</b>              | <b>2023</b> |
|                         | S\$'000        | S\$'000                  | S\$'000     |
|                         | (Unaudited)    |                          |             |
| Not later than one year | 3,472          | 3,739                    | 1,893       |
| Two to five years       | 11,093         | 10,972                   | 8,020       |
| More than five years    | 26,370         | 24,313                   | 22,248      |

**The Group as a lessor**

The Group leases certain portion of the warehouse premise 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 are as follows:

|                         | <b>As at 1</b> | <b>As at 31 December</b> |             |
|-------------------------|----------------|--------------------------|-------------|
|                         | <b>January</b> | <b>2022</b>              | <b>2023</b> |
|                         | S\$'000        | S\$'000                  | S\$'000     |
|                         | (Unaudited)    |                          |             |
| Not later than one year | 83             | 1,299                    | 1,404       |
| Two to five years       | 14             | 1,477                    | 217         |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**27 Trade and other payables**

|  | <u>Group</u>   |                                      |                                      | <u>Company</u>                                       |                                      |                                      |
|--|--|--------------------------------------|--------------------------------------|--|--------------------------------------|--------------------------------------|
|  | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>S\$'000 | As at 31 December<br>2023<br>S\$'000 | As at 1<br>January<br>2022<br>S\$'000<br>(Unaudited) | As at 31 December<br>2022<br>S\$'000 | As at 31 December<br>2023<br>S\$'000 |
| <b>Current</b>   |  |                                      |                                      |  |                                      |                                      |
| <b>Trade</b>   |  |                                      |                                      |  |                                      |                                      |
| Trade payables to third parties                        | 3,479  | 5,919                                | 2,357                                | -  | -                                    | -                                    |
| Trade payables to related parties                      | 21   | -                                    | -                                    | -  | -                                    | -                                    |
|  | <u>3,500</u>   | <u>5,919</u>                         | <u>2,357</u>                         | <u>-</u>   | <u>-</u>                             | <u>-</u>                             |
| <b>Non-trade</b>                                       |  |                                      |                                      |  |                                      |                                      |
| 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                               | 106  | 225                                  | 228                                  | -  | -                                    | -                                    |
| Accrued expenses                                       | 1,377  | 2,925                                | 3,592                                | -  | -                                    | 2,244                                |
| GST payables   | -  | -                                    | 1                                    | -  | -                                    | -                                    |
| Deposits received                                      | 17   | 20                                   | 7                                    | -  | -                                    | -                                    |
| Advance receipt from investor                          | 50   | -                                    | -                                    | -  | -                                    | -                                    |
|  | <u>1,551</u>   | <u>3,170</u>                         | <u>5,207</u>                         | <u>-</u>   | <u>15</u>                            | <u>5,707</u>                         |
|  | <u>5,050</u>   | <u>9,089</u>                         | <u>7,564</u>                         | <u>-</u>   | <u>15</u>                            | <u>5,707</u>                         |
| <b>Non-current</b>                                     |  |                                      |                                      |  |                                      |                                      |
| <b>Non-trade</b>                                       |  |                                      |                                      |  |                                      |                                      |
| Deposits received                                      | -  | 458                                  | 489                                  | -  | -                                    | -                                    |
|  | <u>5,050</u>   | <u>9,547</u>                         | <u>8,053</u>                         | <u>-</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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 27 Trade and other payables (Continued)

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 aging analysis of trade payables of the Group based on invoice date were as follows:

|              | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December</b> |                         |
|--------------|---|--------------------------|-------------------------|
|              |   | <b>2022<br/>S\$'000</b>  | <b>2023<br/>S\$'000</b> |
| 0-30 days    | 618   | 1,429                    | 1,703                   |
| 31-60 days   | 1,232   | 1,607                    | 244                     |
| 61-90 days   | 697   | 1,108                    | 143                     |
| Over 90 days | 953   | 1,775                    | 267                     |
|              | <u><b>3,500</b></u>   | <u><b>5,919</b></u>      | <u><b>2,357</b></u>     |

#### 28 Provisions

|                                  | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December</b> |                         |
|----------------------------------|---|--------------------------|-------------------------|
|                                  |   | <b>2022<br/>S\$'000</b>  | <b>2023<br/>S\$'000</b> |
| Provision for reinstatement cost | <u><b>250</b></u>   | <u><b>260</b></u>        | <u><b>269</b></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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 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.

The relationships of related parties are identified below:

| <b>Names of related parties</b>   | <b>Country of incorporation/<br/>residence</b> | <b>Relationship with the Group</b>  |
|-----------------------------------|--|---|
| 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 (Note)  |
| Ms. Pang Chen May                 | Malaysia                                       | A shareholder and director 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).

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 29 Related parties (Continued)

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<br>S\$'000        | 2023<br>S\$'000 |
| i) Continuing operations                                       |                        |                 |
| Purchase of goods and services<br>Meson Technology Pte. Ltd.   | 21                     |                 |
| ii) Discontinued operation                                     |                        |                 |
| Shared administrative fee<br>Metaoptics Technologies Pte. Ltd. | -                      | 3               |

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 1 January 2022 (unaudited), 31 December 2022 and 2023.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**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 of share / anti-dilution rights at grant date S\$ | Share-based payments S\$'000 | Note         |
|---|--|------------------|---------------------|------------------|----------------|-----------------------|--|------------------------------|--------------|
| <b>Employees:</b><br>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)                  |              |
| <b>Shareholders:</b><br>Metaoptics Technologies | Grant of shares                            | 11 March 2022    | 11 March 2022       | 31,865           | Fully vested   | 6.28                  | 12.43  | 196                          | 1.2(x)(a)    |
|   |  |                  |                     |                  |                |                       |  | <b>1,032</b>                 |              |
|   |  |                  |                     |                  |                |                       |  | <b>1,228</b>                 |              |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31 Share-based payments (Continued)**

Year ended 31 December 2023

Contribution from shareholders:

| Entity                   | Transaction type                 | Grant date       | Share issuance date | Number of shares | Vesting period | Transaction Price S\$ | Fair value of share / anti-dilution rights at grant date S\$ | Share-based payments S\$'000 | Note        |
|--------------------------|----------------------------------|------------------|---------------------|------------------|----------------|-----------------------|--|------------------------------|-------------|
| <b>Employees:</b>        |                                  |                  |                     |                  |                |                       |  |                              |             |
| 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  | Grant of shares                  | 16 May 2023      | 16 May 2023         | 125,767          | Fully vested   | 180,000               | 17.80  | 2,059                        | 1.2(xxi)    |
|                          |                                  |                  |                     |                  |                |                       |  | <b>2,382</b>                 |             |
| <b>Shareholders:</b>     |                                  |                  |                     |                  |                |                       |  |                              |             |
| 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) |
|                          |                                  |                  |                     |                  |                |                       |  | <b>875</b>                   |             |
|                          |                                  |                  |                     |                  |                |                       |  | <b>3,257</b>                 |             |



## **METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **31 Share-based payments (Continued)**

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.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**32 Notes to the consolidated statements of cash flows**

**(a) Reconciliation of profit before tax to net cash generated from operations**

|   | Note | As at<br>31 December<br>2022<br>S\$'000 | As at<br>31 December<br>2023<br>S\$'000 |
|---|------|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |      |   |   |
| <b>Profit before tax</b>  |      |   |   |
| Continuing operations   |      | 5,295                                   | 3,345                                   |
| Discontinued operation  |      | (1,095)                                 | 2,143                                   |
|   |      | <u>4,200</u>                            | <u>5,488</u>                            |
| <b>Adjustments for:</b>   |      |   |   |
| 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                                     |      | -                                       | 366                                     |
| <b>Operating cash flows before working capital changes (note)</b> |      | <u>11,793</u>                           | <u>12,169</u>                           |
| <b>Changes in working capital:</b>                                |      |   |   |
| (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                              |      | 4,221                                   | 353                                     |
| <b>Net cash generated from operations</b>                         |      | <u>9,336</u>                            | <u>11,478</u>                           |

*Note:*

Operating cash flows before working capital changes includes:

|                        | Year ended<br>31 December<br>2022<br>S\$'000 | Year ended<br>31 December<br>2023<br>S\$'000 |
|------------------------|--|--|
| Continuing operations  | 11,908                                       | 12,240                                       |
| Discontinued operation | (115)  | (71)   |
|                        | <u>11,793</u>                                | <u>12,169</u>                                |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**32 Notes to the consolidated statements of cash flows (Continued)**

**(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.

|   | <b>Amount due<br/>to a director<br/>S\$'000</b> | <b>Lease<br/>liabilities<br/>S\$'000</b> | <b>Borrowings<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|---|--|-------------------------------|--------------------------|
| As at 1 January 2022<br>(unaudited)   | 106   | 31,379                                   | 12,514                        | 43,999                   |
| Financing cash flows:   |   |  |                               |                          |
| - Repayment of<br>advances to a<br>director   | (465)   | -  | -                             | (465)                    |
| - Interest paid   | -   | -  | (511)                         | (511)                    |
| - Repayment of<br>borrowings  | -   | -  | (2,287)                       | (2,287)                  |
| - Capital element of<br>lease liabilities paid  | -   | (2,440)                                  | -                             | (2,440)                  |
| - Interest element of<br>lease liabilities paid                                       | -   | (1,097)                                  | -                             | (1,097)                  |
| - Proceeds of<br>borrowings   | -   | -  | 300                           | 300                      |
| Other changes:  |   |  |                               |                          |
| - Increase in liabilities<br>from entering into<br>new leases                         | -   | 1,462                                    | -                             | 1,462                    |
| - Interests expense   | -   | 1,097                                    | 511                           | 1,608                    |
| - Translation difference<br>and reclassification                                      | -   | -  | (116)                         | (116)                    |
| - Loan paid on behalf<br>by a director  | 4,869   | -  | (4,869)                       | -                        |
| - Capitalisation of loan<br>via allotment and<br>issue of shares<br>(Note 1.2 (xiii)) | (4,285)   | -  | -                             | (4,285)                  |
| As at 31 December<br>2022   | <u>225</u>                                      | <u>30,401</u>                            | <u>5,542</u>                  | <u>36,168</u>            |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**32 Notes to the consolidated statements of cash flows (Continued)**

**(b) Reconciliation of liabilities arising from financing activities (Continued)**

This section sets out an analysis of liabilities arising from financing activities and the movements for each of the years presented.

|   | Amount due<br>to a<br>director<br>S\$'000 | Lease<br>liabilities<br>S\$'000 | Borrowings<br>S\$'000 | Total<br>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 new 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 and reclassification           | -   | (42)                            | (100)                 | (142)            |
| As at 31 December 2023                                  | 228                                       | 28,866                          | 4,237                 | 33,331           |

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 33 Fair value of assets and liabilities

(a) Assets and liabilities not carried at fair value but which fair values are disclosed:

| Group                               | Carrying amount | Fair value measurement |
|-------------------------------------|-----------------|------------------------|
|                                     | S\$'000         | Level 2<br>S\$'000     |
| As at 1 January 2022<br>(unaudited) |                 |                        |
| Investment property                 | 657             | 900                    |
| 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.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**34 Financial risk management**

Financial instruments by categories

The table below provides an analysis of financial instruments categorised as follows:

|                                    | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>2022<br/>S\$'000</b> | <b>As at 31 December<br/>2023<br/>S\$'000</b> |
|------------------------------------|---|-------------------------|---|
| Financial assets at amortised cost |   |                         |   |
| Trade receivables                  | 6,041   | 7,952                   | 6,614   |
| Other receivables<br>(Note)        | 973   | 1,200                   | 3,972   |
| Cash and bank<br>balances          | 2,336   | 4,392                   | 9,225   |
|                                    | <b>9,350</b>  | <b>13,544</b>           | <b>19,811</b>                                 |

(Note) Excluding prepayments and GST receivables

|   | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December<br/>2022<br/>S\$'000</b> | <b>As at 31 December<br/>2023<br/>S\$'000</b> |
|---|---|---|---|
| Financial liabilities at amortised cost |   |   |   |
| Lease liabilities                       | 31,378  | 30,401  | 28,866  |
| Trade and other<br>payables             | 5,050   | 9,547   | 8,053   |
| Loans and borrowings                    | 12,514  | 5,542   | 4,237   |
|   | <b>48,942</b>   | <b>45,490</b>                                 | <b>41,156</b>                                 |

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 34 Financial risk management (Continued)

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 1 January 2022 (unaudited), 31 December 2022 and 2023 trade receivables from the top three customers accounted for approximately 35.6%, 23.0%, 9.2% and 29.4%, 11.6% and 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.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**34 Financial risk management (Continued)**

(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.

| <b>Group</b>                             | <b>1 January 2022 (unaudited)</b> |  |                                    |                                     |  |
|--|-----------------------------------|--|------------------------------------|-------------------------------------|--|
|  | <b>Carrying amount</b><br>S\$'000 | <b>Contractual cash flows</b><br>S\$'000 | <b>One year or less</b><br>S\$'000 | <b>Two to five years</b><br>S\$'000 | <b>More than five years</b><br>S\$'000 |
| <b>Financial liabilities</b>             |                                   |  |                                    |                                     |  |
| Borrowings                               | 12,514                            | 15,968                                   | 3,133                              | 6,569                               | 6,266                                  |
| Lease liabilities                        | 31,378                            | 40,935                                   | 3,472                              | 11,093                              | 26,370                                 |
| Trade and other payables                 | 5,050                             | 5,050                                    | 5,050                              | -                                   | -                                      |
| Total undiscounted financial liabilities | 48,942                            | 61,953                                   | 11,655                             | 17,662                              | 32,636                                 |
|  |                                   |  |                                    |                                     |  |
| <b>Group</b>                             | <b>31 December 2022</b>           |  |                                    |                                     |  |
|  | <b>Carrying amount</b><br>S\$'000 | <b>Contractual cash flows</b><br>S\$'000 | <b>One year or less</b><br>S\$'000 | <b>Two to five years</b><br>S\$'000 | <b>More than five years</b><br>S\$'000 |
| <b>Financial liabilities</b>             |                                   |  |                                    |                                     |  |
| 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                 | 9,547                             | 9,599                                    | 9,089                              | 510                                 | -                                      |
| Total undiscounted financial liabilities | 45,490                            | 55,029                                   | 14,816                             | 14,184                              | 26,029                                 |



**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**34 Financial risk management (Continued)**

(b) Liquidity risk (continued)

| <u>Group</u>                             | 31 December 2023           |                                      |                                |   |
|--|----------------------------|--------------------------------------|--------------------------------|---|
|  | Carrying amount<br>S\$'000 | Contractual<br>cash flows<br>S\$'000 | One year or<br>less<br>S\$'000 | Two to five years<br>S\$'000                |
| <u>Financial liabilities</u>             |                            |                                      |                                | <u>More than five<br/>years<br/>S\$'000</u> |
| Borrowings                               | 4,237                      | 4,878                                | 1,777                          | 1,663                                       |
| Lease liabilities                        | 28,866                     | 36,531                               | 3,651                          | 10,563                                      |
| Trade and other payables                 | 8,953                      | 8,075                                | 7,565                          | 510   |
| Total undiscounted financial liabilities | 41,156                     | 49,484                               | 12,993                         | 12,736                                      |
|  |                            |                                      |                                | 23,755                                      |

| <u>Company</u>                           | 1 January 2022 (unaudited) |                                      |                                |   |
|--|----------------------------|--------------------------------------|--------------------------------|---|
|  | Carrying amount<br>S\$'000 | Contractual<br>cash flows<br>S\$'000 | One year or<br>less<br>S\$'000 | Two to five years<br>S\$'000                |
| <u>Financial liabilities</u>             |                            |                                      |                                | <u>More than five<br/>years<br/>S\$'000</u> |
| Trade and other payables                 | -                          | -                                    | -                              | -   |
| Total undiscounted financial liabilities | -                          | -                                    | -                              | -   |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**34 Financial risk management (Continued)**

(b) Liquidity risk (continued)

| <u>Company</u>                           | 31 December 2022           |                                      |                                |                              |                                 |
|--|----------------------------|--------------------------------------|--------------------------------|------------------------------|---------------------------------|
|  | Carrying amount<br>S\$'000 | Contractual<br>cash flows<br>S\$'000 | One year or<br>less<br>S\$'000 | Two to five years<br>S\$'000 | More than five years<br>S\$'000 |
| Financial liabilities                    |                            |                                      |                                |                              |                                 |
| Trade and other payables                 | 15                         | 15                                   | 15                             | -                            | -                               |
| Total undiscounted financial liabilities | 15                         | 15                                   | 15                             | -                            | -                               |

| <u>Company</u>                           | 31 December 2023           |                                      |                                |                              |                                 |
|--|----------------------------|--------------------------------------|--------------------------------|------------------------------|---------------------------------|
|  | Carrying amount<br>S\$'000 | Contractual<br>cash flows<br>S\$'000 | One year or<br>less<br>S\$'000 | Two to five years<br>S\$'000 | More than five years<br>S\$'000 |
| Financial liabilities                    |                            |                                      |                                |                              |                                 |
| Trade and other payables                 | 5,707                      | 5,707                                | 5,707                          | -                            | -                               |
| Total undiscounted financial liabilities | 5,707                      | 5,707                                | 5,707                          | -                            | -                               |

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34 Financial risk management (Continued)

#### (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:

|                                  | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December</b> |                         |
|----------------------------------|---|--------------------------|-------------------------|
|                                  |   | <b>2022<br/>S\$'000</b>  | <b>2023<br/>S\$'000</b> |
| <b>Variable rate instruments</b> |   |                          |                         |
| <b>Financial liabilities</b>     |   |                          |                         |
| Borrowings                       | 3,050   | 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:

|                          | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December</b> |                         |
|--------------------------|---|--------------------------|-------------------------|
|                          |   | <b>2022<br/>S\$'000</b>  | <b>2023<br/>S\$'000</b> |
| Effect on profit or loss | (25)  | (23)                     | (19)                    |

If the interest rates have been 1% lower and all other variables were held constant, the above will have a vice-versa effect.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**34 Financial risk management (Continued)**

(c) Market risk (continued)

(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:

|                             | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at 31 December<br/>2022      2023<br/>S\$'000      S\$'000</b> |               |
|-----------------------------|---|--|---------------|
| <b>Financial assets</b>     |   |  |               |
| Cash and bank balances      | 1,817   | 3,386  | 8,577         |
| Trade and other receivables | 5,862   | 6,778  | 5,516         |
|                             | <u>7,679</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.

|      | <b>Increase/(decrease) in profit before tax<br/>As at 31 December</b> |  |       |
|------|---|--|-------|
|      | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b>       | <b>As at 31 December<br/>2022      2023<br/>S\$'000      S\$'000</b> |       |
| US\$ | (319)   | (422)  | (319) |

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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 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 maximize 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.

|                             | <b>Group</b>             |                          |                | <b>Company</b>           |                          |                |
|-----------------------------|--------------------------|--------------------------|----------------|--------------------------|--------------------------|----------------|
|                             | <b>As at 31 December</b> |                          |                | <b>As at 31 December</b> |                          |                |
|                             | <b>As at 1</b>           | <b>As at 31 December</b> |                | <b>As at 1</b>           | <b>As at 31 December</b> |                |
|                             | <b>January</b>           | <b>2022</b>              | <b>2023</b>    | <b>January</b>           | <b>2022</b>              | <b>2023</b>    |
|                             | <b>S\$'000</b>           | <b>S\$'000</b>           | <b>S\$'000</b> | <b>S\$'000</b>           | <b>S\$'000</b>           | <b>S\$'000</b> |
|                             | <b>(Unaudited)</b>       |                          |                | <b>(Unaudited)</b>       |                          |                |
| Net debt:                   |                          |                          |                |                          |                          |                |
| Borrowings                  | 12,515                   | 5,542                    | 4,237          | -                        | -                        | -              |
| Lease liabilities           | 31,378                   | 30,401                   | 28,866         | -                        | -                        | -              |
| Trade and other payables    | 5,049                    | 9,547                    | 8,053          | -                        | 15                       | 5,707          |
| Contract liabilities        | -                        | 297                      | -              | -                        | -                        | -              |
| Total liabilities           | 48,942                   | 45,787                   | 41,156         | -                        | 15                       | 5,707          |
| Less cash and bank balances | (2,336)                  | (4,392)                  | (9,225)        | -                        | -                        | -              |
| Net debt                    | 46,606                   | 41,395                   | 31,931         | -                        | 15                       | 5,707          |
| Total equity                | 13,299                   | 22,309                   | 26,997         | -*                       | (15)                     | 15,474         |
| Total capital               | 59,905                   | 63,704                   | 58,928         | -*                       | -                        | 21,181         |
| Net debt-to-total capital   | <b>0.78</b>              | <b>0.65</b>              | <b>0.54</b>    | <b>N/A</b>               | <b>N/A</b>               | <b>0.27</b>    |

# METASURFACE TECHNOLOGIES HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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:

- (a) 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.
- (b) 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. Precision welding is typically used for small parts, parts with tight dimensional tolerance, or parts requiring a barely visible line weld.
- (c) Sale of laser diodes.

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:

|   | <b>Continuing operations</b> |                          | <b>Discontinued</b>         | <b>Unallocated items</b> | <b>Total</b>  |
|---|------------------------------|--------------------------|-----------------------------|--------------------------|---------------|
|   | <b>Precision machining</b>   | <b>Precision welding</b> | <b>Sale of laser diodes</b> |                          |               |
|   | S\$'000                      | S\$'000                  | S\$'000                     | S\$'000                  | S\$'000       |
| <b>2022</b>                                   |                              |                          |                             |                          |               |
| <b>Sales</b>                                  |                              |                          |                             |                          |               |
| Total segment sales                           | 28,060                       | 16,825                   | 66                          | -                        | 44,951        |
| Inter-segment sales                           | (5,147)                      | (622)                    | -                           | -                        | (5,769)       |
| Sales to external parties                     | <u>22,913</u>                | <u>16,203</u>            | <u>66</u>                   | <u>-</u>                 | <u>39,182</u> |
| <b>Adjusted EBITDA/LBITDA</b>                 | <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             | -                            | (935)                    | (560)                       | -                        | (1,495)       |
| <b>Segment assets</b>                         | <u>44,973</u>                | <u>18,584</u>            | <u>5,165</u>                | <u>-</u>                 | <u>68,722</u> |
| Segment assets includes:                      |                              |                          |                             |                          |               |
| Additions to:                                 |                              |                          |                             |                          |               |
| - right-of-use assets                         | 1,925                        | -                        | -                           | -                        | 1,925         |
| - property, plant and equipment               | 320                          | 114                      | 235                         | -                        | 669           |
| <b>Segment liabilities</b>                    | <u>40,887</u>                | <u>2,546</u>             | <u>2,599</u>                | <u>15</u>                | <u>46,047</u> |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**36 Segment information (Continued)**

The segment information for the reportable segments are as follows:

|   | <b>Continuing operation</b> |                          | <b>Discontinued operation</b> | <b>Unallocated items</b> | <b>Total</b>   |
|---|-----------------------------|--------------------------|-------------------------------|--------------------------|----------------|
|   | <b>Precision machining</b>  | <b>Precision welding</b> | <b>Sale of laser diodes</b>   |                          |                |
|   | <b>S\$'000</b>              | <b>S\$'000</b>           | <b>S\$'000</b>                | <b>S\$'000</b>           | <b>S\$'000</b> |
| <b>2023</b>                                   |                             |                          |                               |                          |                |
| <b>Sales</b>                                  |                             |                          |                               |                          |                |
| Total segment sales                           | 19,077                      | 23,446                   | -                             | -                        | 42,523         |
| Inter-segment sales                           | (3,532)                     | (222)                    | -                             | -                        | (3,754)        |
| Sales to external parties                     | 15,545                      | 23,224                   | -                             | -                        | 38,769         |
| <b>Adjusted EBITDA/LBITDA</b>                 | <b>4,134</b>                | <b>8,506</b>             | <b>2,352</b>                  | <b>(4,246)</b>           | <b>10,746</b>  |
| 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             | -                           | (288)                    | (209)                         | -                        | (497)          |
| <b>Segment assets</b>                         | <b>43,044</b>               | <b>22,986</b>            | <b>-</b>                      | <b>1,812</b>             | <b>67,842</b>  |
| Segment assets includes:                      |                             |                          |                               |                          |                |
| Additions to:                                 |                             |                          |                               |                          |                |
| - right-of-use assets                         | 1,032                       | 378                      | -                             | -                        | 1,410          |
| - property, plant and equipment               | 62                          | 42                       | 70                            | -                        | 174            |
| <b>Segment liabilities</b>                    | <b>37,232</b>               | <b>1,935</b>             | <b>-</b>                      | <b>2,258</b>             | <b>41,425</b>  |

**(a) Reconciliations**

(i) Segment profits

A reconciliation of adjusted LBITDA/EBITDA to profit/(loss) before tax is as follows:

|   | <b>2022</b>    | <b>2023</b>    |
|---|----------------|----------------|
|   | <b>S\$'000</b> | <b>S\$'000</b> |
| Adjusted EBITDA for reportable segments         | 10,904         | 12,640         |
| Adjusted LBITDA for discontinued operation      | (529)          | 2,352          |
| Adjusted LBITDA for unallocated items           | (15)           | (4,246)        |
| 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                             | (1,579)        | (1,343)        |
| <b>Profit before tax</b>                        | <b>4,200</b>   | <b>5,488</b>   |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**36 Segment information (Continued)**

**(a) Reconciliations (Continued)**

(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:

|  | <b>2021</b><br>S\$'000<br>(Unaudited) | <b>2022</b><br>S\$'000 | <b>2023</b><br>S\$'000 |
|--|---------------------------------------|------------------------|------------------------|
| Segment assets for reportable segments | 61,678                                | 68,722                 | 66,024                 |
| Unallocated items                      | -                                     | -                      | 1,818                  |
| <b>Total segment assets</b>            | <u>61,678</u>                         | <u>68,722</u>          | <u>67,842</u>          |
| Unallocated:                           |                                       |                        |                        |
| Investment in an associate             | -                                     | -                      | 1,015                  |
| Deferred income tax assets             | 910                                   | 325                    | 644                    |
| Other assets                           | 345                                   | 359                    | 359                    |
| <b>Total assets</b>                    | <u>62,933</u>                         | <u>69,406</u>          | <u>69,860</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:

|   | <b>2021</b><br>S\$'000<br>(Unaudited) | <b>2022</b><br>S\$'000 | <b>2023</b><br>S\$'000 |
|---|---------------------------------------|------------------------|------------------------|
| Segment liabilities for reportable segments | 49,193                                | 46,032                 | 39,167                 |
| Unallocated items                           | -                                     | 15                     | 2,258                  |
| <b>Total segment liabilities</b>            | <u>49,193</u>                         | <u>46,047</u>          | <u>41,425</u>          |
| Unallocated:                                |                                       |                        |                        |
| Current income tax liabilities              | 384                                   | 993                    | 1,381                  |
| Deferred income tax liabilities             | 57                                    | 57                     | 57                     |
| <b>Total liabilities</b>                    | <u>49,634</u>                         | <u>47,097</u>          | <u>42,863</u>          |



**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**36 Segment information (Continued)**

**(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**

|                          | <b>Year ended<br/>31 December<br/>2022<br/>S\$'000</b> | <b>Year ended<br/>31 December<br/>2023<br/>S\$'000</b> |
|--------------------------|--|--|
| Singapore*               | 20,741   | 14,807   |
| Malaysia                 | 12,627   | 16,072   |
| United States of America | 3,507  | 5,267  |
| Others                   | 2,307  | 2,623  |
|                          | <u>39,182</u>  | <u>38,769</u>  |

\* The revenue from the discontinued operation is located in Singapore.

**Non-current assets by geography**

|           | <b>As at 1<br/>January<br/>2022<br/>S\$'000<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2022<br/>S\$'000</b> | <b>As at<br/>31 December<br/>2023<br/>S\$'000</b> |
|-----------|---|---|---|
| Singapore | 46,085  | 44,121  | 41,582  |
| Malaysia  | 2,042   | 1,900   | 1,760   |
|           | <u>48,127</u>   | <u>46,021</u>                                     | <u>43,342</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 non-controlling interests |         |      | Loss allocated to non-controlling interests |      |      | Accumulated non-controlling interests |       |      |
|-----------------------------------|---|---------|------|---|------|------|---------------------------------------|-------|------|
|                                   | 2021<br>(Unaudited)   | 2022    | 2023 | 2021<br>(Unaudited)                         | 2022 | 2023 | 2021<br>(Unaudited)                   | 2022  | 2023 |
| Metaoptics Technologies Pte. Ltd. | 25.0%   | 44.5% * | - #  | 293   | 487  | 180  | 515                                   | 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 associate during the year ended 31 December 2023.

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**37 Subsidiary with material non-controlling interests (Continued)**

The changes in non-controlling interests during the year are as follows:

|   | <b>2022</b><br>S\$'000 | <b>2023</b><br>S\$'000 |
|---|------------------------|------------------------|
| Balance as at 1 January   | 515                    | 1,013                  |
| Non-controlling interests share of loss for the financial year                    | (487)                  | (180)                  |
| Issue of new shares to non-controlling interest of a non-wholly owned subsidiary  | -                      | -                      |
| 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 | -                      | (928)                  |
| Balance as at 31 December   | <u>1,013</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 from 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 (2021 and 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**

|                               | <b>Metaoptics Technologies</b> |                    |
|-------------------------------|--------------------------------|--------------------|
|                               | <b>1 January</b>               | <b>31 December</b> |
|                               | <b>2022</b>                    | <b>2022</b>        |
|                               | S\$'000                        | S\$'000            |
|                               | (Unaudited)                    |                    |
| <b>Current</b>                |                                |                    |
| Assets                        | 317                            | 806                |
| Liabilities                   | (2,949)                        | (2,889)            |
| Total current net liabilities | <u>(2,632)</u>                 | <u>(2,083)</u>     |
| <b>Non-current</b>            |                                |                    |
| Assets                        | 4,690                          | 4,359              |
| Liabilities                   | -                              | -                  |
| Total non-current net assets  | <u>4,690</u>                   | <u>4,359</u>       |
| Net assets                    | <u>2,058</u>                   | <u>2,276</u>       |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**37 Subsidiary with material non-controlling interests (Continued)**

Summarised financial information of a subsidiary with material non-controlling interests (Continued)

Summarised income statement

|   | <b>Metaoptics Technologies</b> | <b>Metaoptics Technologies</b> |
|---|--------------------------------|--------------------------------|
|   | <b>Year ended</b>              | <b>Year ended</b>              |
|   | <b>31 December</b>             | <b>31 December</b>             |
|   | <b>2021</b>                    | <b>2022</b>                    |
|   | S\$'000                        | S\$'000                        |
|   | (Unaudited)                    |                                |
| Revenue   | -                              | 66                             |
| <b>Loss before income tax</b>                                   | (1,172)                        | (1,095)                        |
| Income tax expense  | -                              | -                              |
| <b>Loss for the financial year</b>                              | <u>(1,172)</u>                 | <u>(1,095)</u>                 |
| Other comprehensive loss  | <u>(1,172)</u>                 | <u>(1,095)</u>                 |
| <b>Total comprehensive loss</b>                                 | <u>(1,172)</u>                 | <u>(1,095)</u>                 |
| Total comprehensive loss allocated to non-controlling interests | <u>(293)</u>                   | <u>(487)</u>                   |

Summarised cash flows

|   | <b>Metaoptics Technologies</b> | <b>Metaoptics Technologies</b> |
|---|--------------------------------|--------------------------------|
|   | <b>Year ended</b>              | <b>Year ended</b>              |
|   | <b>31 December</b>             | <b>31 December</b>             |
|   | <b>2021</b>                    | <b>2022</b>                    |
|   | S\$'000                        | S\$'000                        |
|   | (Unaudited)                    |                                |
| <b>Net cash used in operating activities</b>        | <u>(259)</u>                   | <u>(177)</u>                   |
| <b>Net cash used in investing activities</b>        | <u>(4)</u>                     | <u>(235)</u>                   |
| <b>Net cash generated from financing activities</b> | <u>290</u>                     | <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.

## METASURFACE TECHNOLOGIES HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 38 Disposal of subsidiary and discontinued operation (Continued)

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<br>31<br>December<br>2022<br>S\$'000 | Period<br>from<br>1 January<br>2023 to 16<br>May 2023<br>S\$'000 |
|--|---|--|
| Revenue (Note 4)   | 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>(1,095)</u>                                  | <u>2,143</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>(1,095)</u>                                  | <u>2,143</u>   |
|  |   |  |
|  | Year ended<br>31 December<br>2022<br>S\$'000    | Period<br>from 1<br>January<br>2023 to 16<br>May 2023<br>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>438</u>                                      | <u>(285)</u>   |

**METASURFACE TECHNOLOGIES HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**38 Disposal of subsidiary and discontinued operation (Continued)**

(ii) Details of the discontinued operations

Net assets of Metaoptics Technologies as at the date of deconsolidation:

|   | S\$'000        |
|---|----------------|
| Plant and equipment   | 300            |
| Intangible assets   | 3,919          |
| Trade and other receivables   | 324            |
| Prepayments   | 29             |
| Cash and bank balances  | 313            |
| 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>1,068</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>1,574</u>   |

\* The Group engaged a professional independent valuer to carry out a valuation of the retained interest 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>(133)</u> |